



STATE OF THE SDGs
by SOUTHERN VOICE



Global State of the SDGs **2**

Report 2023

**Leveraging abilities to
navigate inequalities**





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This work was carried out with the aid of two grants: a grant from the International Development Research Centre, Ottawa, Canada, under the Think Tank Initiative and a grant from The William and Flora Hewlett Foundation.

ISBN (digital format): 978-9942-45-300-6

Report designed by Santiago Pacheco C.

Please cite as:
Southern Voice. (2023). *Global State of the SDGs 2: Leveraging abilities to navigate inequalities* (Report 2023). Southern Voice.

Southern Voice Website: www.southernvoice.org
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First Published October 2023 © Southern Voice

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"I invite you to immerse yourself in the rich insights this report offers. It will not only deepen your own understanding, but it will also empower you to contribute more effectively to our shared global pursuit of sustainable development."

Rose Ngugi, PhD.

Chair, Southern Voice and,
Executive director, Kenya Institute for
Public Policy Research and Analysis (KIPPRA).

Foreword

I am honoured to present the Global State of the Sustainable Development Goals Report II: **Leveraging abilities to navigate inequalities**. I do this with a sense of urgent necessity and deep gratitude. In a world grappling with an array of interconnected challenges—from the lingering effects of the COVID-19 pandemic to the repercussions of global conflicts and economic instability—the need for precise, evidence-based policy approaches has never been more acute.

This report's perspective becomes even more valuable as we pass the halfway mark to the 2030 deadline for the Sustainable Development Goals (SDGs). Against a backdrop of national policies that have intensified social and economic inequalities and vulnerabilities, the report offers an enriched, context-driven analysis that goes beyond mere numbers to dissect the nuanced facets of achieving the SDGs.

The enduring issue of inequality, which is particularly pronounced in the Global South, has been exacerbated by many national pandemic responses. This report highlights how these policies have disproportionately affected the most vulnerable, often because they lack specific abilities crucial for coping with such challenges. Abilities like digital skills, social capital, and agency represent essential coping mechanisms that differ across societal groups.

The report argues for the centering of these abilities in the development of inclusive and effective policies. By doing so, we not only better understand the complexities of achieving the SDGs, but also pave the way for more targeted and successful policy interventions. Ignoring the importance of these abilities in policy development would risk perpetuating the stark inequalities and vulnerabilities that have become all too evident during the pandemic.

As we steer through the labyrinth of global challenges toward the 2030 Agenda for Sustainable Development, the Global State of the SDGs Report 2: **Leveraging abilities to navigate inequalities** stands as an invaluable resource. It sheds light on the multi-faceted strategies essential for achieving the SDGs in an equitable way in times when accelerated transformations are so needed.

I invite you to immerse yourself in the rich insights this report offers. It will not only deepen your own understanding, but it will also empower you to contribute more effectively to our shared global pursuit of sustainable development. I extend my heartfelt thanks to the diverse network of dedicated think tanks from Africa, Asia, and Latin America and the Caribbean that make up Southern Voice, for their invaluable work.

The voices contained in this report could very well be catalysts for the change that we so urgently need.

Rose Ngugi, PhD.

Chair, Southern Voice and,
Executive director, Kenya Institute for Public Policy Research and Analysis (KIPPRA).

Preface

Southern Voice's Global State of the Sustainable Development Goals Report II: Leveraging abilities to navigate inequalities comes at a time when the world is grappling with the challenge of uneven progress on the achievement of the Sustainable Development Goals (SDGs). Worryingly, we are already more than half way towards the deadline to meet the 2030 Agenda. While the world is struggling to progress on the SDGs, it is also gearing up to make a fresh commitment to accelerate their achievement.

This report is neither an assessment of progress towards the SDGs, nor is it a review of the broader impacts of COVID-19 on society. Instead, it analyses the critical intersections between policy responses to COVID-19 and increased inequality. It explores how policy responses to the pandemic in the education sector, the labour market, and the small- and medium-sized enterprise (SME) sector have exacerbated existing and produced new forms of inequalities and vulnerabilities within societies in the Global South.

The report establishes that the distribution of (un)favourable policy impacts was shaped by the relative levels of four primary abilities among the communities affected, namely digital skills, social capital, agency and the ability to access. Groups lacking these abilities suffered structural exclusion; these vulnerable groups of society therefore not only lagged behind in recovering from the pandemic but are also likely to experience lifelong disadvantages in education, employment, and other spheres of life.

Towards its conclusion, the report connects lessons learned from policy responses to COVID-19 to a world seeking to urgently accelerate progress on the SDGs. It maintains that an exclusive focus on urgency risks leading to the exclusion of the Global South, just as emergency responses excluded vulnerable groups during COVID-19.

In this regard, the report identifies national-level 'primary capacities' which build on the four individual and community-level primary abilities. These capacities consist of: an ecosystem for digital skills, the capacity to make impactful partnerships, the ability to respond to crises and recover sustainability and the capability to benefit from available policy options and initiatives. Crucially, it argues that the development of these capacities is critical for accelerating progress on the SDGs that is inclusive, thereby ensuring that no society, country or region is left behind. Moreover, by focusing on inclusive SDG acceleration, this work aims to foster collaboration and knowledge sharing between countries, organisations, and stakeholders to ensure that progress is equitable and sustainable across regions and communities.

As global lead of this work, I have benefited immensely from the efforts of a diverse group of three regional lead researchers, nine country lead researchers, and their respective national teams. Their collective contributions over the past 24 months have been instrumental in bringing this report to its current form and allowing me the privilege of introducing it to you through this preface.

My secretariat team and I extend our deepest gratitude to all the contributors who have shared their knowledge and expertise, as well as to the readers who engage with these important discussions. Let us navigate the challenges ahead, learn from the lessons of the pandemic, and strive towards a future where no one is left behind. Let us work together for an inclusive acceleration—one that balances urgency and inclusion.

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Acknowledgements

The study team of the initiative extends their appreciation to the Southern Voice Steering Committee for their guidance and support on the planning of the initiative, the selection of themes and case studies and execution. In the period 2021–2023 members included: Rose Ngugi (Chair), Vaqar Ahmed (SDPI), Lorena Alcázar (GRADE), Chukwuka Onyekwena (CSEA), Martin Benavides (GRADE), Karin Fernando (CEPA), Bitrina Diyamett (STIPRO), Khalida Ghaus (SPDC), Ibrahima Hatie (IPAR), Pablo Hurtado (ASIES), Fahmida Khatun (CPD), Jai Asundi (CSTEP), Gala Diaz (CIPPEC), Margarita Beneke (FUSADES), Julia Pomares (CIPPEC) and Denis Forretia (NKAFU).

The initiative benefited from the support of global experts for the review of studies at the proposal and draft stages. The study team is thankful for the time and dedication of Omar Qargha, Simone Datzberger, Moizza Binat Sarwar, Elise Hjalmarson, Marta Eichsteller, Andrea Velasquez, Muhammad Junaid, Ross Brown, Niaz Asadullah, Leon Tikly, and Feline Freier.

Expert group meetings and workshop participants provided insightful feedback and ideas that helped shape this report. Participants included: David Evans (CGD), Ludovico Feoli (Tulane/CEQI), Nadira Bhayat (UNECA), Hayley MacGregor (IDS), Sonalde Desai (NCAER), Debapriya Bhattacharya, Vaqar Ahmed, Lorena Alcazar. The studies carried out in the initiative would not have been possible without the support of the member organisations part of the initiative: the Centre for the Study of the Economies of Africa (CSEA), the Centre for Poverty Analysis (CEPA), Espacio Público, the Institute of Peruvian Studies (IEP), the Research for Development (ID), the Research on Poverty Alleviation (REPOA) and the Sustainable Development Policy Institute (SDPI), and African School of Economics/Institute for Empirical Research in Political Economy (ASE/IERPE).

Research must be communicated and shared widely. The research team is particularly grateful to our partners that have extended the reach of the voices from the South. The United Nations Foundation provided invaluable support for gatherings organised on the sidelines of the High Level Political Forum in New York.

The initiative would not have been possible without the financial support of the William and Flora Hewlett Foundation.

Finally, the authors are grateful to Ailsa Winton, Phil Acey, Ryan Smith, Iliana Ninahualpa Sandoval and Angélica Suárez for their editorial support, and Santiago Pacheco C. and Jimmy Sarango for the design of the initiative's brand and materials.

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Acronyms

ADB	Asian Development Bank
CSOs	Civil Society Organisations
ENAHO	National Household Survey (Encuesta Nacional de Hogares, in Spanish)
EPH	Permanent Household Survey (Encuesta Permanente de Hogares.
GDP	Gross Domestic Product
GSDR	Global Sustainable Development Report
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
INEI	National Institute of Statistic and Informatic(Instituto Nacional de Estadística e Informática, in Spanish)
IOM	International Organization for Migration
MSMEs	Micro-, Small, and Medium-sized Enterprises
OECD	Organisation for Economic Co-operation and Development
OOSC	out-of-school children
SDGs	Sustainable Development Goals
SMEs	Small and Medium-sized Enterprises
SSA	Sub-Saharan Africa
SVSS	Southern Voice State of the SDGs
UIS	UNESCO Institute of Statistics
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization

Global State of the SDGs 2

————— Report 2023 —————

**Leveraging abilities to navigate
inequalities**

1

Setting the scene: A set of abilities amidst inequalities

Estefanía Charvet
Daniela García Villamil
Omer Jamal



SDG acceleration in a multiple crises context

2023 marks the midpoint in implementing the 2030 Agenda and its 17 Sustainable Development Goals (SDGs). These objectives became the roadmap for UN member states to achieve a sustainable future. Despite their relevance, progress in achieving the goals has not occurred at the required pace and scale. Over 30% of the SDGs have stalled or gone into reverse, and just 15% of the targets are on track (Independent Group of Scientists appointed by the Secretary-General, 2023).

SDG progress has also been uneven between countries and goals. Only five countries from the Global South—Brazil, Chile, Uruguay, Cuba, and Thailand—are in the 50 top performing countries on SDG progress (Sachs et al., 2023). Out of the 36 targets reviewed in 2023, only two present substantial progress (5%), 12 have had limited or no progress (33%) and eight have deteriorated (22%) (Independent Group of Scientists appointed by the Secretary-General, 2023). Targets relating to basic human rights such as achieving food security, ending malaria and malnutrition, and ensuring safe and affordable housing, as well as to the implementation of all development assistance commitments, were ranked “very far from the target” (Independent Group of Scientists appointed by the Secretary-General, 2023).

The slow progress in the advancement of the Agenda has also prompted a global push for acceleration. Only 38% of the targets reviewed by the Independent Group of Scientists in 2023 were assessed as showing fair progress, but in need of acceleration,² if they are to be met by 2030 (Independent Group of Scientists appointed by the Secretary-General, 2023). We understand acceleration as all actions taken to speed up the achievement of the SDGs. This involves scaling up existing initiatives and creating new ones, while at the same time responding to the needs of different populations to ensure equal opportunities for all.

Stagnation in the achievement of the Agenda reveals an urgent need for profound and systemic transformations to achieve the goals. Such transformations are crucial to redirect countries' structures and practices towards sustainable development pathways. Failure to embrace these transformations will not only worsen poverty and inequalities and accelerate environmental degradation, but also widen disparities in global development between the North and South (Independent Group of Scientists appointed by the Secretary-General, 2023).

Understanding what actions can accelerate SDG progress and drive the required transformations is imperative in today's complex world. We are facing multiple, intersecting crises, whose combined adverse effects further delay, stagnate or reverse development progress (Shulla & Leal, 2023; International Labour Organization [ILO], 2023). For example, evidence from this edition of the Southern Voice State of the SDGs (SVSS) shows how prior to the pandemic Latin America was already struggling with the displacement of seven million

1 The Global Sustainable Development Report (GSDR) measures 'distance from the target' (2023) based on the calculation methodology from the Sustainable Development Goals 2022 Progress Chart Technical Note. Distance from achieving the targets is ranked on a scale of 5, where 1 is “very far from the target”, 2 “far from the target”, 3 “moderate distance to the target”, 4 “close to the target”, and 5 “target met or almost met”.

2 The GSDR measures “trend of SDG progress” (2023) based on the calculation mentioned in footnote 1, and categorises each target by one of four trends: deterioration, limited or no progress, fair progress but acceleration needed, and substantial progress/on track.

”
 Achieving sustainable transformations involves difficult trade-offs between competing priorities, as countries grapple with complex decisions in uncertain environments.

Venezuelans, primarily to Colombia, Peru, and Chile (Rocha-Jimenez et al., 2023). COVID-19 then triggered additional displacement due to economic downturns and widespread job losses, intensifying the existing migratory crisis (Vásquez et al., 2023).

Moreover, established coping methods were disrupted. For instance, informal employment is considered to be a safety net for formal workers who have lost their jobs in times of economic recession (Saloner et al., 2020). However, during the pandemic, both formal and informal sector employment contracted, further limiting the income sources available to the population, and leading to a sudden increase in economic vulnerability among host and migrant populations (Vásquez et al., 2023).

The cumulative effects of these crises were also found to reinforce pre-existing inequalities. Take for example the inflation of food prices caused by the war in Ukraine. Rising food prices increase consumption inequalities, mainly affecting the poor who are already in a position of vulnerability (Kiptoo, 2022; ILO, 2023; Amaglobeli et al., 2022). The challenges faced by small- and medium-sized enterprises (SMEs) during the pandemic also exemplify the ripple effect of crises on inequalities. A shrinking demand for goods, together with heightened uncertainty, and limited accessibility to formal financial mechanisms created acute liquidity shortages for SMEs (Belitski, 2023). In turn, many employees were made redundant, which reduced consumer spending, thus reproducing the cycle (Adil et al., 2023). The effects were most acutely felt by female, migrant, temporary, and informal workers, often employed by SMEs, which led to the exacerbation of pre-existing inequalities (Adil et al., 2023).

These multiple crises is shaping current debates on the ongoing race against time to achieve the SDGs by 2030. As countries implement actions to accelerate and achieve the transformations required to meet the Goals, it is essential to clearly identify which context-specific transformations are required, and to better understand what kind of policies are needed to achieve them.

Charting a fairer road ahead by tackling inequalities

Achieving sustainable transformations involves difficult trade-offs between competing priorities, as countries grapple with complex decisions in uncertain environments. Identifying areas where SDG initiatives can contribute significantly and simultaneously to multiple Goals can increase the efficiency of the transformative actions taken. A growing body of research suggests that reducing inequalities is a keystone to achieving other global goals (Lakner et al., 2022; UNU-Wider, 2023). In fact, recent declines in development progress and increases in household vulnerability have been attributed in part to the rise in income inequality caused by the pandemic, estimated to be the largest rise in three decades (UN, 2023). Addressing income and other kinds of inequalities thus constitutes a key entry point for driving transformations.

While it is important to recognise the impact of crises on SDGs, progress was already off track due to a lack of political will and

concerted government action (Malekpour et al., 2023). Governments hold significant responsibility not just for crisis management, but to act decisively and responsibly in shaping equitable, sustainable futures. As we navigate an era of increasing uncertainty, and governments choose between competing priorities as they rapidly design and implement policies, a key question arises: how can the increasing sense of urgency to meet the SDGs be navigated in a way that does not compromise the needs of the most vulnerable?

Crises may either exacerbate existing systemic problems, or indeed be catalysts for systemic change. We argue that placing the most vulnerable groups at the forefront of SDG achievement can ensure an inclusive acceleration. We use the term 'inclusive' here to denote actions which ensure that the most vulnerable are not negatively affected by rapid policy shifts, and that inequalities are not exacerbated. By exploring the risks associated with rapid policy implementation, this report harnesses lessons on how to ensure that the need for acceleration and transformations does not leave the most vulnerable behind.

A cross-regional, multi-level approach

SVSS 2 is the result of a two-year research and collaboration process over a number of stages, involving research teams across Asia, Africa and Latin America. Nine think tanks from the Southern Voice network conducted comprehensive research exploring the main factors behind deepening inequalities in their countries and regions, the most prominent gaps created or exacerbated during the pandemic, and the policy drivers of such impacts.

The initiative used a multi-level approach, based on the premise that the national and regional levels are interconnected. Each research team first produced three national-level case studies, which included Benin, Nigeria and Tanzania in sub-Saharan Africa; India, Pakistan and Sri Lanka in South Asia; and Chile, Paraguay and Peru in Latin America. This country-level disaggregated analysis of the impacts of the pandemic on inequality provided the basis to conduct regional- and global-level analysis contained in this report (Chapters 2, 3 and 4).

The thematic focus of the research is the result of a multi-stage exercise with Southern Voice's member organisations, which currently amount to 66. From 2020 to 2022, Southern Voice members carried out a considerable amount of research and analysis on the impacts of the pandemic in the Global South, resulting in a compendium of over 1,000 resources.³ A synthesis of these resources and a series of dialogues and consultations with Global South researchers helped identify growing inequalities in employment and education as critical cross-regional concerns in Asia, Africa and Latin America.

Specifically, in sub-Saharan Africa, the COVID-19 pandemic exacerbated already chronic learning disparities, and disrupted learning for nearly 250 million students. Pandemic-related school closures meant that millions of students in the region will never

³ See [COVID-19 Digital Knowledge Hub](#)

return to school (Association for the Development of Education in Africa et al., 2021). In 2021, sub-Saharan Africa accounted for nearly 100 million of the global 244 million out-of-school children (Global Education Monitoring Report Team & UNESCO Institute for Statistics, 2022). Notably, the region not only has the highest number of out-of-school children, but it is also the only region showing an upward rather than downward trend in this key indicator (Global Education Monitoring Report Team & UNESCO Institute for Statistics, 2022).

Similarly, key concerns emerging in Latin America relate to the economic impacts of COVID-19, particularly in relation to employment and migration. This region experienced the sharpest decline in GDP during the COVID-19 pandemic (7.5%), and a lagging socio-economic recovery (Cottani, 2020). The region is also one of the ten largest global migration corridors, with its international migrant population more than doubling between 2000 and 2020 (UN, 2022).

In South Asia, micro-, small, and medium-sized enterprises (MSMEs) serve as the backbone of the economy. They make up an overwhelming 99.6% of all enterprises and employ 76.6% of the workforce, contributing 33.9% to the region's GDP (Asian Development Bank, 2021). The role of MSMEs is crucial for economic inclusion, often serving as the primary employers for vulnerable populations (United Nations Development Programme [UNDP], 2019). Yet, a significant proportion of South Asia's workforce lack formal social protection or safety nets. Overall, analysing the impacts of the pandemic provides insights into existing inequalities, and into new forms of social and economic exclusion (Reserve Bank of India, 2022).

In this context, the central concern of the SVSS 2 are the risks of sidelining inequalities in rapid policy design and implementation. Focusing specifically on vulnerable groups, we explore the increased inequalities brought about by rapid policy responses implemented during the COVID-19 crisis, while also identifying the abilities that helped vulnerable populations navigate the associated challenges. Building on this analysis, we aspire to redefine what it means for governments to implement transformative, forward-looking actions while ensuring that no one is left behind.

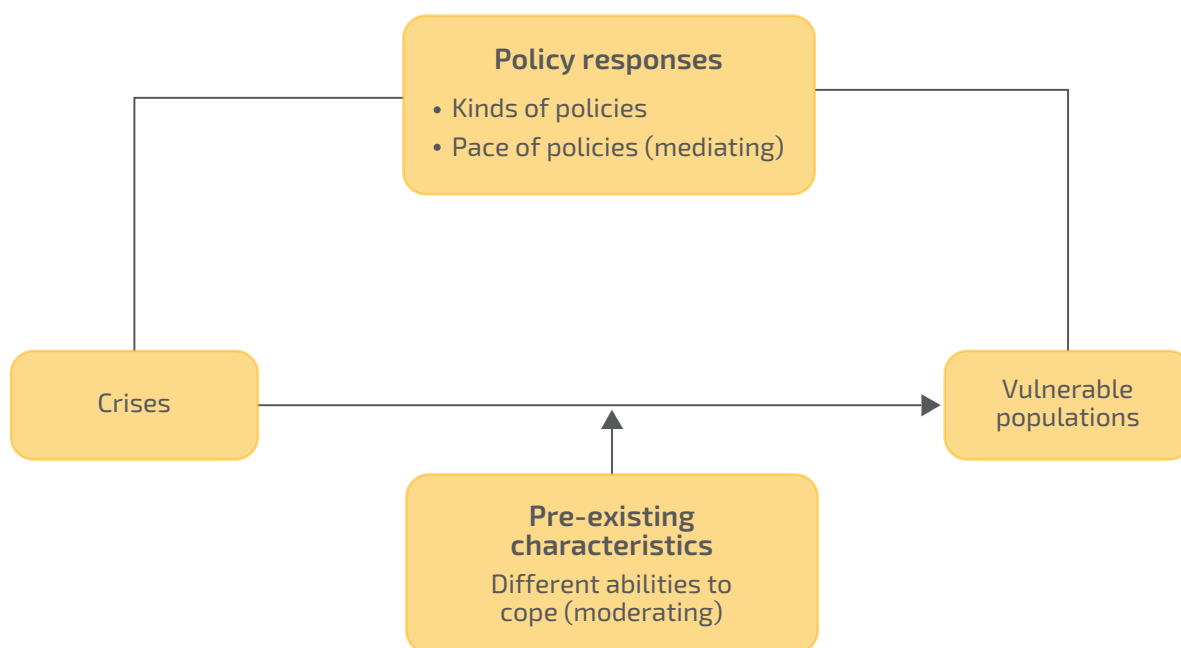
Understanding the relationship between policy, abilities and inequalities

Our analysis centres around the relationship between rapid government policy implementation, certain enabling resources held by vulnerable groups—hereby conceptualised as “abilities”—and inequality. Inequalities can be understood as the inadequate distribution of opportunities and outcomes among the population (Dabla-Norris et al., 2015). Characteristics such as race, religion, gender, ethnicity, caste, citizenship, or place of residence, among many others, influence how these opportunities and outcomes are distributed (UN DESA, 2020). Inequalities manifest in the differential impacts of policies and are closely linked to the formation of new vulnerable groups (Genevey et al., 2013).

