A Rapid Review of Economic Policy and Social Protection Responses to Health and Economic Crises and their Effects on Children

Lessons for the COVID-19 Pandemic Response

Nyasha Tirivayi, Dominic Richardson, Maja Gavrilovic, Valeria Groppo, Lusajo Kajula, Elsa Valli and Francesca Viola.
Executive Summary

Purpose
This rapid review seeks to inform the initial and long-term public policy responses to the COVID-19 pandemic, by assessing evidence on past economic policy and social protection responses to health and economic crises and their effects on children and families. The review focuses on virus outbreaks/emergencies, economic crises and natural disasters, which, similar to the COVID-19 pandemic, were “rapid” in onset, had wide-ranging geographical reach, and resulted in disruption of social services and economic sectors without affecting governance systems. Lessons are also drawn from the HIV/AIDS pandemic, due to its impacts on adult mortality rates and surviving children. The evidence provided by this review is intended for uptake by policy makers and academic researchers.

What were the economic policy and social protection responses to past crises?
The evidence shows that past health and economic crises had wide-ranging negative socio-economic impacts on child and family wellbeing, including on physical and mental health, schooling, poverty, food security, livelihoods, infrastructure and social services. However, public policy responses to virus pandemics (apart from HIV/AIDS) were limited, compared to policy responses to previous economic crises and natural disasters. The 2007-2008 Global Financial Crisis provides useful insights: it included a short phase characterised by expansionary fiscal and social protection responses followed by a longer phase of austerity measures. Expansionary responses were mainly predicated upon economic stimulus packages and pre-existing statutory social assistance (mostly cash transfers) and insurance programmes or plans, mostly in high- and middle-income countries. Expansion of social protection in low income countries in Sub-Saharan Africa was constrained by weak social protection systems, low pre-existing coverage and decreased revenues. Some responses were gender blind/discriminatory as they favoured sectors dominated by men or excluded young men mostly affected by the recession-induced unemployment. The evidence also shows that one-off and pre-existing cash transfers have been a popular form of response to droughts and natural disasters such as tsunamis and earthquakes.

Economic policy and social protection responses to past crises: primary and secondary effects on children
The evidence shows that during crises, economic stimulus responses reduce poverty and protect family income, while austerity measures have detrimental impacts on childcare, parental caregiving, adult mental health, homeownership, crime and the prevalence of infectious diseases. Social insurance programmes like health insurance safeguard health care utilization, or weather insurance protects assets and agricultural production; unemployment benefits have been shown to alleviate poverty, although there is the risk that they can contribute to long-term unemployment. Most studies show that social assistance instruments, including cash transfers, have had wide reaching positive impacts on child and family outcomes, such as school attendance, poverty reduction, food security, emotional wellbeing and family livelihoods during crises. Design elements such as targeting, coverage, transfer value and duration/intensity mediate the impacts of social assistance schemes during crises. However, the impacts of cash transfers on child nutritional status during crises are mixed, similar to evidence from non-crisis contexts. In high income countries, active labour market programmes can attenuate negative impacts on family poverty and unemployment, suicides, mental health among adults and parents. In LMICs, public works programmes increase household incomes and reduce poverty. Social services can reduce child mortality and increase education attainment.
Research implications
Overall, the available evidence on the effects of economic policy and social protection responses is uneven across outcomes, regions, and type of policy response as a large body of literature focused on social assistance programmes. Future research on the COVID-19 pandemic can prioritize the voices of children and the marginalized, assess the effects of expansionary and austerity measures, examine the role of design and implementation, social care services, pre-existing macro-level health, demographic and health conditions and the diverse regional health and economic impacts of the pandemic.

Key lessons for public policy responses to the COVID-19 pandemic
Policy responses to past health and economic crises provide the following lessons for the COVID-19 pandemic response:

- **Economic stimulus and social protection responses must be child sensitive and gender responsive to achieve sustainable impacts on wellbeing.**
  - Pandemic planning has typically not addressed the needs of children and children’s needs are not institutionalized in social protection systems, some of which favour other demographics (especially in HICs). The evidence shows that child-specific and age-sensitive fiscal and social protection policies can mitigate the longer-term effects of crises and spur human capital development. In particular, social transfers and school-based measures (subsidies/meals) have been effective in protecting children’s direct needs such as health, nutrition and schooling during past crises and mitigate the negative effects not only in the short term but even in the long period (2+ years from response), although the majority of the available evidence is for LMICs. Gender inequality must also be addressed as it is often exacerbated during crises like the COVID-19 pandemic, as women lose their jobs, gain additional care responsibilities, lack assets, and experience GBV (from social distancing health measures).

- **Governments can leverage pre-existing social protection infrastructure and expansionary stimulus packages to expand coverage and introduce new social protection programmes.**
  - The evidence shows that pre-existing statutory social protection programmes and reform processes enable rapid social protection response during crises. Short term responses often include the raising or top up of benefit levels, extension of duration of programmes, or introduction of new programmes. Long term responses typically include permanent countercyclical reforms for social benefits, addressing sustainability and ensuring transitioning new programmes to permanence. However, the capacity to leverage pre-existing social protection programmes varies across regions. For instance, LMIC are still in the process of building permanent/statutory programmes and rely on short term/non-statutory social protection programmes. In LMIC, short term emergency social protection responses to the COVID-19 pandemic can later be extended into permanent programmes or be combined with transitions into permanent programmes.

- **Near poor, newly poor, informal workers and at-risk families and children must be included in social protection response to avoid entrenching poverty among these groups.**
  - The evidence shows that social protection instruments with fixed targeting criteria (e.g. cash transfers) do not always account for the newly poor or at-risk populations and pre-existing programmes usually exclude informal workers and immigrants. Emerging
evidence suggests that the COVID-19 pandemic substantially increase the number of poor people particularly in sub-Saharan Africa and some MIC necessitating the need for social protection responses to cover newly poor and at-risk or near poor families and children, including informal workers and immigrants. Public works programmes in LMIC and MIC are a good example of an instrument that is responsive to non-poor or newly poor due to their self-targeting approach.

- **Targeting of social protection responses should be effective and efficient and not add to the administrative burden.**
  - The evidence shows that in contexts where universal provision is not feasible, targeting the right vulnerable groups increases the effectiveness of social protection responses. However, poverty targeting methods can increase costs and the administrative burden.

- **There is a risk that expansionary fiscal and social protection responses to a severe crisis are followed by austerity policies that are detrimental to child wellbeing.**
  - The COVID-19 pandemic brings twin crises, health and economic, that will likely have long lasting economic effects in all countries, especially low-income countries. Current economic stimulus and social protection responses to the COVID-19 pandemic are expansionary but there is a high risk that financial austerity will be used to control budget deficits and consolidate debt, similar to the experience with the Global Financial Crisis.

- **Health systems during pandemics and severe shocks must be strengthened to ensure access to regular health care services by the general population and vulnerable groups (pregnant women, individual with pre-existing medical conditions, young children).**
  - The evidence shows that investments in health services improve child health by reducing child mortality. Health measures for controlling outbreaks can be accompanied by social protection measures as the lack of social protection coverage perpetuates a vicious cycle of poverty and deprivation which diminish health.

- **Building linkages between social protection and complementary interventions enables holistic responses to a pandemic/crisis with detrimental multi-generation impacts on adults, parents, children and the elderly.**
  - Lessons from the HIV/AIDS pandemic show that holistic HIV/AIDS programmes that integrate social protection with strong health care services, social work and child protection services can effectively address the multidimensional impacts of illness and death on children in various situations, an approach that should be considered for COVID-19 responses especially among socioeconomically disadvantaged populations.