The policy responses, strategies and measures adopted by authorities to address the pandemic and the ensuing economic crisis constitute the mediating factors in this research. The specificities of COVID-19 mitigation and recovery policies differed across countries and regions, but there were common actions and traits. Countries studied in the report resorted to, among other measures: lockdowns, border closures, and the closure of public spaces; the adoption or intensification of the use of technology-enabled services; monetary support and fiscal measures to mitigate the socio-economic shock; and capacity-building initiatives that took various forms (Adeniran et al., 2023; Adil et al., 2023; Vásquez et al., 2023). As will be discussed later in this section, the types of policies adopted and their accelerated pace created differential impacts.

In this context, the studies revealed that at least four individual- and community-level abilities moderated the extent to which the differentiated impacts of the COVID-19 shock and ensuing policy measures affected vulnerable populations. These were: digital skills, agency, the capacity to leverage or develop social networks (social capital), and the ability to access governmental support (accessibility). These abilities can be understood as a specific set of pre-existing skills or competencies that were instrumental in helping individuals cope with the challenges brought by the pandemic. Those with one or more of these abilities were better positioned to cope with the pandemic's challenges and benefit from the support mechanisms that were made available, while those without them found themselves at a disadvantage (Adeniran et al., 2023; Adil et al., 2023; Vásquez et al., 2023).

Figure 1.1. Key relationships analysed



Note. Adapted from *Conceptual Analysis of Moderator and Mediator Variables in Business Research* by Namazi & Namazi (2016).

Figure 1.1 illustrates the framework for the research, setting out the key relationships between vulnerable populations, crises, and policy responses. Central to this dynamic is the idea that individuals possess abilities that moderate how they cope with crises. For instance, despite living in poverty, an individual equipped with robust digital skills or social capital may face fewer adversities during a crisis like the pandemic than someone equally impoverished but lacking such skills. If policies are hastily designed and implemented, without adequately accounting for diverse abilities, they can inadvertently magnify the challenges for already vulnerable groups. This was evident during the pandemic, where swift policy rollouts often left significant portions of the population struggling to adapt, further entrenching existing inequalities.

Key abilities to mitigate the impacts of crises

The research teams observed that pre-existing abilities among different groups moderated the impacts of COVID-19 and associated policy measures. In other words, the presence or absence of these abilities was found to be a determining factor in their resilience or increased vulnerability. We argue that four key abilities played a crucial role in determining how people are affected by crises. Developing or strengthening these abilities among vulnerable populations ahead of 2030 is recommended to ensure inclusive and sustainable SDG acceleration actions.

Digital skills

Research across the three regions covered in this report found that digital skills were a primary ability for coping with the challenges of the pandemic and adapting to the policies enacted in response to the global health crisis (Adeniran et al., 2023; Adil et al., 2023; Vásquez et al., 2023). Digital skills encompass a range of proficiencies, including effectively utilising online communication platforms, navigating digital information sources, and employing digital tools (International Telecommunication Union, 2021).

Many countries adopted or intensified the use of technology-enabled services, through internet platforms, and encouraged the use of digital tools to resume daily activities during the pandemic. In this context, digital skills facilitated certain types of work, thus allowing some individuals to maintain their income, enabled the continuation of education for students and teachers, and empowered MSME owners and workers to identify alternative avenues to generate income and ensure the sustainability of the enterprises (Adeniran et al., 2023; Adil et al., 2023; Vásquez et al., 2023; Winarsih et al., 2021).

Conversely, individuals without digital skills were less equipped to face the challenges brought by the pandemic. For example, in sub-Saharan Africa, the swift transition to distance education prevented a complete halt in learning, but not all learner groups and households had equal access to the digital skills required to access remote learning (Adeniran et al., 2023). Efforts were made to develop alternative approaches to learning and to seek partnerships with

the private sector and civil society organisations (CSOs) to provide or promote investment in online platforms, tools, and applications to sustain learning (Adeniran et al., 2023). Nevertheless, digital skills gaps not only perpetuated existing inequalities but also exacerbated them in the context of the COVID-19 response (Adeniran et al., 2023).

The sub-Saharan Africa chapter also reports that students from higher-income households, urban settings, and private schools were better equipped with digital skills, enabling them to transition smoothly to online learning and continue their education remotely (Adeniran et al., 2023). In contrast, economically disadvantaged students, particularly those in public schools and rural areas, struggled due to a lack of digital literacy and skills. Moreover, access to essential facilities for remote learning—such as reliable internet connectivity and electricity—also varied significantly across different demographic groups. Overall, students and households lacking digital skills were at a heightened risk of educational exclusion, learning loss, and falling behind in their studies.

Similarly, digital skills were found to be crucial for MSME owners to keep their businesses afloat in Pakistan, India, and Sri Lanka (Adil, 2023; Southern Voice, 2023; Lokuge et al., 2023). Even though many of the enterprises surveyed had no previous experience with online sales or delivery services before the pandemic, there was a 42% increase in the adoption of digital strategies for business continuity across various sectors. Educated female entrepreneurs also utilised digital platforms such as Facebook and WhatsApp to create alternative income streams, showcasing the resilience and adaptability that digital skills can offer in challenging circumstances. The transition to digital or remote work was therefore easier for individuals with a higher degree of digital skills, who were often concentrated in urban areas.

Disparities were also evident between sectors. Traditional businesses in rural areas faced greater difficulties than sectors such as IT and design consulting, which could effectively shift to a fully remote work model, using digital technologies to reach and tap into new markets (Adil et al., 2023). This was also seen in the case of migrant workers in Latin America. Only those who could effectively transition to remote work environments, such as managers, directors, and individuals in government roles, could leverage digital skills to cope with the challenges of the pandemic (Vásquez et al., 2023). In this scenario, migrant workers found themselves at a disadvantage, since they are largely concentrated in essential occupations that could not be carried out from home (United Nations Economic Commission for Latin America and the Caribbean [CEPAL], 2022; IOM, 2022).

On one hand, digital skills proved to be a vital ability across multiple sectors and regions for individuals to cope with the effects of the pandemic. They served as a lifeline, enabling educational continuity, business adaptability, and remote work, thereby offering immediate relief to students, workers, and entrepreneurs (Adeniran et al., 2023; Adil et al., 2023; Vásquez et al., 2023). On the other hand, the studies showed that swiftly adopting or intensifying the use of technology-enabled services as an emergency policy response to crises widens inequalities, as it fails to address the needs of those without



Digital skills were found to be crucial for MSME owners to keep their businesses afloat in Pakistan, India, and Sri Lanka.

digital proficiencies. While some ad-hoc solutions emerged, such as makeshift online classes or temporary digital marketplaces for struggling MSMEs, the effects on vulnerabilities highlight the urgent need for more comprehensive, long-term policies that ensure digital inclusivity and sustainability for all demographic groups (Adeniran et al., 2023; Adil et al., 2023; Vásquez et al., 2023).

Agency

Human agency refers to the proactive efforts, initiatives, or influence one has on one's own life circumstances, and their interplay with socially produced structures (Sotarauta & Grillitsch, 2023; Eteläpelto et al., 2013). Within policy discussions, agency has been associated with an individual's ability to face structural conditions over their own life course; for instance, facing the transitions involved in life-long learning, the changing nature of work and, more generally, living an active citizenship (Eteläpelto et al., 2013; Gerlak et al., 2020). Agency has also gained increasing significance when discussing the drivers of local and regional development (Sotarauta & Grillitsch, 2023).

During crises, it can be said that individuals or communities exert agency in the face of changing structural circumstances by employing the resources available to them to make choices that allow them to face shocks and recover sustainably. The studies showed that a greater degree of agency—or the lack thereof—greatly determined how individuals and communities' navigated uncertainties caused by the pandemic.

Lockdowns, border closures, and the closure of public spaces by definition interrupted the functioning of socioeconomic systems (Adeniran et al., 2023; Adil et al., 2023; Vásquez, 2023). This greatly restricted the options available for vulnerable groups to ensure their livelihoods. Mobility restrictions in Latin America, for instance, truncated migrants' possibilities to change locations or re-migrate to cope with the shock. This forced many migrants to either accept harder working conditions or, when possible, return to their places of origin (Vásquez et al., 2023). Internal migrants in particular who lost jobs in both the formal and informal sectors, and who lacked social protection and economic means, coped with the pandemic's socio-economic effects by returning to their home communities (Vásquez et al., 2023). Others sought to re-migrate despite the mobility restrictions, which was evidenced in the increase in irregular entry points in many South American countries (Vásquez et al., 2023).

In South Asia (Adil et al., 2023), lockdowns limited SME initiatives and possibilities to scale and invest, at the same time the closing of international borders caused supply chain disruptions, shortages of raw materials, workforce reduction, and a sharp decline in capacity utilisation. While savings became the primary resource for coping with financial uncertainties, business owners resorted to adjusting their production processes in the face of raw material shortages, reducing production and negotiating with vendors to maintain their businesses afloat. These were examples of agency strategies to address cash flow shortages. Resorting to lay-offs was also a way to curtail expenses. This is a way for business owners to react to economic shocks that also reflects how vulnerable SME workers are to sudden layoffs.

The large-scale exodus of migrant workers returning to their hometowns on foot highlighted the vulnerability of migrant workers who had no safety nets to rely on during crises.

The studies conducted in Sub-Saharan Africa also shed light on the intricate dynamics of human agency during times of crisis (Adeniran et al., 2023). The severe limitations on choices available to vulnerable groups for sustaining their livelihoods during lockdowns and border closures compelled some children to enter the workforce to contribute to their family's income. However, this particular strategy came at the cost of hindering children's educational development. This coincided with increased rates of early child marriage, teenage pregnancy, and a rise in school dropouts. On the other hand, individuals with a broader range of livelihood options sought alternative ways to ensure their children's education. For example, some parents could afford to hire private tutors for personalised homeschooling, while others assumed the role of teachers to support their children's learning at home. Older siblings also assisted younger siblings with their education.

Human agency takes on profound significance in times of crises, as it represents the proactive efforts and choices individuals and communities make in the face of shifting structural circumstances. The experiences detailed in Latin America, sub-Saharan Africa and South Asia underscore the pivotal role of agency in shaping responses to crises, where individuals and communities draw upon resources available to them to manage uncertainties and recover sustainably.

The ability to leverage or develop social networks (social capital)

Social capital represents the accumulated value derived from having strong networks, social support systems, and trust relationships. It embodies a wealth of resources and relationships that are forged and nurtured over time (Toyon, 2022). This form of capital is manifested through both individual and collective actions within a network, which operates based on mutually agreed-upon rules, obligations, and norms. The ability to leverage or develop such networks acted as an invaluable asset for individuals and communities during COVID-19 to fill in gaps in policy response and governmental support (Adeniran et al., 2023; Adil et al., 2023; Vásquez, 2023).

The different forms of monetary support and fiscal measures applied to mitigate socio-economic shock across the three regions during COVID-19⁴, fell short in preventing the exacerbation of inequalities. The studies showed that emergency cash transfers did not always reach the intended beneficiaries or those in the most vulnerable conditions (Adeniran et al., 2023; Adil et al., 2023; Vásquez et al., 2023). Some of these subsidies ignored the needs of the beneficiaries, were poorly regulated, or largely reliant on private parties' willingness to provide relief (Adeniran et al., 2023; Adil et al., 2023; Vásquez et al., 2023). In countries with limited or constrained state capacity, the policies had insufficient reach, were extremely limited, or the capacity was overtaken by other beneficiaries (Adil et al., 2023).

4 Payroll subsidies, exemptions in utility, rent and electricity bills, ration cards for food support, scholarships, subsidised school fees, and partnerships to provide free or low-cost internet were all documented in the reports (Adeniran et al., 2023; Adil et al., 2023; Vásquez et al., 2023). Non-monetary forms of support were also evidenced, such as the distribution of digital devices, learning materials and study guides for the most affected students in sub-Saharan Africa (Adeniran et al., 2023); or the provision of raw materials for MSMEs in Sri Lanka (Adil et al., 2023).

In this context, the studies revealed that those who could effectively leverage their networks were better equipped to navigate socio-economic challenges associated with the crisis (Adeniran et al., 2023; Adil et al., 2023; Vásquez et al., 2023). Friends and family often served as a financial safety net for MSME owners, filling the void left by inadequate or slow-moving government support (Adil et al., 2023). Women in particular turned to their connections to cope with the lack of stable financial support (Adil et al., 2023). In regions like Khyber Pakhtunkhwa and Punjab in Pakistan, the familial support system was particularly strong, negating the need for external loans to maintain MSMEs operations (Adil et al., 2023).

In Latin America, social networks were more strongly leveraged by internal migrants for a quick re-entry into the labour market (Vásquez et al., 2023). International migrants more often relied on delocalised forms of social capital, anchored in their countries of origin or among relatives living abroad (Vásquez et al., 2023). Background studies on Peru, Chile, and Paraguay indicated that Venezuelan migrants frequently depended on remittances from family members who were still in Venezuela to meet their basic living needs (Vásquez, Morel & Mendoza., 2023; Ropert et al., 2023; Aquino et al., 2023). Conversely, those who had jobs in their host countries would send remittances back home or to relatives residing in other countries, often exhausting their savings in the process (Vásquez et al., 2023).

In coping with the challenges of the COVID-19 pandemic, those with strong networks found more immediate financial and social support, circumventing the shortcomings of governmental policies. Conversely, the lack of such networks left certain groups at a marked disadvantage, forcing them to resort to unsustainable coping mechanisms like selling valuables or relying on remittances. Disparities in social capital not only magnified existing social inequalities, but also underscored the limitations of current policies in providing equitable, effective support. This dynamic further emphasises the urgent need for targeted governmental policies that can address the unique vulnerabilities of different population segments, including migrants.

The ability to access to governmental support (accessibility)

The ability of individuals to access programmes and services delivered by governments, foundations, or civil society organisations was crucial in determining the extent to which COVID-19 impacted individuals. The studies revealed that inequalities were further exacerbated when policy initiatives implied cumbersome processes or excessive bureaucracy and prerequisites, thus hampering vulnerable people's ability to access governmental support. When prerequisites were too complex or implied biased evaluation criteria, they inherently favoured those individuals, communities or enterprises already better positioned, with more visibility and resources (Adil et al., 2023; Vásquez et al., 2023).

In addition, governments across the three regions strongly relied on formal registration systems to manage and distribute relief measures. However, the extremely vulnerable populations are often

not registered, and there is very little data available about them (Privacy International, 2022). Incomplete data is a significant challenge in the provision of support, for instance, in the case of unregistered migrants, and informally self-employed workers and MSMEs. For some individuals and businesses, a lack of official registration meant systematic exclusion from government-led mitigation and support initiatives (Vásquez et al., 2023; 2023).

In Latin America, recent migrants were disproportionately affected during the pandemic due to their limited familiarity with administrative procedures (Vásquez et al., 2023). Findings from the regional report found that some countries have highly complex regularisation processes, and that a migrant worker's length of stay in their host country correlates with their access to government systems and services (Vásquez et al., 2023).

The studies in South Asia (Adil et al., 2023) underscored how the size and sector of enterprises influenced their ability to access government relief. Larger companies typically had the financial documentation and historical records needed to access loans, while smaller enterprises struggled to qualify for, and benefit from, the support. These also faced fewer hurdles due to well-established relationships with governmental bodies and a greater understanding of bureaucratic processes. Medium- and large-scale enterprises in South Asia also tended to borrow right up to the maximum limit, reducing the amount of credit available for smaller enterprises. Smaller businesses, on the other hand, especially those in traditional sectors like manufacturing or retail, found it far more challenging to navigate administrative procedures and access aid.

The same was observed in capacity-building initiatives undertaken by the government to equip individuals and enterprises with skills to navigate the crisis. Programs aimed to enhance e-commerce awareness and digital proficiency were structured in a way that favoured larger businesses. These enterprises were more capable than smaller businesses of meeting the stringent requirements related to documentation, financial commitments, and registration, thereby limiting smaller businesses' ability to participate and benefit fully from these initiatives (Adil et al., 2023). This disparity extended to employees, as those working in larger, more stable companies were more likely to benefit from government relief measures compared to those employed in more precarious enterprises. Additionally, regional disparities further compound these issues, as urban centres are commonly prioritised for resources and support, leaving rural or more peripheral areas at a disadvantage (Adil et al., 2023).

The studies in Sub-Saharan Africa also revealed how unintegrated and inefficient responses limited the ability of vulnerable children from low-income rural families to access governmental support (Adeniran et al., 2023). An already limited access to essential services, such as education, became even more pronounced during the pandemic. Traditional barriers like long distances to schools, financial constraints, unsafe commuting, societal expectations, and limited transportation options compound the problem. Despite efforts from NGOs and government initiatives, these systemic challenges persist. Access to government support in Sub-Saharan Africa isn't just an



In Latin America, recent migrants were disproportionately affected during the pandemic due to their limited familiarity with administrative procedures.

educational issue but a broader development crisis that requires a comprehensive, multi-faceted approach for sustainable solutions (Adeniran et al., 2023).

One could argue that the ability to access government support affects individual and community resilience and adaptability during unprecedented challenges. A robust ability to access government programs, social services, and essential resources is crucial in helping people maintain stability and recover from shocks. Conversely, a lack of ability to access government support magnifies existing social and economic disparities, rendering certain groups extremely vulnerable. Hastily implemented policies with an excessive reliance on formal registration to provide relief, limited reach due to constrained state capacity, cumbersome processes or excessive bureaucracy to access support mechanisms, and unintegrated, inefficient or poorly regulated measures, all risk excluding groups who lack the ability to access support. The pandemic has underscored the vital role of the ability to access support as a primary ability, not just for immediate crisis management, but also for the design of more equitable, long-term policy solutions.

What to expect from the second edition

By exploring some of the pandemic-induced impacts on inequality experienced by primary and secondary students in Sub-Saharan Africa, MSME business owners and workers in South Asia, and migrant populations in Latin America, the report provides a unique perspective on how rapidly implemented policies could put long-lasting, inclusive, and equitable development outcomes at risk. It complements other development reports that highlight the inherent complexities of driving sustainable transformations, by bringing to light Global South perspectives on the abilities that individuals need to be equipped with to better cope with crises.

The report is organised as follows:

- Chapter II employs a mixed-method approach to understand educational inequalities in sub-Saharan Africa during the pandemic, and the effectiveness of government mitigation strategies across the region. It includes a quantitative analysis of education indicators using data from three country case studies in Nigeria, Benin, and Tanzania. The case studies relied on regression analysis, based on data from nationally representative surveys (National Living Standard Surveys) and administrative data to examine educational inequalities before and after COVID-19. The quantitative analysis is complemented with an extensive literature review analysis.
- Chapter III applies a comparative approach, looking at Pakistan, India, and Sri Lanka to explore interconnections between businesses, workers, and the SDGs. It uses data from surveys, interviews, and discussions in the three countries to understand the pandemic's effects on SMEs in relation to SDG

10 (reducing inequalities), and SDG 8 (economic growth and working conditions).

- Chapter IV uses statistical analysis to examine how COVID-19 affected work and employment in three Latin American countries. Using data from household surveys conducted in 2019, 2020, and 2021, it seeks to better understand how the pandemic impacted work-related inequalities for migrants in the region compared to the general population. By examining the employment conditions of migrants, the chapter broadens our understanding of the impacts of the COVID-19 crisis on inequalities related to work and employment.
- Chapter V examines the slow progress on the SDGs as the 2030 deadline nears. Using data from the regional studies, it presents the setbacks caused by global crises including the COVID-19 pandemic and geopolitical tensions. The conclusion chapter examines in detail links between primary abilities—such as digital skills, social capital, agency, and the ability to access support—to national capacities. Through this lens, it argues that these abilities and capacities influence a country's resilience and ability to achieve the SDGs. The narrative stresses the importance of a balanced approach to SDG acceleration that prioritises both urgency and inclusion.

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2

The impact of COVID-19 on educational inequalities in Sub-Saharan Africa

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Introduction

In 2020, UNESCO reported that globally nearly 1.6 billion students were unable to attend school during the peak of COVID-19 lockdowns. An additional 168 million students could not access in-person education for a full year, stretching from March 2020 to March 2021 (United Nations Educational, Scientific, and Cultural Organization [UNESCO], 2021). These concerning statistics provide context for the dire situation in sub-Saharan Africa (SSA), a region where the pandemic has exacerbated long-standing challenges, most notably elevated numbers of out-of-school children (OOSC), gender-based educational disparities, and low learning outcomes.

SSA has generally lagged behind other regions in key educational indicators. The region has the largest number of OOSC globally and is the only region where that population has been growing steadily for the past two decades, increasing from approximately 88 million in 2000 to 95 million in 2019 (UNESCO, 2022). According to UNESCO (2023), this number is projected to steadily rise in the coming years. UNESCO estimates that in 2019, approximately 20% of primary school-age children were out of school in the region, with a rate of 21% among female children and 20% among male children. United Nations International Children's Emergency Fund [UNICEF] (2020), reports that 12 out of 17 countries worldwide that have not achieved gender parity in primary education are in SSA. All 20 countries that have not achieved gender parity in lower secondary education are also in the region. Furthermore, learning levels for in-school children were also low pre-pandemic, with the World Bank's Learning Poverty Index suggesting that about 87% of school-age children in SSA were learning poor in 2019, with variations across demographic and socio-economic groups (World Bank, 2021)¹. These pre-pandemic exclusions and structural inequalities in educational access and outcomes in SSA have hindered progress toward achieving the targets of Sustainable Development Goal 4 (inclusive and quality education).

COVID-19 has underscored the depth and severity of inequalities in demographic and socio-economic characteristics, while also fostering new inequalities such as digital exclusion and disparities in system resilience (specifically the ability of education systems to continue to operate in adverse situations). Studies such as Aina and Adekunle (2022), Adugna et al. (2022), Alesina et al. (2021), and Kasirye et al., (2020) have also highlighted barriers faced by students with disabilities, from ethnic minority groups, and from low-income households to accessing education.

Governments across SSA implemented several mitigation measures to curb the impact of the COVID-mandated lockdowns on education, such as the provision of remote learning, digital devices, and various forms of targeted support to vulnerable students (UNICEF Malawi, 2023; World Bank, 2022; Uwizeyimana, 2022; Bulawayo, 2021). However, measures implemented to mitigate the impact of school closures and reduce learning loss in fact highlighted and exacerbated existing inequalities, while also revealing new dimensions of inequalities and exclusion, such as low levels of digital skills

¹ According to the World Bank, learning poverty refers to the share of children who are unable to read a simple story by age 10 (~primary 5).



The pandemic has highlighted the fragility of education systems in the region, revealing significant weaknesses in how education systems operate and are managed across the region.

and highly stratified access to digital resources (Mo Ibrahim Foundation [MIF], 2021).

The exacerbation of structural inequalities in SSA education systems resulting from COVID-19 has led to a crisis within a crisis. If unaddressed, this could set the region back in terms of the modest gains that had been made, specifically around access to education, making the quest for an inclusive education system more elusive than ever. Understanding the manner in which COVID-19 has amplified existing structural inequalities and created new ones will be crucial if SDG 4 targets are to be met in SSA. Additionally, the pandemic has highlighted the fragility of education systems in the region, revealing significant weaknesses in how education systems operate and are managed across the region. For example, most countries in the region were unprepared for the rapid shift to digital learning, teachers were not equipped to transition to online teaching, and traditional methods of assessments, such as standardised testing, were problematic during the pandemic. Analysing the varying experiences and policy responses of different SSA countries can provide important lessons and offer guidance for future shocks to the education system in terms of supporting national and multilateral efforts towards building resilient education systems in the region.

To that end, this report seeks to understand the state of educational inequalities in SSA in relation to COVID-19, specifically in terms of the key drivers of inequality, and the effectiveness of government mitigation strategies across the region. The objectives are to:

1. understand the state and dimensions of pre-pandemic educational inequalities in SSA;
2. analyse how COVID-19 impacted student learning and performance;
3. analyse COVID-19-induced education policy responses in the region and assess their impact on education inequalities; and
4. examine how existing policy responses can be improved to better target and address inequalities.

As part of this regional study, three research teams conducted country case studies in Nigeria, Benin, and Tanzania to provide an in-depth national-level analysis². The country selection reflects regional variation (West and East Africa) and diverse population and demographic structures. While this report employs evidence from these individual country case studies, the purpose is to speak extensively on the entire region and discuss the short- and long-term educational inequalities emerging from the pandemic.

In this chapter, we focus only on the impact of the pandemic on primary and lower secondary education, as this foundational stage of learning serves as a fundamental building block for all subsequent learning. Failure to understand and address prevailing disparities and marginalisation at this foundational stage could have far-reaching consequences. We highlight trends, dimensions, and drivers of educational inequalities in SSA to provide valuable insights into how COVID-19 interacts with existing structural concerns to generate new inequalities or deepen existing ones. Tracking the evolution of education inequalities in this way

² See the full country case studies in the 'Additional publications of the State of the SDGs initiative' section..

will be crucial to understanding regional progress made on SDG 4 and other Goals.

The rest of chapter 2 is organised as follows: Section 2 provides an overview of the state and drivers of pre-COVID inequalities in education (Objective 1). It also discusses the immediate impact of the pandemic on education and the policy responses by governments to curb the impact of the pandemic on education (Objective 2). Section 3 discusses the methodology and data collection method used for the study. Section 4 further discusses the findings and assesses the effect of COVID-19 and the education policy responses on learning, inequalities, and exclusions (Objective 3). Section 5 discusses how existing policy responses can address and target educational inequalities and exclusions (Objective 4).

Background

Overview of education performance pre-COVID-19

Over the past 20 years, SSA has made significant strides in improving educational outcomes across several indicators. Most countries have made progress towards universal primary enrolment in the context of the Millennium Development Goals (MDGs) and SDGs. For example, the out-of-school population has dropped significantly in some countries, such as in Ethiopia where it dropped from 6.7 million in 2000 to 3 million in 2017, a 54% decrease (UNESCO, 2022a). In 2019, SSA had a gross enrolment rate of nearly 99% at the primary school level, compared to 82% in 2000.³ World Bank Development Indicator data show that at least 30 of the 48 SSA countries achieved increases in gross enrolment from 2000 to 2019. Yet despite such progress, enrolment rates still fall short of global benchmarks. In 2019 (the year before the onset of COVID), global gross enrolment rates were 101% for primary, 76% for secondary, and 39% for tertiary education, according to the World Development Indicators (World Bank, 2022). In comparison, SSA enrolment rates for the same year were 99% for primary, 44% for secondary, and 9% for tertiary education which, while an improvement from 2000 figures (66%, 32%, and 6%, respectively), still lag behind global levels. Moreover, enrolment figures have been criticised for often masking the true state of education in the region. By exploring changes in enrolment over time, Lewin and Sabates (2012) reveal that in some SSA countries, progress has been very uneven, and overall expansion in enrolment may conceal large increases in lower grades and little change in completion rates. Lewin and Sabates argue that despite improved gross enrolments, a good number of school-age children are still out of school, only two-thirds reach the last grade of primary school, and many of those enrolled are overage, repeat years, or unable to complete a full basic education cycle, particularly where lower secondary grades are included.

Thus, as of 2018, average years of schooling in Africa stood at approximately 5.6, compared to the global average of 8.5

³ Note that the gross enrolment rate includes children of all ages attending primary school, as opposed to the OOSC rate, which captures primary school-age children (6-11 years old) who are currently out of school.

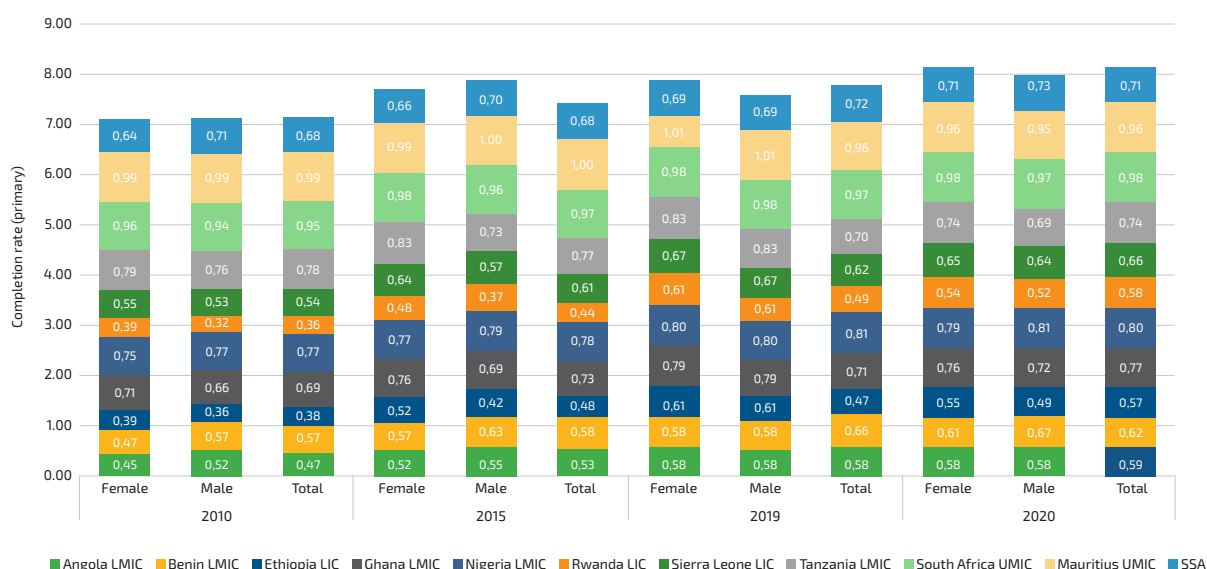
(Nabassaga, 2020). In the decade leading up to the pandemic, an 18-year-old from the SSA region had an expected 8.3 years of schooling, which is below the benchmark of 14 years and less than in regions like North America (13.4), Europe (13.1), Latin America (12.1), and the Middle East and North Africa (11.6) (World Bank, 2021).

Moreover, despite improvements in access to education, learning levels remain low, with adult literacy rates still below 50% in many countries in the region (Roser & Ortiz Ospina, 2016)⁴. The poor quality of learning has been attributed to factors such as the lack of well-trained teachers, inadequate learning materials and related infrastructure, and distance from home to school (Musau, 2018).

Additionally, education inequality is rife in the region. Studies have documented high levels of variation in educational access and outcomes between SSA countries, between the region and the rest of the world, and between socio-economic groups within countries in the region (UNESCO Institute for Statistics, 2021a). As can be seen in Figure 2.1, school completion rates in SSA varied across countries in the decade leading up to the outbreak of COVID-19. While the regional completion rate has moderately improved over the years, from 64% in 2010 to 71% in 2020, it remains low, with disparities between genders and countries, particularly by income groups. Countries like Mauritius, South Africa, Nigeria, and Ghana, which are ranked higher in income classification (middle income), have higher completion rates than those ranked lower; and for each country, there is a clear gap between male and female completion rates over the years (See Figure 2.1).

⁴ According to World Bank data, there are 11 countries in SSA where adult literacy rates are below 50%: Benin (42), Burkina Faso (39), Central African Republic (37), Chad (22), Guinea (40), Guinea-Bissau (46), Liberia (48), Mali (31), Niger (35), Sierra Leone (43), and South Sudan (35).

Figure 2.1. Primary school completion rate for selected SSA countries

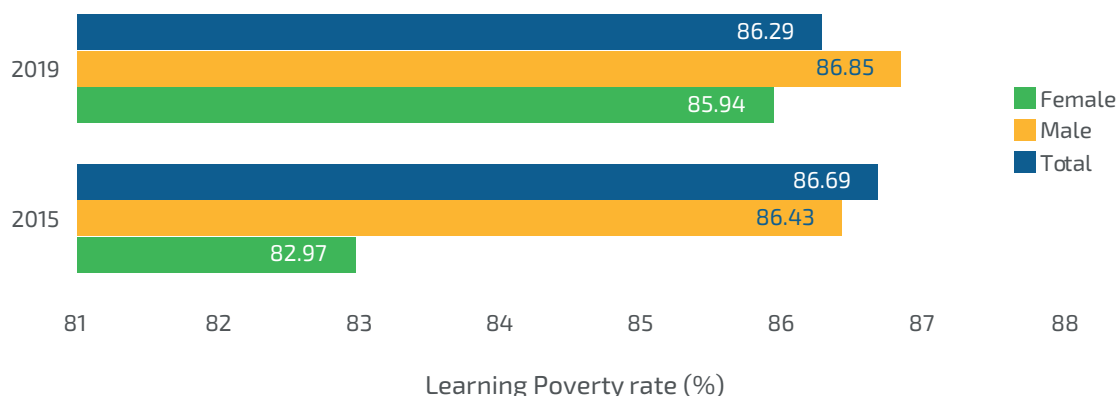


Note. Adapted from Data for the Sustainable Development Goals by UNESCO Institute for Statistics (2021a).

Gender inequalities are also manifested in other education indicators. For example, UNESCO out-of-school figures show that more females (48.9 million) than males (46.01 million) were out of school in 2019. In addition, in relation to learning levels, Figure 2.2 shows that while the learning poverty rate dropped marginally between 2015 and

2019, it has increased along gender lines, with a slightly higher rate among boys than girls, according to World Bank data. However, information from other indicators like the Harmonized Test Scores (HTS) have found that boys perform better than girls in most SSA countries, making it difficult to draw clear conclusions in relation to gender disparities (World Bank 2021).

Figure 2.2. Learning poverty in SSA, 2015 and 2019



Note. Adapted from the 2015 and 2019 Gender Statistics DataBank by World Bank (2023).

Sources/drivers of inequalities and exclusions pre-COVID-19

Educational inequalities predate the impact of the pandemic on education systems and are among the factors that have stalled progress towards attaining SDG 4 (inclusive and equitable education). Existing literature provides insight into some of the key drivers of educational inequalities and exclusions in the region (for example, see Alesina et al., 2021; Azomahou & Yitbarek, 2021; Manea & Naso, 2020; Somasse, 2020; Nevo & Egenti, 2019). Available studies suggest that the persistence of these inequalities is underscored by several interconnected factors that can broadly be grouped into two categories: demographic and socioeconomic factors.

Demographic drivers

Gender disparities

Gender is a key driver of educational inequalities in SSA, with boys benefitting disproportionately from emerging educational opportunities. According to Psaki et al. (2018), SSA not only has the lowest level of regional education attainment in the world, but also the highest degree of educational inequality in favour of boys. Twelve (out of 17) and 15 (out of 20) countries in the world where girls have not yet caught up with boys in primary and lower secondary school enrolment, respectively) are found in SSA (UNESCO, 2020). Males in the region have a higher literacy rate (74%) than females (61%), and as shown in Figure 2.1, a higher primary school completion rate (73%) than females (69%)⁵.

⁵ These are adult literacy rates as reported on the World Bank Database.

These disparities result from the interaction of many factors, including cultural norms and traditions, religious beliefs, poverty and economic constraints, as well as different forms of discrimination and gender-based violence in schools, all of which combine to create an atmosphere that is more favourable for boys than girls. Table 2.1 shows gender differences in the number of out of school children (OOSC) across ten representative SSA countries. Specifically between 2010-2019, the number of female OOSC has consistently surpassed the corresponding male numbers in all countries except South Africa and Mauritius (both of which are upper middle-income countries).

Table 2.1. Total out-of-school children in selected SSA countries by gender (2010, 2015, 2019)

Country	2010 (000s)			2015 (000s)			2019 (000s)		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Angola	547	279.1	809.2	712.7	595.3	1,250	752.8	714.9	1,400
Benin	122.7	99.76	214.4	158.6	167.1	336	144.8	128.9	280.4
Côte d'Ivoire	911.6	759.9	1,683	608	492.6	1,105	318.7	250.9	567.3
Ethiopia	2,335	2,145	4,486	1,787	1,504	3,292	1,758	1,402	3,044
Ghana	357.6	367.7	713.3	285.8	262.4	591.6	385.4	392.2	787.2
Mauritius	194.7	655.9	703.4	78.02	476.5	423.7	27.87	304	199.7
Nigeria	3,992	3,610	7,468	4,319	4,087	8,382	4,601	4,751	9,532
Rwanda	58.11	76.04	135.4	39.85	51.12	92.64	40.81	53.52	93.97
Senegal	303.7	349.5	658.9	370.3	446.4	820.9	379.4	487.3	866.4
Sierra Leone	141.4	143.7	290.8	103.2	117.4	230	96.9	113.7	218.1
Tanzania	453.3	575.3	1,002	753.5	938	1,690	858.2	1,008	1,918
South Africa	213.1	279	489.1	198.8	264.6	457	265.5	349.6	605.4

Note. Adapted from *Data for out of the school* by UNESCO Institute for Statistics (2021b).

Type of settlement/geographical location:

Rural dwellers have been found to have varying and disproportionate access to educational opportunities as compared to their urban counterparts. This is a result of many factors, but especially the fact that rural populations are more likely to be poor and have lower levels

of education. The poverty rate in rural SSA is about 46%, compared to 18% in urban areas (Beegle et al., 2016), and parents of children in rural areas have lower levels of education (Irvin et al., 2011). Education tends to be valued less in rural areas, where child marriage and child labour rates are higher, with parents often compelling their children to work at home or on the farm without providing them the necessary support for schooling (Chinyoka & Naidu, 2014; Sumida, 2017). Secondly, rural areas oftentimes have inadequate infrastructure for learning, including a lack of technology and digital facilities, which negatively impacts the quality of learning for children in those contexts (Agbor, 2012). Zhang (2006) found that, given the same socio-economic and learning conditions as urban students, sixth graders in rural schools in Mauritius and Seychelles could outperform their urban counterparts in literacy and mathematics, and the performance gaps between the two groups dropped by over 50% in Botswana, Malawi, Zanzibar, and Zambia when adjustments were made for differences in learning conditions and students' backgrounds.

Third, there is a general lack of quality teachers in rural areas. According to The Brookings Institution (Agbor, 2012), rural schools generally have less qualified teachers and not enough teachers for the number of children enrolled, as evidenced by the high teacher-pupil ratios in most rural regions of Africa. Teachers, especially those with more experience and better qualifications, prefer urban to rural schools since the former offer greater opportunities and better salaries (Sumida & Kawata, 2021). As a result, findings by Brookings (Agbor, 2012) suggest that schooling in rural parts of SSA means students are less likely to learn critical writing, reading, and maths skills. This is most pronounced in countries like Uganda, South Africa, Malawi, Botswana, Lesotho, and Zimbabwe, where the rural-urban learning disparity is most prominent (Agbor, 2012).

Socioeconomic drivers

Poverty and uneven resource allocation

Low income levels and high poverty rates are two of the region's most prominent drivers of education inequality. According to UNESCO, poverty is one of the most significant factors preventing students from enrolling in school (UNESCO Institute for Statistics [UIS], 2019). There is also the challenge of inadequate infrastructure (marked by overcrowded classrooms, dilapidated school buildings, and a lack of computer facilities and science laboratories) and under-resourced schools where there are underpaid and poorly trained teachers and a lack of basic teaching and learning tools such as textbooks, blackboards, and pens and paper (Hillman & Jenkner, 2004). Of the 33 sub-Saharan African nations examined by the United States Agency for International Development [USAID] (2015), 21 lacked sufficient teaching and learning resources, especially textbooks. Students were required to share materials with at least one of their peers in 11 of the 33 countries for which recent data are available.

Furthermore, the pupil-teacher ratio (PTR) in primary education across SSA remains poor, despite improving over the last two decades. On average, there is only one trained teacher for every 58 students in primary schools, dropping to around 43 pupils per trained teacher at the secondary level. This figure varies widely across countries, however, ranging from 20:1 in Mauritius to 80:1 in the Central African Republic, with two-thirds of SSA countries having official PTRs of over 40:1 (USAID, 2015). According to UNESCO (2021), the implication of such high PTRs is that students will have less one-on-one time with their teachers and receive less personalised teaching, which will decrease the quality of their learning. UNESCO (2021) estimates that SSA countries must recruit a total of at least 15 million teachers to reach the SDG 4 education targets by 2030.

Religion and social norms

Cultural practices and religious beliefs have also played key roles in shaping historical inequalities in education between male and female students, for instance, and between individuals in general across SSA. Studies have shown that while some cultures and religions are hostile towards education, regardless of social class, others encourage, promote, and support formal and inclusive learning. For example, Archibong (2018) and Ukiwo (2007) show that persistent educational inequality in Nigeria is associated with unequal distribution and access to economic and political resources due to religion and ethnicity. The southern part of the country, for example, had early exposure to western education which has generated norms supportive of school participation. In contrast, religious and cultural factors in the northern part of the country mean religious (Islamic) education is prioritised over formal education (Dev, Mberu, & Pongou, 2016), and so there are higher numbers of OOSC, accounting for 67% of total OOSC in the country.

An examination of global data by Norton and Tomal (2009) shows that the enforcement of religious beliefs, coupled with cultural norms, can negatively impact education attainment, revealing how religious and social/cultural norms can shape the educational achievement of individuals and groups, and how this has been an important driver of educational inequalities between groups in the SSA region even before the pandemic. Further evidence from Nunn (2014) and Montgomery (2017) has also shown that these differences are, in part, a result of the colonial experience of the different religious, ethnic, and social groups.

Methodology and data collection

This study adopts a two-pronged methodological approach—a quantitative method involving descriptive data analysis of education indicators of interest with data collected from the individual case studies already conducted in Nigeria, Benin, and Tanzania and a qualitative analysis involving an extensive secondary research and a review of findings from existing literature (Folarin et al., 2023; Mpapalika & Katera, 2023; Talba et al., 2023).

The qualitative method complements the quantitative analysis to provide nuance and insight into the causes and effects of the

various forms of educational inequalities that emerge through the descriptive analysis.

Finally, we also draw insights from country case studies already conducted in Nigeria, Benin, and Tanzania, which followed a similar methodological approach (Folarin et al., 2023; Mpapalika & Katera, 2023; Talba et al., 2023). The quantitative analysis for the three countries involved regression analysis using secondary data from nationally representative surveys (the National Living Standard Surveys) and administrative data in estimating the trends in and dimensions of educational inequalities pre- and post-COVID-19.

Findings

Mitigation measures adopted in response to COVID-19 to allow continued learning

To limit the impact of school closures on student learning, governments across SSA implemented several mitigation measures aimed at ensuring the continuity of learning during the pandemic. In countries like Ghana, Kenya, Nigeria, Burkina Faso, Côte d'Ivoire, and Egypt, technical committees and working groups were formed at national and sub-national levels to develop alternative approaches for learning. These groups collaborated with other government bodies and key education stakeholders in the private sector, civil society organisations (CSOs), and development partners to provide online platforms, tools, and applications to sustain learning (Association for the Development of Education in Africa [ADEA], 2020). The implementation of mitigation measures also came about through partnerships with private radio and TV media houses, education technology (Ed-tech) and information and communications technology (ICT) companies, and network service providers (see Box 2.1 below for examples).

The mitigation measures and support from governments, CSOs, and international organisations came in different forms. Below, we discuss them in three sections: (a) support provided nationally to facilitate learning during school closures, (b) support provided nationally to promote access and learning when schools reopened, and (c) support provided by international organisations. These measures aimed to sustain educational accessibility and support digital access and skills during and after school closures, help individuals navigate the challenges of COVID-19, and mitigate vulnerabilities (such as loss of learning opportunities) that resulted from associated lockdowns across the region.

National support for learning during school closures

Many countries in SSA adopted distance learning strategies, such as online classes, radio and television broadcasts, and take-home assignments, to ensure students could continue learning even when schools were closed. While the initiatives had some similarities, there were peculiarities in their design, timing, and implementation across countries (see Box 2.1). Broadly, multi stakeholder partnership between



Many countries in SSA adopted distance learning strategies, such as online classes, radio and television broadcasts, and take-home assignments, to ensure students could continue learning even when schools were closed.

government, telecommunication, EdTech industry and donors were prevalent across the region.

Some SSA countries went further, providing digital devices such as laptops and tablets to students who did not have access to these resources at home, with an eye to promoting distance learning. For example, in South Africa, the government promised to provide up to 730,000 laptops to learners from poor households to support remote learning during the pandemic (Van der Merwe, 2020). By July 2021, about 170,000 laptops had been ordered and 90,060 had arrived in the country, ready for distribution⁶.

Box 2.1. Summary of SSA country approaches to learning continuation during COVID-19.

Kenya: The government introduced remote learning through television and radio broadcasts, as well as online platforms, such as Eneza Education, that offer mobile-based learning services.

South Africa: The government launched the “Catch-Up Plan” program to provide extra support to learners with textbooks, workbooks, and study guides. The program also included a national tutoring initiative and teacher training on remote teaching.

Rwanda: The government developed a distance learning program with televised lessons, radio broadcasts, and online learning platforms. The program also distributed printed learning materials to students in rural areas without access to technology.

Senegal: The government partnered with local television and radio stations to broadcast educational content, including lessons in maths, science, and language arts. They also distributed printed learning materials and worked to ensure that students had access to devices and the Internet.

Ghana: The government introduced a program called “Ghana Learning TV,” which broadcasts educational content for students in grades KG to 12. The program is broadcast on free-to-air television channels and is also available online.

Uganda: The government introduced a program called “Skilling Uganda,” which provides vocational and technical training for students who cannot continue their academic studies due to the pandemic. The program includes online and in-person training with appropriate safety measures.

Tanzania: The government has partnered with telecommunications companies to provide free access to online educational materials, including video lessons and

⁶ In 2021, about 1,123 laptops were delivered to schools for pick up by students, while about 5,000 students had already received laptops via the South African Post Office (SAPO) (South African Government News, 2021).

e-books. The government has also encouraged teachers to use social media platforms like WhatsApp to communicate with their students and share learning materials.

Nigeria: The government launched a program called "Nigeria Radio School," which provides educational content to students in primary and secondary schools through radio broadcasts. The program also includes interactive components like quizzes and assignments to keep students engaged.

Zimbabwe: The government developed a distance learning program that included online learning platforms and television and radio broadcasts. The government also provided printed learning materials to students who did not have access to technology.

Ethiopia: The government developed a program called "Education Cannot Wait," which provides emergency support to vulnerable students affected by the pandemic. The program includes funding for remote learning and distributing learning materials and hygiene supplies to students and schools.

National support to promote access and inclusion when schools reopened

Support for vulnerable groups

Governments across SSA provided learning materials, study guides, scholarships, and school fee subsidies for the most affected groups. For example, in Burkina Faso, priority was given to ensuring the security of the examination/graduation class (especially those affected by conflicts and unable to learn from home) by grouping and relocating them to more secure localities where preparatory remedial classes were organised for them (ADEA, 2020). In addition, some SSA countries provided targeted support for vulnerable students, such as those with disabilities, orphans, and girls who were at risk of dropping out of school. For example, the Ugandan government, in partnership with the Starkey Foundation, successfully carried out a countrywide assessment of learners with hearing impairments and was able to aid learning by supplying hearing devices to about 1,554 students from 296 primary schools in 79 districts across Uganda (World Bank, 2020). This helped to drive access to learning and inclusion for vulnerable students.

The COVID-19 pandemic heightened cases of child abuse, neglect, and exploitation, and as a result affected students struggled with learning as schools reopened (Louis, et.al., 2022). Governments across SSA increased efforts to protect children and provided mental health support for students who may have experienced anxiety, stress, or other mental health challenges

caused by the pandemic. Examples of these measures include the establishment of a national toll-free mental health helpline in Rwanda to provide counselling services to children and adolescents that provided round-the-clock free and confidential counselling services (Louis et al., 2022). Also, Kenya launched a child-protection hotline in December 2020 to provide an avenue for children to report cases of abuse or neglect (Wambui, 2021).

Investments in the education system

To ensure that schools reopened and remained safe for students, governments across SSA invested in improving school infrastructure through the provision of water, sanitation, and hygiene (WASH) facilities on school premises as a measure to help mitigate the impact and prevent the spread of the virus (Giné-Garriga et al., 2021). For example, hand-washing facilities were made available for schools in Benin, including hygiene kits, soap, face masks, water, as well as training for school infirmary staff (Global Partnership for Education [GPE], 2022).

Several governments also implemented programs to support teaching when schools reopened. The pandemic had a significant impact on teachers, school leaders, and support staff who faced numerous challenges in adapting to the new learning environment (McLeod & Dulsky, 2021). Teachers were faced with an increased workload, often developing new digital skills to adapt to remote learning and develop innovative ways to deliver learning remotely. This was particularly challenging in areas with limited access to technology and internet connectivity. Measures to support teachers included, for example, the government of Benin, in partnership with GPE, training teachers in digital skills to improve the quality of teaching and learning, and some state governments in Nigeria supporting teachers through the provision of palliatives in the form of food items, to help them cope with the effects of the pandemic (GPE, 2022).

Overall however, despite the commendable efforts discussed above by governments and stakeholders to mitigate the effects of school closures during the COVID-19 pandemic, significant concerns remain about learning loss and reduced access to education in SSA. According to the World Bank, it is estimated that school closures in the region resulted in an average of 0.4 to 0.6 years of lost learning, with some countries experiencing losses of up to a year. Additionally, the net attendance rate in the region dropped from 91% in 2019 to 58% in 2020, according to UNESCO (2021). These statistics highlight the devastating impact of the pandemic on education in the region. They also underscore the urgent need to understand who was most impacted, and for sustained and targeted efforts and investments to address the resulting learning loss and access challenges.

Support from international organisations and agencies

To help countries recover from COVID-related losses in education, the international community provided financial support to some SSA countries, such as Burkina Faso, the Democratic Republic of Congo,

and Nigeria, among others. Funding heavily relied on external sources from, for example, GPE, the World Bank, UNICEF, and Education Cannot Wait (ADEA, 2022) (See Table 2.2). For instance, GPE has also provided USD 250 billion of support to 67 developing countries (35 of which are in Africa) to mitigate the impact of the pandemic on education (ADEA, 2020).

Table 2.2. Donor support to education sector during COVID-19

International Organisation/Agencies	Support/Aid Provided	Cause	Recipient Country	Source
Education Cannot Wait	USD 15 billion	To support the COVID-19 global humanitarian response	Burkina Faso and the Democratic Republic of Congo	ADEA, 2022
Global Partnership for Education (GPE)	USD 250 billion	To mitigate the impact of the pandemic on education	35 African Countries	ADEA, 2020
Global Partnership for Education (GPE)	USD 70,000	To support the Ministry of Education with the development of a COVID-19 response plan, including the broadcast of lessons via radio	Benin	GPE, 2022
UNICEF	Technical Support	To enhance the effectiveness of home-based learning programmes	Nigeria	Nasir, 2020
World Bank	USD 7 million	To support the back-to-school agenda, specifically the provision of handwashing facilities for schools	Benin	GPE, 2022

Note. Elaborated by the authors.

Impact of COVID-19 on education inequalities in SSA

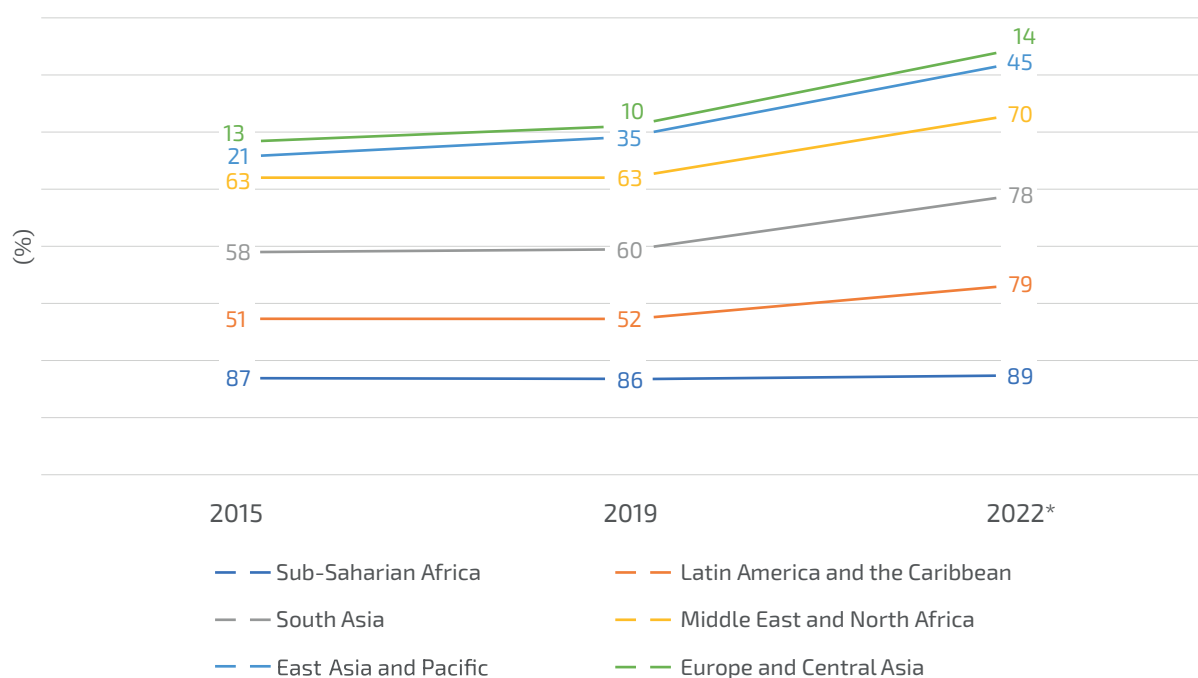
Based on the preceding discussion of the structural inequalities preceding COVID-19 and government interventions during the pandemic, we turn next to evaluate how those persistent inequalities interacted with COVID-19 shocks to produce multifaceted effects on education systems in SSA. Firstly, we examine how COVID-19 has affected education outcomes, shedding light on the intricate mechanisms linking the pandemic to educational disruptions. We then investigate the root causes underlying the unprecedented challenges faced by educational systems worldwide. We additionally explore how different student groups have been diversely impacted by disruptions in education in terms of access to and quality of learning. As we explore these dimensions, we also assess their interconnectedness, unveiling a complex web of interactions which together explain the pandemic's influence on education. Finally, we underscore the role of resilience as a moderating factor, examining its potential to mitigate the adverse effects of the pandemic on education outcomes, and offer insights into strategies for building more robust education systems in the face of future crises.

Impact of COVID-19 on learning

While the mitigation strategies employed during COVID-19 evidenced concern to support students and facilitate learning during lockdowns, the effectiveness of the measures was hindered by pre-existing problems with education systems in the region. Most importantly, there were concerns about how equitable the measures were, particularly in terms of their impact on already marginalised groups, such as the physically-challenged and those from less-privileged economic backgrounds. This is particularly salient in SSA, given that inequalities in access to education and learning outcomes were already pronounced.

The number of children that are considered learning poor has increased across all regions of the world, with SSA recording the lowest percentage point increase between 2019 and 2022 (World Bank, 2022). However, not only has the region's learning poverty rate (89% in a 2022 simulation) increased in the post-COVID period, which indicates that initial progress made between 2015 to 2019 has been lost, it has also maintained the highest level of learning poverty compared to other regions (see Figure 2.3 below). Consequently, the severity of children's inability to read a simple text has also remained most severe in the region at 21.4% in 2022, which is at least 6% points greater than in any other region. Children with such learning challenge have also remained 26.7% behind the minimum proficiency level (higher than any other region), as measured by the learning poverty gap (World Bank, 2022)

Figure 2.3. Learning poverty levels across the world between 2015 and 2022

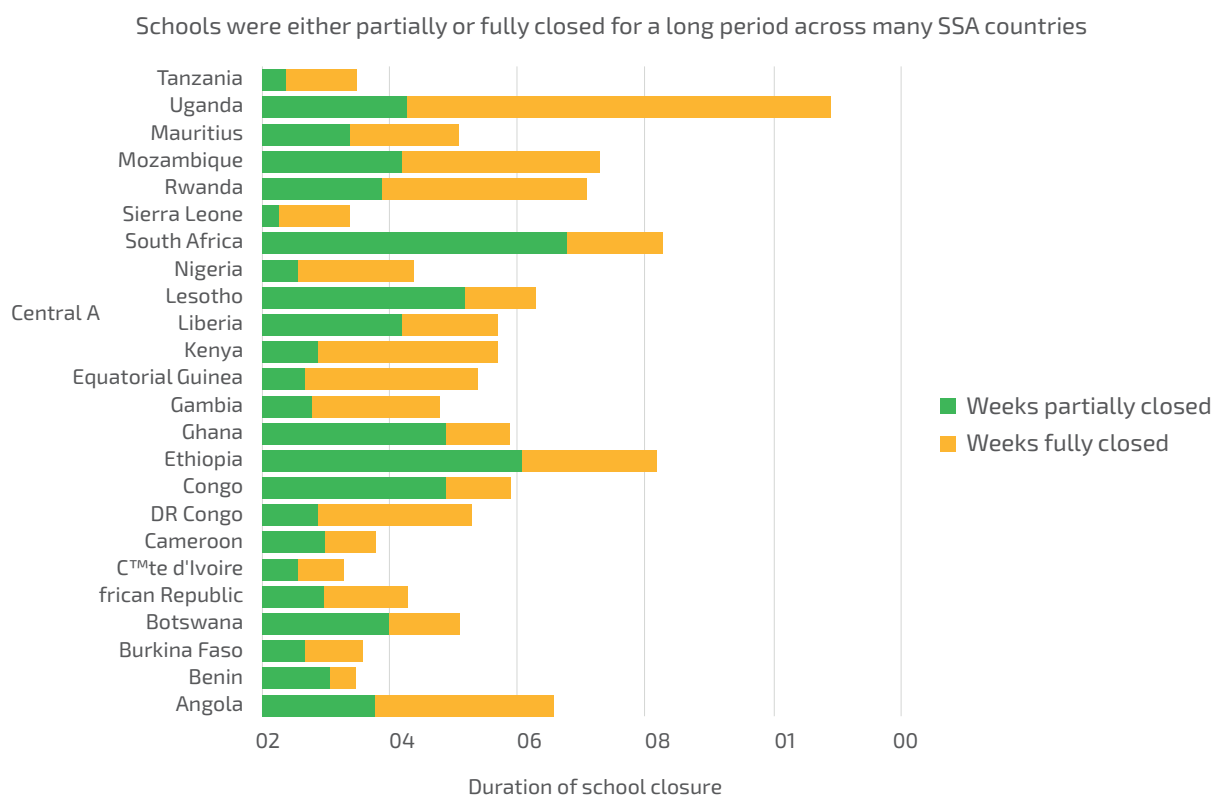


Note. Elaborated by the authors.

Impact of sudden school closures

For most countries, school closures were announced in March 2020 as part of efforts to contain the spread of the virus. Schools reportedly closed completely in over 90% of countries globally, with a median closure time of 17 weeks (UNESCO & Global Education Coalition, 2021). In many SSA countries, academic calendars were interrupted, with many schools being closed for extended periods. On average, SSA schools were closed for at least 26 weeks, with variation within and between countries. UNESCO COVID-19 monitoring data (UIS, 2022)⁷.

Figure 2.4. Duration of school closure across some SSA countries



Note. Adapted from COVID-19 Education Response Country Dashboard by UNESCO UIS (2022).

These school closures have had high social and economic costs, such as the loss of instructional time, causing many students to fall behind in their studies, prolonged years of schooling, and increased dropout rates. Impacts are particularly severe for the most vulnerable and marginalised boys and girls and their families (UNESCO, n.d.). Although the lack of robust and comparable datasets on student learning in SSA is a challenge, emerging evidence shows that COVID-19 and the attendant school closures have been associated with a substantial loss in learning (Moscoviz & Evans, 2022). In South Africa, for example, grade 2 pupils lost 57%-70% of a learning year, while grade 4 pupils lost 62%-81% of a learning year compared to their peers in the pre-pandemic period (Ardington et al., 2021). In Uganda (where schools were closed for about two years), the share of pupils unable to read alphabet letters will double by

⁷ UIS has a database that tracked school closures caused by the COVID-19 pandemic for every country up to March 2022.

2021 (Sandefur, 2022). In Malawi, students' learning across English, maths, and Chichewa was found to be 97 percentage points lower than the expected level, had the school closures not occurred. This is equivalent to a total of about two years of learning loss when compared to the pre-pandemic learning levels (Asim et al., 2022). In some countries, such as Chad and South Sudan, expected total years of schooling increased by as much as 10% and 16%, respectively, as a result of the closures (Evans et al., 2021). School dropout rates also increased in a number of countries when schools reopened. For example, Malawi recorded a dropout rate of 4.3%, compared to a pre-pandemic rate of 1.7%, while in Kenya, researchers found that the risk of dropping out tripled, particularly among girls of secondary school age, increasing from 3.7% before the pandemic to 9.4% (Moscoviz & Evans, 2022). Combining data from the National Longitudinal Phone Survey (NLPS) with information on when schools closed indicates that Nigerian children may have lost up to 0.29 adjusted years of schooling, considering both the increase in dropouts and the imperfect mitigation of school closures (Lain & Vishwanaath, 2022). School enrolment in Nigeria dropped from 90% in 2019 to 82% after schools were reopened in 2020 (Dessy et al., 2021). In line with this, Fore and Malpass (2021) observed that many children in SSA did not return to school after the lockdown, mostly due to increased child labour, early marriage, teenage pregnancy, and lack of money to pay school fees.

Impact of the technology and digital divide on learning

While governments intervened speedily, they did not have sufficient time to plan, and this led to inefficiencies in the measures implemented. In many cases, lockdowns were imposed suddenly and indefinitely, leaving little time for schools to prepare and students to transition to alternative modes of learning (eLearning-Africa & EdTech Hub, 2020). For example, in Malawi, the government implemented a radio-based programme to reach students during school closures. While the programme was initially successful in reaching a large number of students, there were concerns about the quality and effectiveness of the learning materials and lack of radios for some students, particularly those in rural areas (UNICEF Malawi, 2023). Similarly, in Kenya the government provided online learning resources by partnering with telecommunication companies to make educational materials available and broadcast lessons to students. Notwithstanding, there were concerns about the accessibility of these resources, particularly for students who lacked access to reliable internet and digital devices (Gichuhi & Kalista, 2022).

A major constraint to educational access and achievements in SSA is the glaring digital divide between and within groups. Technology and digital infrastructure are key to improved access to quality education (U.S. Department of Education & Office of Educational Technology, 2017; Haleem et al., 2022). However, technology adoption in education systems in most African countries remains poor. Where technology is present, it is generally accessible only to rich and urban populations.

According to World Bank development indicators, internet penetration in Africa stood at 29% in 2020, well below the global coverage of 60%.

This implies that more than two-thirds of the region's population lacks internet access, a figure which could be even higher considering that many people hold multiple devices. Disparities also exist across sub-regions (see Table 2.3) and between countries, ranging from 6% of the population with internet access in Uganda, to as high as 79% in Seychelles, with South Sudan (7%), Rwanda (24%), Nigeria (36%), and South Africa (70%) lying in between. Most of those with internet access are from urban and high-income households, whose children can attend expensive private schools where digital facilities are used to aid teaching and learning, thus giving these children a learning advantage over their counterparts from less-privileged backgrounds (Azubuike et al., 2021). In fact, only 27% of rural dwellers and 34% of women have access to the internet across SSA (Statista, 2023). Overall, children from rural and low socio-economic backgrounds tend to have limited access to the internet, computers, mobile phones, functional ICT skills, and active parental support (Azubuike et al., 2021).

Table 2.3. Share of school-age children with no internet connection by sub-region

Sub-region	School-age children 3-17 years old without internet access at home
West and Central Africa	95% (n=194 million)
East and Southern Africa	88% (n=191 million)
Middle East and North Africa	75% (n=89 million)
Global	67% (n=1.3 billion)

Note. Adapted from *COVID-19: A Catastrophe for Children in Sub-Saharan Africa: Cash Transfers and a Marshall Plan Can Help* by UNICEF (2020).

A study conducted by MIF (2021) reported that across SSA, 89% of learners had no access to household computers, 82% lacked access to the internet, and 20% lived in areas with no mobile network at all. In fact, about 28% of teachers in Nigeria reported that their students were not actively learning during the school closure period due to a lack of the necessary digital learning tools (The Education Partnership [TEP] Centre, 2020).

The need to continue learning while at home has significantly increased the adoption of technology for education and provision of EdTech services in Africa. SSA witnessed a surge in the use of digital alternatives to traditional, in-person learning. For example, the EdoBEST⁸ initiative was fully adapted to support remote learning in Edo state in Nigeria during lockdown (Dawodu, 2021), while eLimu⁹ in Kenya recorded an increase in subscriptions and time spent on the platform, as did Nigerian-based uLesson¹⁰ and SimbiBot¹¹ (Ugwuede, 2020). The use of technology for education is expected to become more widespread even after COVID-19 (eLearning Africa & EdTech Hub, 2020), which while potentially beneficial for the educational system in the region, could also exacerbate inequalities in learning.

8 EdoBest is an online initiative of the Edo State government in Nigeria, to ensure that every child in the state can continue learning while schools are closed.

9 eLimu is a personalised learning app where kids between the ages of 5 and 12 years can access basic education and learn in a fun and interactive manner.

10 uLesson is an online tutoring app for students in primary (4 – 6) school.

11 SimbiBot app is an e-learning platform that helps students learn and familiarise themselves with any topic across all subjects (maths, basic science, English, etc).

Impact of COVID-19 on poverty and economic hardship

The COVID-19 pandemic took a great toll on incomes and food security, causing economic hardship in several SSA households due to job loss and restrictions on movement that affected economic and business activities. High levels of job losses were recorded across the region, from 62% in Kenya and 61% in Gabon to 42% in Democratic Republic of Congo, 33% in Central Africa, and 29% in Ghana (Paci, 2021). This indicates a significant fall in employment earnings for many households. Other income sources such as agriculture, remittances, and household businesses were also affected. In fact, Paci (2021) reported that revenues from household businesses dropped by over 70% in Uganda, Gabon, Zambia, South Sudan, Malawi, and Mali. These impacts on livelihoods resulted in harder economic conditions. According to UN estimates, while the number of poor people in SSA was already projected to grow from 2020 to 2021, the pandemic is estimated to have doubled the rate, pushing an additional 30 million people into extreme poverty in the region (UN, 2021).

As a result, families in SSA have found it difficult to maintain pre-pandemic consumption levels, including being able to support learning for their children during school closures, as well as meet other needs such as school fees when schools reopened. This has had an immediate post-pandemic effect, with child labour, teenage pregnancy, and early marriage becoming more pronounced and leading to higher school dropout rates and a decrease in enrolment rates, especially for the most vulnerable groups such as girls and children from poorer socio-economic backgrounds (Fore & Malpass, 2021; Moscoviz & Evans, 2022; Dessy et al., 2021). This has all affected educational inequalities, with research suggesting that COVID-induced learning loss is generally concentrated among the poorest children (Moscoviz & Evans, 2022).

Impact of education disruption on different groups

In this section, we explore how disruptions in education affected different groups in SSA. Specifically, we explore the impact according to four interconnected characteristics: rural-urban residence, gender, socio-economic background, and school type (public vs. private), and the implications of these differentiated impacts for educational inequalities in the region.

Rural and urban households

The inception of remote learning, which followed school closures across most countries, highlighted the extent of the digital divide between urban and rural areas. As discussed above in section 4.2.1, digital infrastructure—comprising the availability of computers and other ICT devices, internet connection and access, stability of power supply, and affordability of data bundles for internet connection—is unevenly distributed, with urban areas having wider coverage than rural areas (Choung & Manamela, 2017; Ogbo et al., 2017; Olanrewaju et al., 2021). Students from urban households were more likely to engage in some form of remote learning than

students from rural schools with limited access to remote learning technologies, as shown by evidence from Kenya, Nigeria, and Burkina Faso (Human Rights Watch, 2020). A study on Nigeria, Tanzania, and Rwanda (Chair & De Lannoy, 2018) found that young people, particularly those in rural areas, were without internet facilities resulting in low educational attainment, low income, and a lack of digital skills. This lack of digital access and learning opportunities made it difficult for such students to learn during lockdowns, resulting in a greater risk of learning loss than among their urban counterparts, and of the gap in learning outcomes between rural and urban students widening further (Aoyagi, 2021).

Moreover, studies have shown that about 14-20% of households in SSA suffered a net loss of at least one source of income due to COVID-19 (Maredia et al., 2022). Although research finds no significant difference in income loss between rural and urban areas in Kenya, Mali, Nigeria, and Senegal, higher and more pervasive poverty in rural areas means that rural households have struggled more than urban households to survive the economic hardships caused by the pandemic (Maredia et al., 2022). This has made it difficult for them to afford fees and learning materials, leading to a higher propensity for students to drop out of school in rural than urban areas. Evidence from Nigeria and Ethiopia shows that during the COVID-19 pandemic students from rural families were more likely to work in order to support their families, and so had little or no time to engage in learning (Aoyagi, 2021). For girls, early marriage, teenage pregnancy, and violence further combined to increase dropout rates as compared to boys, especially in rural areas (UNICEF, 2020). For example, in countries such as Uganda (Molek & Bellizzi, 2022) and Kenya (Zulaika et al., 2022), teenage girls were found to be more vulnerable to sexual and reproductive harm during the pandemic (see below).

Socioeconomic characteristics

School closures had a disproportionate effect on children from lower-income families both during the closures and after schools reopened. Students from wealthy homes recorded higher rates of online enrolment and lower levels of learning loss during COVID-19, compared to children from low-income households (Folarin et al., 2023; Mpapalika & Katera, 2023; Dang et al., 2022; Azubuike et al., 2021). In Nigeria, Azubuike et al. (2021) found differences in the types of digital technologies that low- and high-income households had access to for learning. Students from low-income households had access only to basic technology such as radio, television, and social media platforms (such as WhatsApp). Their counterparts from higher-income households had access to digital technologies like laptops, smartphones, education applications, and other interactive learning platforms like Zoom, which provided different avenues for learning.

Studies in Tanzania (Mpapalika & Katera, 2023; Feruzi & Li, 2020) found that learning through television and radio platforms was not very effective due to constant power outages and a lack of student-teacher interaction on these media. This is likely to have had a greater



Studies in Tanzania found that learning through television and radio platforms was not very effective due to constant power outages and a lack of student-teacher interaction on these media.

impact on children from lower-income households who relied on these means of learning, and who lacked access to alternative sources of power. The Nigerian and Tanzanian case studies also show that students from low-income households spent less time on learning at the peak of the pandemic compared to those from wealthier households (Folarin et al., 2023; Mpapalika & Katera, 2023). This was attributed to children from wealthier families having access to learning through alternative channels, both at school, being more likely to attend high-cost private schools with the resources and readiness to pivot to online learning, and at home, with greater access to resources that facilitated online learning such as computers, electricity, and internet connectivity. This has further perpetuated gaps in access to learning between the rich and the poor, with the disparities taking a new form based on access to technology.

Another key socioeconomic characteristic that influences education is the education status of parents. The literature on intergenerational mobility in education shows that children from educated families are more likely to go to school than those from less educated families (Alesina et al., 2021). This pattern was evident during COVID-19, as educated parents either employed private teachers or acted as teachers themselves for their children in order to ensure that the students remained engaged in learning. In contrast, children from poor households, where education levels among parents were lower, were mostly left with the option of learning with the assistance of their educated older siblings or neighbours, if any. In the absence of these options, the education of children of poorer households was completely disrupted by the pandemic (Folarin et al., 2023).

While alternative learning methods are less effective than face-to-face methods (Angrist et al., 2021), the importance of continuous learning indicates that learning loss among students with access to alternative means of learning would be lower than those without those means. This suggests that students from poor households are the worst hit by the pandemic in terms of learning loss (Moscoviz & Evans, 2022). Without targeted programmes to tackle this, unequal access to learning and differences in learning performance along socio-economic lines are likely to translate into accumulated disadvantages in learning at higher levels. Such educational inequalities also risk perpetuating socio-economic inequalities, since children from less educated and less-privileged homes are more likely to drop out of school, which in turn increases the out-of-school population, results in lower adult literacy rates, and leads to widening opportunity gaps in the labour market.

Gender

The disruption in learning caused by school closures affected girls in particular ways, who were more likely to experience early marriages, increased teen pregnancies, and increased domestic responsibilities. The school dropout rate increased markedly among girls; for example, it was found that girls in Malawi (82%) were less likely to re-enrol in school after the lockdown, compared to boys (89%), and this gap persisted even after controlling for marriages and child-bearing

(Kidman et al., 2022). The Mo Ibrahim Foundation (2021) estimated that over one million girls in the region will not be going back to school due to pregnancy during the lockdown. In Uganda, teenage pregnancies increased by 28% during the first lockdowns in 2020 (Molek & Bellizzi, 2022). In Kenya, Zulaika et al. (2022) found that girls who experienced pandemic lockdowns faced twice the risk of getting pregnant before the end of secondary school, and were three times more likely to drop out of school. They also found that these girls were more likely to be sexually active, and more likely to be sexually assaulted. In Gauteng, the most populous province in South Africa, the Ministry of Health reports that there was a 60% jump in teenage pregnancies between April 2020 and March 2021 (Bhengi, 2021).

The effect of the pandemic on girls also extended into psychological effects due to factors such as increased domestic violence and female genital mutilation. According to UNICEF (2020), incidents of gender based violence (GBV) against girls and women increased across different parts of SSA during the lockdown, as did the number of forced/child marriages. In particular, Ghana, Burkina Faso, Kenya, Madagascar, Malawi, South Africa, Uganda, and Zimbabwe recorded increased numbers of rape and other forms of GBV during the lockdown (UNICEF, 2020). In Tanzania, Grant (2020) reported that these issues can have short- and long-term psychological effects on girls, including on their attitude towards going back to school and their disposition toward furthering their education.

School type

Education is a public good, meaning the government is responsible for ensuring it is accessible to school-age children (Locatelli, 2018; Daviet, 2016). However, there is also private provision of education at all levels in African countries, including at the foundational level (Evans & Mendez, 2020), meaning that the type of school a child attends (public or private) has been a further source of disparity in learning in SSA. Prior to the pandemic, the average learning performance in private schools was perceived by parents to be higher than in government-owned schools (Evans & Mendez, 2020). However, the differences in performance are not clear, given that other factors beyond school type might contribute to the observed differences in student performance, including parental commitment and self-selection bias (which arises when private schools attract better performing students or students from higher socio-economic backgrounds) (Evans & Mendez, 2020). Nevertheless, because private schools are fee-charging, they have been found to be better resourced than public schools, and attract students from better resourced families (Gunnlaugsson et al., 2021). As a result, private schools were more likely to adapt to remote learning more efficiently.¹²

The perceived ineffectiveness of governments' interventions to support learning pushed private schools across the region to go a step further to support their students' learning. For example, some private schools in Tanzania combined home teaching packages (where students were given pre-prepared subject material and assignments) with online learning to boost effective learning among students (Mpapalika & Katera, 2023). The home teaching package



12 This specifically addresses 'elite' private schools. A more nuanced conversation of the low-cost private sector is outside the scope of this study. Additionally, the impact of the pandemic on low-cost private school study is currently under-researched.

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The alternative learning system adopted in certain private schools, especially high-cost schools, would result in learning disparity.

involved teachers preparing topics and assignments for the students to answer. Also, in Nigeria, private schools adopted WhatsApp as the medium of learning for the students when schools were closed (Folarin et al., 2023).

These innovations implemented by some private schools at the peak of the pandemic to engage their students indicate that private school students spent less time away from learning, which in turn would increase their performance in subsequent academic sessions. In fact, Azubuike et al. (2021) found in the case of Nigeria that school type significantly explains whether a student was able to access remote learning during the lockdown, and whether they faced any challenges in the process: 71% of students who said they were not academically engaged during school closures were from government schools, compared to 29% from private schools; of those who were able to learn remotely, 54% attended government schools, compared to 46% from private schools.

Angrist et al. (2021) find that even if there was no learning gap by school type prior to the pandemic, the alternative learning system adopted in certain private schools, especially high-cost schools, would result in learning disparity. Students who attended private schools where innovative tools were adopted to sustain learning, would likely perform better than those attending either government schools or private schools where no alternative learning arrangements were available. Although this is still an under-researched area, available evidence provides an indication of how school type can influence educational outcomes, and how it contributed to educational inequalities related to the COVID-19 pandemic.

Interconnectedness of the dimensions

The different dimensions discussed above did not manifest in isolation. The intersection of poverty, rurality, and gender have resulted in more entrenched levels of exclusion by creating multiple barriers to accessing learning during and after school closures, including physical, economic, and social obstacles. For example, children from rural and low-income households were most likely to have limited access to learning. This was compounded by gendered norms and practices such as forced marriages and GBV that further limit young girls' chances of returning to school. As a result, girls from lower income households and rural communities were not only less likely to be able to access learning during the school closures, but also more vulnerable to dropping out altogether, perpetuating a cycle of exclusion and marginalisation.

Conclusions and implications

In 2020, the global education sector experienced unprecedented shocks with COVID-19 directly and indirectly affecting the school system. In the context of the pandemic, several pre-pandemic structural challenges in the education sector have acted as pre-existing conditions that made some segments of the population more vulnerable and susceptible to the effects of the pandemic than others. The combined effect of the pre-pandemic and pandemic structural challenges in the sector have deepened pre-existing conditions, resulting in the most vulnerable segments of the population being disproportionately affected. The pandemic has further created new challenges in many other areas. In this chapter, we have evaluated the various dimensions and channels through which the pandemic affected the education sector in the region and how this prolonged the education crisis within the region.

During the COVID-19 pandemic in SSA, various factors played a pivotal role in helping certain groups of people to overcome the challenges posed to traditional education systems. Differences in economic, social, and technological capacities interact with the shock in driving the observed outcomes. Prior to the onset of COVID, the capacity gap within the region had created a tiered system in which education problems tend to be concentrated among poor and vulnerable populations. In essence, the capacity gaps also determine the level of impact and resilience to the pandemic.

One notable group that benefited during the pandemic was families with higher socioeconomic status. These households were often better equipped to facilitate uninterrupted learning. They possessed essential resources, including digital devices, reliable internet connectivity, and a conducive home learning environment. These advantages allowed their children to seamlessly engage in online learning and access educational materials, effectively mitigating the disruptions to their education.

Urban populations also enjoyed relative advantages in terms of access to infrastructure and educational resources compared to their rural counterparts. Urban schools typically had the infrastructure and resources required to transition to online or remote learning, ensuring that students in these areas had a smoother transition and more readily available educational support.

Parents with higher levels of education emerged as another group that excelled in supporting their children's learning needs during the pandemic. Their educational background enabled them to provide additional guidance, assist with assignments, and proactively seek out supplementary educational resources, thereby creating a more enriching home learning environment.

Additionally, households with access to television and radio reaped significant benefits through educational broadcasts. In response to the pandemic, governments and organisations in some SSA countries launched radio and television programs designed to support remote learning. Individuals with access to these media sources could

readily engage with educational content, follow lessons, participate in quizzes, and continue their educational journey from the safety of their homes.

However, it is important to recognise that despite these advantages, the pandemic underscored a key lesson regarding the crucial role of technology in improving both the student and teacher learning and teaching experience. While many countries around the world adapted to school closures by leveraging various forms of technology for educational delivery, several countries in SSA still face challenges in achieving universal access to educational technology. This digital divide continues to make remote learning a formidable challenge in the region, highlighting the urgent need for equitable access to educational resources and technology in SSA to ensure that all students have the opportunity to learn effectively, regardless of their socio-economic or geographic circumstances.

Impact of accelerated mitigation policies on inequality in learning and access to education

The rapid policy responses implemented in response to the COVID-19 pandemic have unintentionally exacerbated inequalities in learning and access to education in SSA. School closures, while necessary to curb the spread of the virus, imposed significant social and economic costs. They led to the loss of valuable instructional time, causing many students to lag behind in their studies, leading to prolonged schooling years and a surge in dropout rates. Regrettably, the impacts of these closures have been most acutely felt by the most vulnerable and marginalised segments of society (UNESCO, n.d.). As highlighted by Azubuike et al. (2021), the uneven access to digital infrastructure further compounded these disparities, as the pandemic deepened the divide in access to education and learning resources between students with access to remote learning tools and those without such access.

A significant number of studies illuminate the gendered implications of the pandemic on education outcomes in SSA, where it exacerbated existing disparities, meaning girls encountered significant obstacles to continuing their education.

Learning losses have had a profound impact on learning poverty levels at both the individual country and regional levels. Furthermore, even though schools began reopening in most countries by 2021, data from the World Bank in 2022 indicates that learning in most SSA countries had not yet fully returned to pre-pandemic levels or pace (Asim et al., 2022).

In this complex landscape, the intersection of factors such as rurality, gender, and socioeconomic status has given rise to a web of exclusions and deep-rooted inequalities in many SSA societies. It is evident that without targeted policies and interventions addressing these multifaceted barriers to education, numerous children will continue to be marginalised, unable to access the benefits of a quality education, and will be prevented from realising their full potential.

The role of resilience

The disruptions caused by COVID-19 tested the resilience of school systems across Africa. The impact of school closures on educational inequalities largely depended on the ability of education systems to sustain learning during school closures. A resilient system, according to Raghunathan et al. (2022), can adapt to change and grow; for the education sector, the pandemic was a dramatic shock, and a wake-up call in terms of its ability to absorb that shock. Resilience would mean that a system would continue to function, albeit in different ways. The environment (i.e. the processes, hierarchies, and complex social connections within the system) contributed to the system's resilience. Thus, the measure of resilience in education has three main dimensions: people, the technology that facilitates the process, and the process environment (Raghunathan et al., 2022). Using different platforms created by governments and private entities, such as radio and television broadcast, online and internet-enabled platforms like WhatsApp and Zoom, and other innovative technological solutions, teachers were able to switch to remote teaching and learning for their pupils in many countries in the region, including the Gambia, Ghana, Nigeria, South Africa, Rwanda, Mauritius, Namibia, and Kenya, among others (UNESCO & Global Education Coalition, 2021). While this response ensured that learning did not stop entirely, it also created new forms of inequalities in learning, given that the skills and facilities needed for distance learning were not equally available to all groups of learners and households. Those who could not afford home lessons or who lacked the devices and infrastructure (internet and electricity) for remote learning were at risk of exclusion (Human Rights Watch, 2020; Chair & De Lannoy, 2018; Aoyagi, 2021).

For households, resilience meant finding alternative means for sustaining livelihoods (owing to increased poverty and economic hardship caused by the pandemic) and finding new learning options for their children. Many parents who could afford to hire private tutors to provide personalised home schooling for their children. Some parents (especially highly educated ones) assumed the role of teachers to support their children's learning at home, just as older students assisted younger siblings in learning (Folarin et al., 2023). On the other hand, other children had to work to contribute to family income amidst the economic hardship imposed by the pandemic. However, this particular coping measure had negative consequences, as it led to losses in educational development of children due to their early transition to the labour market (child labour), as was also the case for increased rates in early/child marriage, teenage pregnancy, and increased school dropouts (Molek & Bellizzi, 2022; Fore & Malpass, 2021; Moscoviz & Evans, 2021; Dessy et al., 2021; Zulaika et al., 2022).

Policy recommendations

The dynamics of the persistence of education inequality in SSA can only be addressed through proactive policy interventions and investments. The effect of the COVID-19 shock on education is likely to translate

into long-term economic losses and require both short- and long-term interventions. Our policy recommendations targeting educational inequality in SSA are centred around addressing access to education and learning over the short and long terms.

How to recover access

Short-term

1. Restore and expand auxiliary school support services that have attracted enrolment: With enrolments and school completion rates declining at the basic level, innovative measures are needed to expand access again. This will require revising the toolbox that has supported enrolment increases in the past, such as free education policy and school feeding programmes. The scalability and effectiveness of these interventions in the past make them easily-solved challenges for policymakers. In low-income countries, only about 18% of school children are covered by school feeding programmes, compared to 60% in high-income countries.¹³ Scaling this up can restore access to education, provide a complementary source of nutrition for children, and support the local economy where the food is sourced.
2. Ease transition and reintegration programme into schools: The problem of access to education during and after COVID-19 relates to various factors including early labour market transition, early child pregnancy, and parental income loss. The administrative and cultural barriers (fees, stigmatisation) to children's return to school need to be removed. This will require a tracking programme to identify children who are affected and to work with school administrators to provide a conducive environment for reintegration. Better information sharing will also help in this regard for communities and households to access return opportunities for their children.

Long-term

1. There is a need to increase the resilience of the school systems to cope with shocks in order to reduce dropout rates. First, a shift is needed from conventional thinking that views school as the only place of learning toward the building of a more inclusive learning environment at home and within communities. Second, a blended school environment should be created to ensure learning continuity at all times, irrespective of any shocks to the system. This will ensure that the education sector will be better prepared for future shocks.
2. Universal access is the central goal of the MDGs, but this is yet to be achieved despite a shift in SDGs from access to learning. Innovative approaches to schooling must be created to ensure this. Countries such as Nigeria, Ghana, and Sierra Leone, among others, have in recent years used a model of accelerated education designed for overage children

13 <https://reliefweb.int/report/world/state-school-feeding-worldwide-2022>

to support their reintegration into schools. Governments also need to identify other demand and supply barriers to access.

How to recover learning

Short term

1. Tracking learning: It is important to know who is not learning, and this requires periodic learning assessment data. Data-driven policy intervention is needed to address the learning gap. This will allow governments to identify disadvantaged groups and their learning deficiencies.
2. Support teachers to increase the quality and quantity of teaching: Learning recovery requires contact time between learners and teachers to recover lost time and foundational learning. This is more important for children in deprived areas such as rural areas, or from low-income households that rely more on face-to-face teaching, where technology is absent. Remedial programmes that focus on foundational skills and ensure adequate coverage of curriculum losses are needed. This will entail keeping children in school longer to cover subject areas that have been missed due to the COVID-19 disruptions.

Long term

- Reorienting the education system for learning alignment: Before COVID-19, the majority of in-school children were not proficient in basic knowledge; hence, the goal of policy interventions should not be to restore the status quo. Evidence of learning recovery in Africa during COVID-19 points to the importance of blended learning, a focus on foundational learning, and digitally prepared teachers and learners. Going forward, these elements represent the foundation to reorient the education system. A key role in achieving this lies with governments in policy formulation around what school systems should prioritise. However, parents, communities, and the private sector can be further supportive by contributing resources and collaborating to facilitate policy implementation.
3. Stable funding for education: Funding for education is on the decline in most African countries (World Bank, 2022). Funding challenges extend to donor support, which has also shrunk with the global economic downturn (World Bank, 2022). Education systems require infrastructural support and incentives and training for teachers, among others. Achieving this requires huge financial support which governments alone cannot provide.

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3

Small businesses, big impacts: a fair COVID-19 recovery for micro-, small and medium-sized enterprises in South Asia

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Introduction

Micro-, small, and medium-sized enterprises (MSMEs) are indispensable players in shaping South Asia's economic fabric. They contribute over a third of the region's gross domestic product (GDP) and provide employment for over three-fourths of the workforce (Asian Development Bank [ADB], 2021). Furthermore, MSMEs are crucial for driving inclusive development and stimulating market competition. They offer employment to marginalised populations, including women, youth, and rural residents, while simultaneously challenging established businesses and fostering innovation (United Nations Industrial Development Organisation, 2019; World Trade Organisation, 2020; Gries & Naudé, 2008).

The economic footprint of MSMEs in South Asia is extensive. They comprise 99.6% of all enterprises and employ 76.6% of the workforce, contributing to 33.9% of the region's GDP (ADB, 2021). India alone has 111 million people employed by MSMEs, accounting for 44.3% of the country's labour force; of this labour force, 97% are employed by micro-enterprises, while small enterprises employ 3% of the labour force (ADB, 2021). Moreover, India's MSMEs have experienced a twofold increase in gross value added since 2012, contributing to 30% of the national GDP (Ministry of Micro, Small, and Medium Enterprises, 2022). In Pakistan, MSMEs employ 61.7 million people, accounting for 75% of the respective labour force (Pakistan Bureau of Statistics, 2018). In Sri Lanka, MSMEs employ 2.3 million people, constituting 30% of the country's labour force (ADB, 2021). Furthermore, MSMEs contribute significantly to national GDPs: 30% in India, 40% in Pakistan, and 52% in Sri Lanka (ADB, 2021; Ministry of Industry and Commerce, 2017).

MSMEs are also vital for economic inclusion, particularly for vulnerable populations who are excluded from formal employment (United Nations Development Programme [UNDP], 2019). For example, 66% of MSMEs in India are owned by marginalised communities¹ and a significant 84% of those operate as own-account enterprises (ADB, 2021). This is crucial in a region where the informal sector is growing, such as in India, where 85% of workers are categorised as either "casual" or "self-employed"—both categories constitute informality in the workforce (Stuart et al., 2018).

Despite their role in economic inclusivity, MSMEs confront glaring inequalities when compared to larger enterprises. These inequalities manifest through various channels, from limited financial access and digital literacy to unequal government aid and raw material availability (UNDP, 2019). These disparities create productivity gaps, leading to income imbalances among employees (Organisation for Economic Co-operation and Development [OECD] & International Labour Organisation [ILO], 2022). Given that larger enterprises typically have more advanced business operations and greater access to financial resources, strategic investment in elevating the capabilities and competitiveness of MSMEs becomes crucial. This is particularly vital for achieving Sustainable Development Goal 10 (reduced inequalities), which focuses on reducing inequalities and bridging the gap between the formal and informal economic sectors.

¹ Marginalised groups include 'backward groups.' Among these groups, 50% of MSMEs are owned by individuals belonging to 'other backward castes,' 12.5% are owned by individuals from 'scheduled castes,' and 4% are owned by individuals from 'scheduled tribes' (Ministry of Micro, Small, and Medium Enterprises, 2022). Backward groups, Other Backward Class, Scheduled Caste and Scheduled Tribes are terms used by the Government of India to classify the population of India. Backward Groups include castes that are economically and socially disadvantaged and face discrimination.



The gender disparities in MSME ownership and employment not only hinder progress towards SDG 10 but also directly affect progress towards SDG 5.

The issue of inequality also extends into the realm of gender, where women-owned businesses comprise just 18% of enterprises in the region (World Bank, 2018). This gender gap is not an isolated issue but is rooted in a complex web of challenges that include restrictive legal frameworks, entrenched cultural norms, patriarchal practices, and financial limitations (Hoekman et al., 2021; World Bank & International Finance Corporation, 2013). The Mobile Gender Gap Report (Butler, 2021) further emphasises this point, ranking Sri Lanka 116th, India 140th, and Pakistan 153rd out of 156 nations. The gender disparities in MSME ownership and employment not only hinder progress towards SDG 10 but also directly affect progress towards SDG 5, which focuses on gender equality and the empowerment of women and girls.

The COVID-19 pandemic further exacerbated these challenges, pushing the subregion into an economic downturn (Rasul et al., 2021). It disrupted supply chains, crippled international trade and tourism, and hampered foreign remittances, leading to widespread closures of MSMEs and unprecedented job losses (United Nations Economic and Social Commission for Asia and the Pacific [UN ESCAP], 2020). According to the ILO, in 2021, only 22.8% of workers in South Asia were covered by social protection schemes. Given that 87% of South Asia's workforce is without formal social protection or safety nets, the risk of falling into extreme poverty becomes alarmingly high (ILO, 2021).

This chapter employs a comparative analysis of Pakistan, India, and Sri Lanka to investigate the widening economic and social disparities among Micro, Small, and Medium Enterprises (MSMEs) and between MSMEs and larger enterprises due to the COVID-19 pandemic. The research emphasises the complex interplay between enterprises, workers, and SDGs, with a targeted focus on SDG 10, which aims to reduce inequalities both within and among countries. It also incorporates insights from SDG 8 which addresses sustainable economic growth and equitable working conditions, to offer a comprehensive situational overview.

To achieve this, the chapter first contextualises differentiated job losses. Second, it documents the pandemic's impacts on MSME owners and their responses, and via a gender perspective examines the resulting effects on workers. Building upon these aspects, the chapter culminates in a thematic synthesis that analyses how MSMEs leveraged digital skills, social capital, resilience, and accessibility to overcome pandemic challenges. It also assesses the impact on employment and evaluates policy responses. Data collection methods include structured surveys, in-depth interviews, focus group discussions, and key informant interviews, ensuring a comprehensive understanding of the multifaceted effects of the pandemic on MSMEs, taken from the three country-level case studies.

The subsequent section of this chapter undertakes a literature review to explore the repercussions of the COVID-19 pandemic on MSMEs within the studied countries. It delves into the susceptibility of women-led businesses and informal sector workers to the pandemic's shocks, while also addressing the global ramifications on the job market and the broader economy. Subsequently, a comparative analysis is conducted using data and evidence collected by the country-level studies. The chapter then provides the implications of the data uncovered

in the findings before moving on to discuss policy interventions strategically aimed at bolstering the sustainability of MSMEs while concurrently mitigating inequalities.

Literature review

In South Asia, MSMEs confronted a multitude of challenges exacerbated by the COVID-19 pandemic, ranging from difficulties in accessing finance (Madan, 2020) and navigating intricate regulatory barriers (World Bank, 2020b) to incurring high infrastructure costs (Kumar & Ayedee, 2021). Additionally, they suffered from a lack of adequate institutional support (Akpan et al., 2022). Their informal nature also resulted in their exclusion from labour policies, social protection, and other policy interventions implemented by the government to mitigate the effects of the pandemic (Rashid et al., 2022; Leap et al., 2022).

The pandemic also significantly impacted South Asian economies, particularly MSMEs from both the demand and supply side. On the supply side, key challenges included workforce reduction due to illness, family responsibilities, and travel and mobility constraints (McKibbin & Fernando, 2020). The implementation of lockdowns and quarantine measures also led to a sharp decline in capacity utilisation (McKibbin & Fernando, 2020). Moreover, disruptions in supply chains resulted in shortages of raw materials (Pu et al., 2021). MSMEs also faced a significant decline in both product demand and income, severely impacting their operational capacity and creating acute liquidity shortages (Rajagopal & Mahajan, 2021). This slump was exacerbated by consumer behaviour: reduced spending due to income loss, fear of infection, and heightened uncertainty (Rajagopal & Mahajan, 2021). The strain on enterprises increased significantly during the COVID-19 pandemic, as financial constraints forced many to resort to employee layoffs (Bartik et al., 2020). These job reductions were a direct consequence of reduced revenue, disrupted supply chains, and decreased consumer demand, all of which were exacerbated by lockdowns and social distancing measures (Bartik et al., 2020).

In the early stages of the pandemic, developing countries experienced diminished sales, limited access to information, and constrained funding options, all while grappling with scant financial reserves (Nordhagen et al., 2021). Among enterprises studied by these authors, in 17 low- and middle-income countries, many altered production volumes, while some completely halted operations. Notably, newer enterprises and those with fewer employees—adjusted for revenue—were less affected by the downturn in the study.

Export-oriented MSMEs confronted substantial order cancellations. For instance, India's lost export orders totalled approximately USD 25 billion, impacting sectors like apparel, leather, handicrafts, and carpets, which saw up to an 80% order cancellation between February and March 2020 (Mathew, 2020). Similarly, the gems and jewellery sector—a significant export category for India—experienced order cancellations of 25-30% (Ravichandran et al., 2020). In Pakistan, postponed or cancelled orders resulted in a 54% decline in exports, chiefly in the textile sector (Xinhua, 2020). Sri Lanka's apparel

industry, comprising 52% of the country's merchandise exports, lost an estimated USD 15 billion worth of orders from March to June 2020 due to the pandemic (Weerasinghe, 2023).

The COVID-19 pandemic exacerbated short-term spikes in extreme poverty, particularly impacting vulnerable households and marginalised communities (UN ESCAP, 2020). These segments were largely ill-prepared to navigate the pandemic's challenges, resulting in substantial job and income losses that disproportionately burdened the labour class (Razavi, 2022). Individuals residing slightly above the extreme poverty threshold faced a heightened risk of descending into severe financial hardship. This vulnerability was intensified for marginalised individuals due to factors such as poor health, limited access to water and sanitation, inadequate medical care and testing, and the absence of universal healthcare (UN ESCAP, 2020).

The adverse effects endured by poor and marginalised groups not only broadened the existing inequalities but also arrested the significant progress South Asian countries had achieved in poverty reduction and advancing the SDGs (UNDP & Ministry of Economic Development, 2020). Workers on the social periphery—including migrant labourers and daily wage earners—found themselves exceptionally vulnerable. Devoid of any financial safety nets, these individuals were pushed into a state of relative poverty (Chen & Gan, 2022). Their plight was further complicated by an inability to fulfil basic needs like food, housing, and healthcare, which was exacerbated by limited access to social protection measures and digital platforms, engendering new dimensions of social and economic exclusion (Chen & Gan, 2022).

In Pakistan, restrictive measures like lockdowns and mobility controls served as critical obstacles to entrepreneurial initiatives. These conditions resulted in a stagnant market and decreased demand, making it especially difficult for startups and smaller businesses to maintain or expand their operations (Nasar et al., 2022). Meanwhile, young people—often engaged in temporary, part-time, or gig economy jobs—found themselves without the safeguards of employment security and social benefits during this turbulent period (ILO, 2018). An alarming 96% of young workers in South Asia are employed under informal arrangements, leaving them bereft of essential protections such as sickness benefits, paid leave, or job stability (ILO, 2020). Furthermore, less-experienced and less-skilled young workers faced a higher likelihood of job loss, while young entrepreneurs encountered significant barriers in accessing the resources and networks necessary to sustain their businesses (UNDP & Ministry of Economic Development, 2020).

The existing literature highlights that female entrepreneurs within MSMEs were disproportionately sidelined in government welfare measures, such as bank loan payment extensions (Rodgers, 2020). The pandemic exacerbated gender inequality through four specific mechanisms, as elaborated by Yerkes et al., (2020). First, occupational gender discrimination played a role in the differing rates at which men and women lost their jobs. Specifically, women were highly concentrated in sectors like healthcare, education, and childcare, which were most affected by pandemic-related disruptions. Second, the pandemic intensified women's already substantial

roles in childcare and household management, owing to the closure of schools and reduced availability of social services. Third, the widespread transition to remote work affected work-life balance, posing particular challenges for women. The shift often led to increased conflicts between professional duties and family responsibilities, as many women struggled to manage both while working from home. Lastly, the crisis magnified pre-existing gender disparities in the distribution of childcare and household duties. Women frequently assumed an even greater share of these responsibilities during lockdowns, thereby widening the gender gap even further (Yerkes et al., 2020; Carli, 2020).

In the context of the growing importance of digital technologies, the global digital divide presents a stark gender disparity, which particularly disadvantages women (Tyers-Chowdhury & Binder, 2021). According to International Telecommunication Union (ITU) data from 2020, only 63% of women worldwide had internet access, compared to 69% of men. The disparity is even more pronounced in the Asia-Pacific region, where only 61% of women have internet access. Women entrepreneurs—who juggle domestic responsibilities and business management—could particularly benefit from digital tools (Kamberidou, 2020). However, gender biases in the South Asian region limit women's utilisation of these resources. Research shows that women tend to use only those digital tools that are easily manageable and do not demand extensive time commitment (Kamberidou, 2020).

Furthermore, family disapproval also presents a significant barrier to mobile internet usage among women in Pakistan, as reported by Butler (2021). Adding to these challenges, the high cost of internet-enabled phones exacerbates the issue. In South Asia, the affordability of such devices consumes about 25% of the average monthly GDP per capita, disproportionately impacting the poorest individuals, for whom this cost represents nearly two-thirds of their monthly income. This affordability gap further hinders women—among the most economically vulnerable groups—from seizing online opportunities.

Limited financial services owing to socioeconomic constraints, borrowing and investment behaviour, and perception of financial institutions and their credibility are highlighted reasons for the precarious dynamics women business owners face in the financial space (Liu et al., 2022; Eniola & Entebang, 2017; Sharafizad, 2018; Davidson et al., 2010). A report released by the International Finance Corporation (IFC) in 2020 corroborates the assertion that women-owned micro- and small enterprises encounter difficulties when seeking financial guidance and access to financing. One key reason is that such businesses are often deemed less profitable (Liu et al., 2022). Consequently, many women entrepreneurs continue to operate informally, perpetuating their limited access to formal financial services. Borrowing from family members remains the priority source for obtaining loans and only 2% of women used formal channels for their credit needs as compared to 10.3% of men (World Bank, 2018).

In conclusion, the COVID-19 pandemic presented significant hurdles for South Asian MSMEs, encompassing obstacles such as limited access to financing, intricate regulatory burdens, substantial infrastructure expenses, and inadequate support. The informal nature of many



Many women entrepreneurs continue to operate informally, perpetuating their limited access to formal financial services.

MSMEs further exacerbated their exclusion from government aid, while on the supply side, issues like workforce reductions, supply chain disruptions, and reduced capacity utilisation compounded their difficulties. These challenges also disproportionately affected vulnerable populations, leading to heightened poverty levels and exacerbating gender disparities. Addressing this complex web of issues demands a holistic approach, including comprehensive policies that foster inclusivity, initiatives to bridge the digital gap, and improved access to financial services—essential elements for facilitating the economic recovery and resilience of the region.

Methodology

This chapter, centred on South Asia, presents a thorough investigation into the complex challenges and coping mechanisms faced by MSMEs, their owners, and employees in Pakistan, Sri Lanka, and India during the COVID-19 pandemic.²

The chapter employs a multi-faceted comparative approach that considers variables, such as age, migration status, and skill level for workers, as well as size, sector, and financial stability for entrepreneurs. These variables are instrumental in understanding the nuanced impacts of the pandemic across different MSME categories and their workforce. This comprehensive framework is organised around two primary themes. The first focuses on the pandemic's effects on MSME owners and their enterprises, exploring disruptions in supply chains, consumer demand, labour challenges, and sector-specific phenomena, among other aspects. The second theme hones in on the workers within these MSMEs, scrutinising the varied effects of the pandemic and policy interventions based on factors like gender, type of enterprise, industry sector, and age group.

In addition to these thematic analyses, the chapter deeply probes the mechanisms through which the pandemic and subsequent policy measures have either exacerbated existing inequalities or engendered new vulnerabilities within the MSME sector. It also assesses the impact of these accelerated policies on the aims of achieving SDGs 8 and 10. To further enrich the chapter's findings, we delve into 'primary abilities' such as digital skills, accessibility, and social networks. These abilities are examined to understand their role in enabling some MSME owners and workers to navigate pandemic-induced challenges and adapt to new policy landscapes. On the flip side, the chapter also identifies how a lack of such abilities has left specific groups more vulnerable, especially in the face of accelerated policy measures that exacerbated inequalities.

2 Three stand-alone country level studies on the theme of "Small Businesses, Big Impacts: Covid, Enterprises and Fair Recovery" have been written for Pakistan, India, & Sri Lanka. For more details see the 'Additional publications of the State of the SDGs initiative' section.

The chapter further examines the gender-specific effects of the pandemic, shedding light on how existing gender disparities may have been exacerbated or created new ones. It then explores two key 'primary abilities'—social networks and digital skills—and their role in enabling some MSME owners and workers to better navigate the challenges of the pandemic. The study notes how the presence or absence of these abilities has been a determining factor in the resilience or increased vulnerability of these enterprises and their workforces during both the pandemic and the rollout of policy measures.

The findings close with a detailed analysis of the effectiveness of government interventions across the case studies in Pakistan, India, and Sri Lanka. It highlights disparities in access to governmental support, indicating that these discrepancies have intensified existing inequalities among MSMEs. Specifically, larger enterprises and those in IT-based sectors have experienced a more straightforward path to governmental assistance, while smaller businesses and those in other sectors have faced hurdles. Subsequently, the analysis turns its attention to the economic repercussions of the pandemic on MSMEs, their owners, and their employees.

Data collection

This chapter leverages data exclusively gathered from three country-level case studies undertaken by Southern Voice, exploring the impact of the COVID-19 pandemic on MSMEs in Sri Lanka, Pakistan, and India. Aside from the authors' own literature and desk review, all other data components are sourced from these country-level case studies³. This rich and specialised dataset, aligned under key thematic pillars around the impact of the pandemic on MSMEs and the impact of the pandemic on workers in MSMEs, enabled a rigorous comparative analysis to better understand the pandemic's multifaceted impact on MSMEs across these specific contexts.

Table 3.1. Sampling frame for primary data collection

Tools/Countries	India	Pakistan	Sri Lanka	Total
Enterprises				
Phone/In-person surveys	60	60	60	180
In-depth interviews	10	10	10	30
Workers				
Focus group discussion (10 minutes each)	4	4	4	12 (minimum 120 workers)
Key expert interviews				
Interviews with government officials, experts and academics working on relevant issues	5	5	5	15

Note. Elaborated by the authors.

In summary, the number of respondents in all three countries for surveys were 180, and 30 in-depth interviews at the enterprise level. For workers, four focus group discussions were done in each country and 15 key expert interviews were conducted, where five were done from each country, respectively.

For the desk review, a thorough search of international databases with a large selection of scientific papers, such as ScienceDirect, EconBIZ, JSTOR, Google Scholar, EBSCO, Web of Science, and Scopus, was used to conduct the literature review. In order to ensure a focus on the chapter's target areas, the search employed a list of carefully

³ This includes structured questionnaires targeting MSME entrepreneurs and workers, secondary data analyses from labour force and Covid surveys, qualitative insights from in-depth interviews with entrepreneurs, focus group discussions with workers, and key informant interviews with stakeholders.

chosen keywords, including “micro-enterprise,” “small enterprise,” “enterprise,” “sustainable development,” “MSME and COVID-19”, along with specific country names like “Pakistan,” “Sri Lanka,” and “India.” Additionally, the reference lists of the identified studies were carefully examined using the ‘snowball’ search method to find any potentially overlooked but important research.

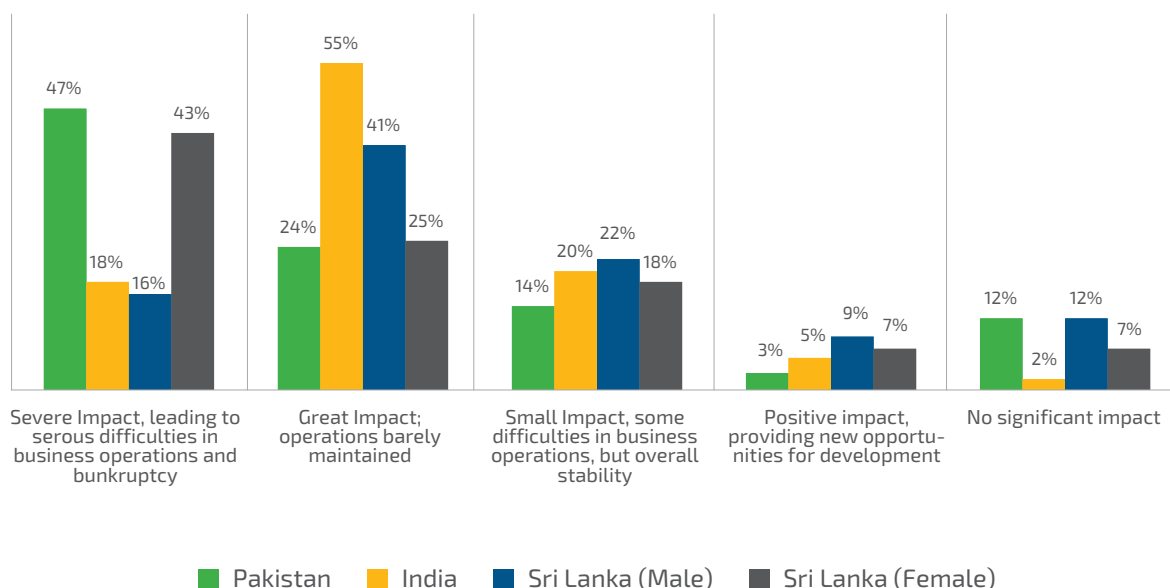
The review also included secondary data from prominent international organisations, such as the World Bank, IFC, ILO, and ADB. These databases are widely acknowledged by scholars for conducting systematic reviews. In total, the initial database searches using the aforementioned keywords yielded an extensive pool of 29,600 records for consideration.

Findings

Economic impact of the pandemic on MSMEs

The demography of micro-enterprises as a percentage of total establishments is identical across Pakistan, Sri Lanka, and India (Adil, 2023; Lokuge et al., 2023; Southern Voice, 2023). In Sri Lanka and India, such companies constitute 99.8% and 99% of total establishments in the economy, while MSMEs in Pakistan constitute 98% of all establishments (Gunawardana, 2020; ADB, 2021; IFC, 2020).

Figure 3.1. Impact of the COVID-19 pandemic on enterprises' production and operations



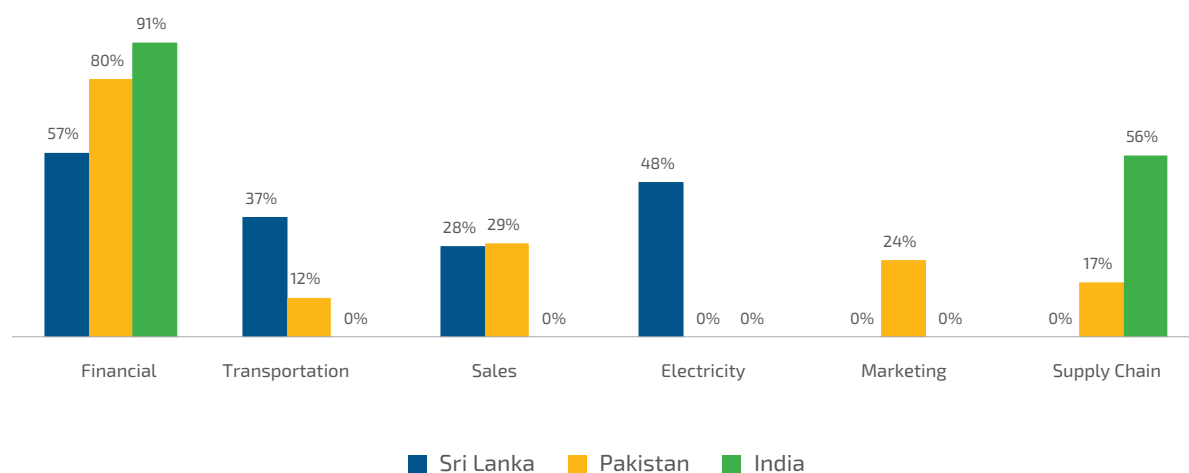
Note: Elaborated by the authors based on Adil (2023), Lokuge et al. (2023) and Southern Voice (2023).

As noted in Figure 3.1, during the pandemic, the production and operations of surveyed enterprises took a significant hit. 71% of enterprises in Pakistan and 73% in India, respectively, reported an

adverse⁴ impact. Whereas, the numbers for Sri Lanka show that 57% of male-owned MSMEs and 68% of female-owned MSMEs faced operational and production challenges due to the pandemic.

Financial challenges were a common thread in all three countries (Figure 3.2). 91% of enterprises in India reported facing financial challenges and only 56% reported supply chain challenges. 80% enterprises in Pakistan and 57% enterprises in Sri Lanka faced financial constraints.. Between March and June 2020, the lockdowns and corresponding low demand led to widespread revenue losses. As a result, 64% of businesses in Pakistan, 88% in Sri Lanka, and 11% in India negotiated with lenders for loan rollovers. In Pakistan, 37% of such businesses required loans just to cover their operating expenses. The immediate response for many was layoffs and wage cuts, the long-term implications of which depend on the government's debt response capacity.

Figure 3.2. Major challenges



Note. Elaborated by the authors based on Adil (2023), Lokuge et al. (2023) and Southern Voice (2023).

Corroborating these findings, a sample of 70 enterprises in India revealed monetary shocks as a pressing issue, particularly for MSMEs negotiating credit deals (Southern Voice, 2023). The decline in revenue for these enterprises was evident as early as 2018–2019 and was exacerbated during the pandemic. Notably, 14% of these Indian enterprises cited low working capital as a significant challenge. Sri Lanka faced similar issues, especially among rural and women-owned enterprises that were constrained by insufficient capital. The country's MSMEs suffered from a substantial finance gap of 69.85% (Small Medium Enterprise Finance Forum, 2021).

The lockdown in Sri Lanka resulted in revenue losses exceeding 75% across all industrial sectors from March to June 2020 (Development Asia, 2022). This included sectors like mining, quarrying, construction, and services (Development Asia, 2022). The apparel sector alone witnessed a 26% revenue loss in 2020 compared to the previous year (Sri Lanka Apparel Exporters Association, 2022). Additionally, 52%

⁴ Severe and great impacts combined.

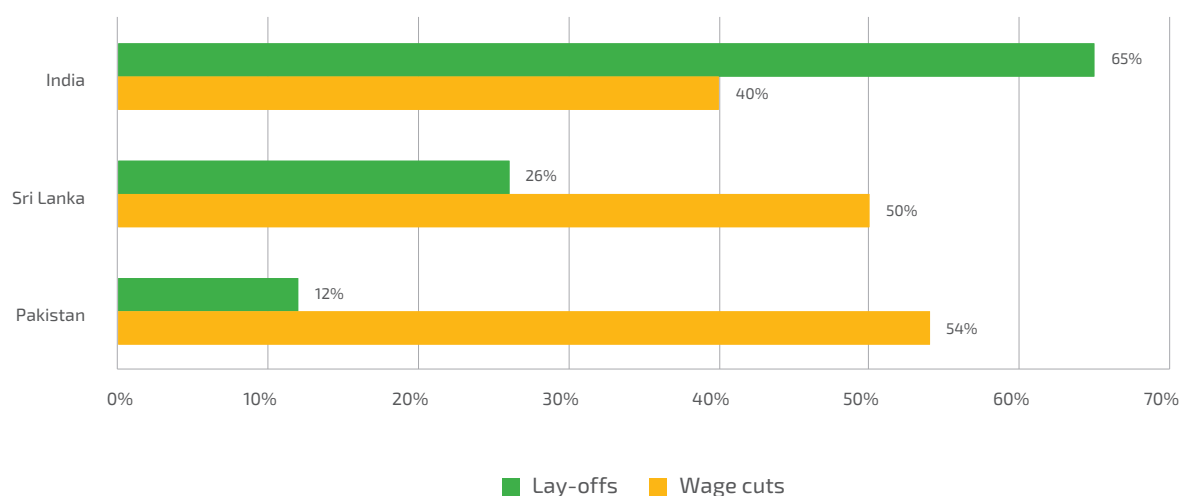
of enterprises surveyed in the Sri Lanka country-level case study attributed their financial challenges directly to the pandemic (Lokuge et al., 2023). Compounding the financial hurdles, 48% of enterprises in Sri Lanka encountered challenges with electricity supply, which impeded their ability to keep shops operational or maintain service delivery.

Regarding the economic impact on workers, the surge in employee layoffs had a direct impact on the unemployment rates in the region, further accentuating the existing inequalities between casual⁵ and white-collar workers. A clear example was observed in India, where MSMEs reported the highest number of layoffs for casual workers who were hired for short-duration work, in contrast to white collar workers who had the security and benefits offered by full-time employment (Southern Voice, 2023). While it is important to note that there may be underreporting of the actual reduction in employment, a substantial 65% of the 70 Indian enterprises noted in the country case study that they resorted to layoffs to curtail expenses (Figure 3.3).

The impact of layoffs was glaringly evident in the large-scale migration of workers returning to their hometowns on foot. This exodus highlighted the extreme vulnerability of these migrant workers, who had no safety nets to rely on during crises. Similar trends were observed in Sri Lanka and Pakistan, where companies reduced their staff by 26% and 12%, respectively (Figure 3.3). These numbers highlight the heightened struggles and disparities faced by casual labourers compared to their white-collar peers. For instance, in India, a sizable e-commerce apparel enterprise was able to offer its workers accommodation on factory premises in exchange for a pay cut (Southern Voice, 2023). This arrangement was possible because the company had significant cash reserves, a luxury that most micro- and small enterprises lack.

5 Casual workers are often hired for short durations, specific tasks, or seasonal work and may not enjoy the same job security, benefits, or legal protections as regular or permanent employees. Casual workers are typically paid on a daily or hourly basis.

Figure 3.3. Lay-offs and wage cuts in MSMEs



Note. Elaborated by the authors based on Adil (2023), Lokuge et al. (2023) and Southern Voice (2023).

As noted across all three country case studies (Adil, 2023; Lokuge et al., 2023; Southern Voice, 2023), the disparity between white-collar and piece-rate workers⁶ was further magnified by wage cuts and layoffs. Piece-rate workers—who had migrated to cities for better job opportunities—were hit particularly hard. Due to lockdowns and subsequent business closures, they found themselves abruptly unemployed. In contrast, while office workers also faced wage cuts, they were generally less severe than the job losses experienced by piece-rate workers.

In Sri Lanka, surveyed enterprise owners reported substantial financial challenges, particularly in meeting payroll obligations (Lokuge et al., 2023). A significant decline in profits and sales was observed, with 48.3% of enterprises experiencing more than a 50% drop in profits, and 47% noting a similar decline in sales compared to the pre-pandemic period (Figure 3.4). As a result of these severe financial challenges, 50% of MSME owners surveyed in Sri Lanka noted wage reduction efforts to deal with the financial impact of the pandemic (Lokuge et al., 2023).

Meanwhile, in India, business owners who made efforts to diversify and remained committed to paying employee salaries found themselves grappling with reduced income (Southern Voice, 2023). This income failed to reach pre-pandemic levels, forcing owners to use their personal savings to cover daily operational expenses. 40% of MSME owners surveyed noted having to reduce wages to cope with the financial impact of the pandemic.

Similarly, in Pakistan, a 31–50% decrease was reported by 48% of owners in net profit and by 54% of owners in sales (Figure 3.5). According to the survey, 44% of owners had to limit their planned investments for the year 2020–2021, with 50% of enterprises also reducing investments in employment (Adil, 2023). Moreover, 64% of businesses reported cash flow difficulties at the time of the survey, and 10% of those facing cash flow challenges opted for cost-cutting measures such as layoffs and salary cuts. 54% of surveyed MSME owners noted that they had to resort to wage reductions to deal with the pandemic-induced financial downturn (Adil, 2023). These financial difficulties, coupled with limited investments, created a cascade effect, impacting workers and making them more vulnerable.

Logistics and supply chain disruptions had a broad impact on small and micro-enterprises across Sri Lanka, Pakistan, and India. Factors such as transportation challenges and labour shortages led to material shortages and price volatility across sectors (Rasul et al., 2021). According to available data, 42% of enterprises in Sri Lanka, 60% in India, and 66% in Pakistan reported complete disruptions⁷ in raw material access (Figure 3.6). While these disruptions were temporary, their long-term effects limited enterprises' ability to scale and invest (World Bank, 2021).

Regulatory obstacles further impede MSME growth, as evidenced by Sri Lanka's low ranking in ease-of-doing-business indices, particularly in enforcing contracts, paying taxes, and registering property (World Bank, 2020a). While countries like Pakistan and India implemented initiatives like the Ehsaas Emergency Cash Program and the Mahatma

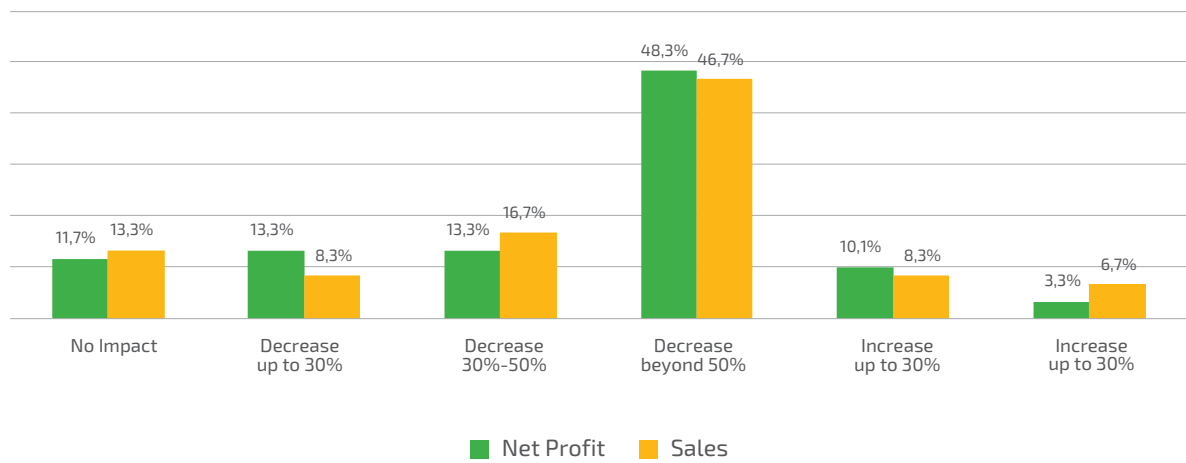
⁶ According to ILO, piece-rate workers are paid by the unit produced instead of time spent on the job. For example, the number of shirts or bricks produced.

⁷ Complete disruptions are where enterprises had no or extremely limited access to raw material.

8 Own-account enterprises refer to businesses or economic activities where individuals or households are engaged in self-employment and operate without hiring paid labour, typically working for themselves to generate income.

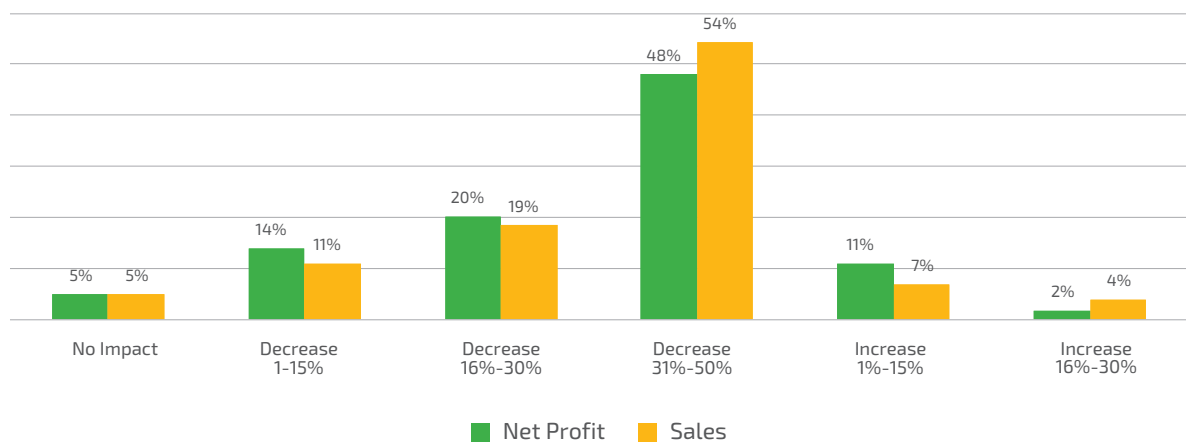
Gandhi National Rural Employment Guarantee Act (MGNREGA), Sri Lanka took no such actions due to budgetary constraints. Consequently, 45% of micro-enterprises and 10% of small enterprises in Sri Lanka remain outside the realm of formal business networks and financial resources. This lack of formalisation is also prevalent in India—where only 17% of own-account enterprises⁸ are registered—and in Pakistan, where 47% of the sample enterprises were informal or unregistered (Southern Voice, 2023; Adil, 2023). This state of informality perpetuates inequality between larger enterprises and their smaller counterparts.

Figure 3.4. Impact on sales and profits – Sri Lanka



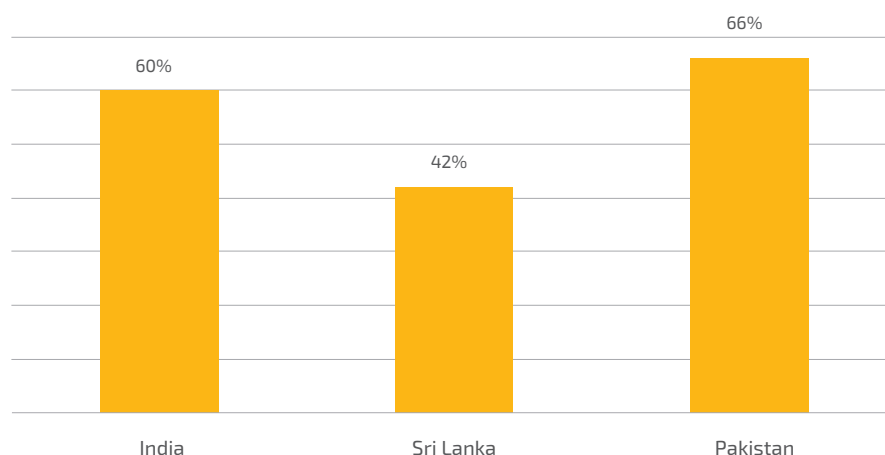
Note. Elaborated by the authors based on Lokuge et al. (2023).

Figure 3.5. Impact on sales and profits – Pakistan



Note. Elaborated by the authors based on Lokuge et al. (2023).

Figure 3.6. Complete disruption in access to raw material



Note. Elaborated by the authors based on Southern Voice (2023).

Gendered inequalities

In India, the pandemic disproportionately affected low-income women, intensifying their existing economic vulnerabilities. According to the Periodic Labour Force Survey, even though women constituted only 18.6% of India's labour force before the pandemic, they accounted for a significant 28% of job losses induced by the pandemic (Dalberg, 2021). The escalation in caregiving and domestic responsibilities, fueled by the pandemic, compelled a higher proportion of women compared to men to exit the workforce (Dalberg, 2021). Similarly, in Pakistan, the pandemic highlighted gender disparities in employment, with 23.8% of female workers unable to report to work, a concerning statistic given that 51% of businesses had no female employees at the onset of the pandemic (Adil, 2023). The findings of a study conducted in Sri Lanka between 2021 and 2022 revealed that 37% of enterprises downsized their staff, with women bearing the brunt of these job cuts (Lokuge et al., 2023). In India, the entrepreneurial landscape is notably skewed towards men, with 80% of MSMEs being male-owned, as opposed to a mere 20% owned by women (Ministry of Micro, Small, and Medium Enterprises, 2022). Furthermore, when women do venture into business ownership, a staggering 90% of their enterprises fall under the micro-business category (Ministry of Micro, Small, and Medium Enterprises, 2022).

In Sri Lanka, women-led ventures encountered heightened challenges in market and raw material access, business operations management, and obtaining information, financial services, and technical support compared to male-owned or jointly-owned businesses (Lokuge et al., 2023; IFC, 2020).

Data from the Sri Lanka country case study unveiled a disparity in the adoption and utilisation of digital platforms and social media, influenced by factors like enterprise size, owner's technical skills, and digital experience (Lokuge et al., 2023). For instance, a large food processing company in Colombo swiftly expanded its online

presence, contrasting with a small rural female food producer who, despite successfully initiating social media marketing, struggled with demand and delivery. Similarly, micro-scale enterprises utilising social media for marketing faced transport challenges during lockdowns. The data also noted that international exposure and English proficiency were significant facilitators for micro-enterprises transitioning to digital marketing (Lokuge et al., 2023).

Parallel experiences of women-owned MSMEs in Pakistan during the pandemic mirrored those observed in Sri Lanka and India. These enterprises grappled with reduced business sales, diminished household income, lifestyle adjustments, and a decline in emotional well-being during lockdowns (Adil, 2023). The challenges were multifold, encompassing both operational hurdles and adverse effects on personal lives. Notwithstanding these difficulties, instances of resilience were evident, especially among educated female entrepreneurs. Striking examples included leveraging platforms like Facebook and WhatsApp groups to bolster business prospects, demonstrating resourceful adaptability within adversity. For example, Anila, an entrepreneur, used WhatsApp groups (named as 'Mangwa Lo') to start a service of delivering groceries and other household items to customers (Adil, 2023).

Adoption of digital tools to cope with the pandemic

To cope with the disruptions caused by the pandemic, MSMEs increasingly adopted digital strategies to ensure business continuity. Among surveyed MSMEs in the apparel sector across three countries—Pakistan, India, and Sri Lanka—an average of 42% reported that they had initiated the use of digital tools during the pandemic, despite never having engaged in online sales or delivery services before. Notably, in Sri Lanka, a striking 78% of MSMEs surveyed shifted to employing IT tools to sustain operations (Lokuge et al., 2023). This pivot led these enterprises to explore new revenue streams, such as online sales and delivery services, resulting in a significant uptick in digital tool adoption during this critical period.

As evident in the findings of the country-level case studies, sectors in India such as IT and design consulting successfully transitioned to a 100% remote work model, leveraging digital technologies to access new markets (Southern Voice, 2023). However, this shift widened the inequality gap, deeply impacting businesses that either could not afford the transition or lacked the necessary digital skills (Southern Voice, 2023). Similarly, in Pakistan, the adoption rate of technology among SMEs remained constrained due to the prohibitive costs of IT infrastructure (Adil, 2023). In Sri Lanka, one large-scale food processing company in Colombo adeptly expanded its digital marketing and delivery services (Lokuge et al., 2023). Conversely, a small-scale food business in rural Hambantota initially thrived on social media marketing but soon faced logistical challenges, including delivery delays and high courier costs.

As noted by data from the country-level case studies, while this strategic shift towards diversification and adoption of IT tools was seen as a necessary step for survival, it introduced significant costs

for MSME owners. In Sri Lanka, business owners' savings were depleted as they strived to cover business-related costs, including rent and utilities (Lokuge et al., 2023). Furthermore, unlike larger enterprises that had access to formal avenues of financial support, MSME business owners often relied on informal means to secure financing (Lokuge et al., 2023). This reliance can be attributed to the complex and regressive regulatory structures prevalent in these countries (Central Bank of Sri Lanka, 2020). Such structures often require collateral and formal business registration, thereby hindering micro- and small enterprises from benefiting from government-announced support schemes and bank loans (Central Bank of Sri Lanka, 2020).

Amidst these adversities, digital marketing platforms and virtual entertainment emerged as partial lifelines, enabling select businesses to maintain operations (Adil, 2023; Lokuge et al., 2023., & Southern Voice, 2023). Remarkably, a significant proportion of the reviewed MSMEs across regions resorted to IT tools to navigate the pandemic's complexities. One consistent trend was the increased adoption of web-based services and online delivery options, features that became increasingly ubiquitous across all surveyed regions (Adil, 2023; Lokuge et al., 2023., & Southern Voice, 2023).

Network support and social capital

As evidenced from the three country-level case studies, social capital—including support from friends and family—played a crucial role in MSME owners' coping mechanisms during the crisis. In Sri Lanka, where formal financing options were hindered by complex regulations, business owners turned to informal means such as loans and gifts from their social networks to secure financing, highlighting the importance of social networks in sustaining operations (Lokuge et al., 2023).

In strategies employed to manage household finances, survey data in Sri Lanka reveals that savings are the primary resource used by most MSME owners, irrespective of gender. Notably, 25% of male owners did not require additional coping mechanisms, suggesting their business income sufficiently covered household expenses (Lokuge et al., 2023). In contrast, only 14% of female owners enjoyed this financial stability, showing that network support for women MSMEs was notably limited, with many relying on social capital, including borrowing from friends (21%), pawning jewellery (14%), and receiving assistance from family members (18%) to manage household finances (Lokuge et al., 2023). Findings from Pakistan show that in the provinces of Khyber Pakhtunkhwa and Punjab, strong family support systems played an essential role, which made it possible for MSME owners to avoid taking loans (Adil, 2023). In India, qualitative discussions with workers revealed that they had taken loans from their family and friends (Southern Voice, 2023).

The strategies of MSMEs in Sri Lanka, India, and Pakistan in response to the challenges posed by the pandemic reflect their resilience and adaptability. These businesses demonstrated their ability to adjust their production processes in the face of raw material shortages. For instance, in Sri Lanka, 26 enterprises faced these shortages, and 12 of them opted to reduce production, especially in service-



The strategies of MSMEs in Sri Lanka, India, and Pakistan in response to the challenges posed by the pandemic reflect their resilience and adaptability.

oriented sectors such as auto parts repair, construction, and printing (Lokuge et al., 2023). Similarly, in India, micro-enterprises, including automotive parts manufacturers, beauty services businesses, and textile manufacturers, adopted similar strategies of reducing production when confronted with raw material shortages (Southern Voice, 2023). In Pakistan, a substantial 66% of businesses reported a shortage of raw materials (Adil, 2023). The reported enterprises in these countries resorted to negotiating with vendors for credit as a financial strategy to address cash flow shortages. These adaptive strategies underscore the resilience displayed by MSMEs during the global health crisis.

Impact of government interventions

Government intervention was pivotal in sustaining the enterprise sector throughout the pandemic by being responsive to the needs of MSMEs. By promoting investments in digital infrastructure, and providing financial support, governments assisted enterprises in overcoming pandemic-related obstacles (OECD, 2020; International Monetary Fund, 2020).

Pakistan

To alleviate the financial strain on small and medium-sized enterprises (SMEs), the Pakistani government rolled out several initiatives. Notably, the State Bank of Pakistan introduced the 'Refinance scheme for payment of wages and salaries' to enable businesses to sustain wage and salary disbursements amidst the economic downturn triggered by the COVID-19 outbreak (The News International, 2020). On a provincial level, the Ehsaas Emergency Cash Program facilitated a cash assistance disbursement of 2,000 PKR to street vendors, alongside an additional aid of 12,000 PKR to other distressed workers (Government of Pakistan, 2020). Enhancing its support, Small and Medium Enterprise Development Authority (SMEDA), in partnership with the Ministry of Energy, inaugurated an electricity subsidy program, tailoring the subsidy amounts based on each enterprise's previous year's electricity consumption, capping at 75,000 PKR for industrial and 25,000 PKR for commercial connections during May and June 2020 (SMEDA, 2020). Additionally, SMEDA launched capacity-building initiatives aimed at fostering e-commerce awareness and digitalisation proficiency in both B2B and B2C commerce. These endeavours sought to equip MSMEs with the requisite skills for adeptly navigating the evolving business terrain, enabling them to leverage digital platforms for enduring growth (SMEDA, 2020). However, feedback from interviewed MSMEs in the Pakistan country case study indicated a program structure more favourable to larger enterprises, primarily due to their ability to fulfil documentation, financial, and registration requirements, thereby challenging smaller enterprises' participation and benefit from the support (Adil, 2023). Furthermore, many MSMEs noted that these support measures were out of reach due to their informal, non-registered status, hence they could not access funding or development initiatives (World Bank, 2020).

Moreover, the survey in the Pakistan country case study revealed that 41% of micro-businesses didn't maintain a bank account, significantly

obstructing their access to formal financing schemes during the pandemic (Adil, 2023). While registered businesses with banking access could avail themselves of schemes like the Central Bank's refinance scheme and the wage loss protection program, unregistered entities were left unsupported. These schemes, designed to retain employees on payrolls through nearly zero-interest credit, often favoured larger businesses in loan disbursement, constraining small- and micro-enterprises from securing essential funding.

India

A parallel scenario unfolded in India. Despite various forms of government assistance, only five enterprises out of 57 firms surveyed in the India country-level case study reported benefiting from them. This was largely due to issues of informality and non-registration, giving large enterprises a distinct advantage in accessing support. Moreover, the rent moratoriums announced by local and central governments were poorly regulated and largely relied on landlords' willingness to provide relief.

Further compounding the inequality between large and small businesses, larger enterprises were better positioned to tap into state aid due to their visibility and resources for navigating available programmes. Among the few enterprises that did report accessing governmental assistance, three were small and two were micro, all within the manufacturing sector (Southern Voice, 2023).

Concerning workers within the MSME sector, the pandemic brought about disparities in accessing government aid. The government of India introduced multiple relief measures in March 2020, notably offering a monthly payment of INR 500 for three months to 200 million women holding 'Jan Dhan' bank accounts (Somanchi, 2020). While approximately half of the respondents were aware of this initiative, their families often received these payments only sporadically, either once or twice (Southern Voice, 2023). Predominantly, workers highlighted in the case study experienced substantial challenges in accessing government aid, attributing these difficulties either to their informal employment status or a lack of awareness regarding the availability of the aid and the procedures to obtain it.

Interestingly, rural workers found it easier to access governmental aid than their urban counterparts (Southern Voice, 2023). Programmes, such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), provided regular work opportunities in rural settings. Additionally, workers possessing ration cards could avail themselves of free monthly ration allotments when in their villages. Such benefits, however, were not extended to those who remained in urban locations.

Sri Lanka

In Sri Lanka, MSMEs were offered a variety of financial assistance, ranging from grants and business loans to interest subsidies, as well as support in marketing, raw materials, and technical consultation (Central Bank of Sri Lanka, 2020). However, disparities in access

to these services from different organisations were apparent. For construction workers, the government rolled out relief packages worth LKR 5,000, but the distribution was limited to one-time or two-time payments (Lokuge et al., 2023). This limited outreach was attributed to Sri Lanka's constrained fiscal capacity, which led the government to depend heavily on monetary policy and debt finance instruments as crisis management tools (ADB, 2021; Hewage, 2020).

Among these financial instruments was the Saubhagya COVID-19 Renaissance Loan Scheme Facility (SCRF) launched by the Central Bank of Sri Lanka (CBSL). It offered working capital loans at a low-interest rate of 4% per annum, with a two-year repayment period (CBSL, 2020). Though a substantial amount—LKR179,280 million—was allocated under this scheme, the full benefits were not evenly distributed across all business scales. The risk-averse behaviour of banks in the face of economic uncertainty made them hesitant to lend to micro- and small-scale enterprises (Hewage, 2020).

The situation was further exacerbated by medium and large-scale enterprises, which borrowed up to the maximum limit, thereby constraining the availability of credit for smaller enterprises (Perera, 2021). Thus, despite well-intentioned policies, the implementation fell short, disproportionately benefiting larger enterprises and leaving smaller ones with limited access to much-needed financial resources.

Conclusions and implications

This chapter on micro-, small, and medium-sized enterprises (MSMEs) across South Asia unveils the pandemic-induced shifts across various sectors and sub-populations, shedding light on the coping mechanisms employed by different segments of the population. It reveals that certain abilities significantly contributed to how well various segments could navigate through the pandemic. Unfortunately, the accelerated implementation of government policies did not account for the absence of these abilities in other segments, rendering them more vulnerable and further exacerbating existing inequalities. This scenario underscores a pressing need for a thorough reassessment of current policies, developmental agendas, and social protection schemes in countries like India, Pakistan, and Sri Lanka, to foster a more supportive environment for the MSME landscape.

As a primary ability, the presence of digital skills emerged as a critical factor enabling certain MSMEs, particularly in sectors like apparel, to adapt swiftly to the crisis. For instance, in Sri Lanka, the rapid expansion of the apparel sector into digital marketplaces demonstrated how businesses with digital capabilities could pivot effectively. In India, the pandemic prompted a rapid shift towards digitalisation. Some MSMEs, particularly those in urban areas with existing digital capabilities, were able to adapt by embracing online platforms for sales and services. Small urban businesses in the technology and e-commerce sectors were better positioned to pivot quickly.

In contrast, many traditional, small-scale MSMEs in rural areas lacked digital skills and struggled to transition online. These businesses, such

as those in artisanal crafts or traditional manufacturing, faced greater difficulties in adapting to the changing market dynamics. However, this adaptation highlighted the lack of preparedness of many businesses for digital commerce, underscoring the need for more comprehensive digital literacy and training programs to equip MSMEs for similar abrupt market changes in the future. The pandemic accelerated the importance of digital skills and highlighted the potential of digital tools for business survival. This also shows how certain sectors have adapted to the crisis by rapidly expanding into digital marketplaces. This sudden shift, although a positive adaptation, leads us to ponder about the unpreparedness of these businesses for digital commerce. It implies that there is a growing need to prepare MSMEs, both operationally and financially, to adapt to similar abrupt market changes in the future.

The findings of this chapter, and across the three country case studies, also underscored the significance of social capital as a pillar of support for MSMEs. In Sri Lanka, where readily accessible formal financial systems were limited, people leaned on their social networks for survival (Lokuge et al., 2023). This reliance on social capital was an asset during critical times, providing immediate relief. In Pakistan, the importance of social and family networks became evident in provinces like Khyber Pakhtunkhwa and Punjab, where these networks played a crucial role in providing a safety net for MSME workers during the crisis (Adil, 2023). This social capital served as a vital source of financial support when official policies faltered. However, it raised questions about the long-term sustainability and reliability of such informal support mechanisms, especially during prolonged crises. Furthermore, the gendered landscape of these support systems was evident, with a substantial gap between male and female MSME owners who were able to sustain their households without additional financial mechanisms (Adil, 2023; Lokuge et al., 2023., & Southern Voice, 2023). This gender disparity highlights not only a gender issue but also a significant economic concern that requires prompt attention from policymakers.

Furthermore, accessibility to government support programs was a crucial ability in shaping the pandemic's impact on MSMEs. Disparities in the accessibility of these programs between larger and smaller enterprises intensified productivity discrepancies and income inequalities among workers. Informal businesses, often lacking registration, found themselves excluded from vital financial assistance initiatives. Limited tax exemptions and rental support for enterprises hindered their capacity to endure the crisis. For instance, in both India and Pakistan, disparities in the accessibility of government support programs were apparent (Adil, 2023; Southern Voice, 2023). Larger enterprises often had better access to these programs, including financial assistance and tax exemptions, compared to smaller MSMEs. Smaller, informal businesses faced exclusion from vital financial assistance initiatives, leaving them with limited resources to weather the economic challenges. This exclusion further widened productivity and income inequalities among workers.

In India, there was also a focus on supporting rural areas, leaving urban MSMEs with a sense of neglect (Southern Voice, 2023). This spotlight on rural priorities raised concerns about the equity of government



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policies and highlighted the need for more balanced, geographically-inclusive strategies. Gender disparities in the accessibility of government support programs were also evident, with female entrepreneurs facing prolonged recovery periods and greater reliance on informal financing mechanisms. These findings emphasise the importance of inclusive policies that bridge accessibility gaps and consider the unique needs of diverse MSME sub-groups.

Furthermore, the reliance on savings as a primary financial support among Sri Lankan MSME owners reveals the limitations of current financial systems and credit options (Lokuge et al., 2023). This limitation has broad implications for future crises, as it makes businesses and households extremely vulnerable to external shocks. Here, the need for more flexible and widely accessible formal financial support mechanisms becomes evident. This insight calls for a policy re-evaluation to make formal credit more appealing and accessible to MSME owners.

The data collected in our study serves as a mirror, reflecting both the resilience and vulnerabilities of MSMEs in South Asia. The variety of coping mechanisms deployed—from rapidly embracing digital tools to relying on social and family networks for financial support—offers a complex picture of how MSMEs have navigated the crisis. These intricacies demand multifaceted, context-specific policy interventions that consider the specific challenges and needs of diverse MSME sub-groups.

Impact of accelerated policies on MSMEs and owners

Accelerated policy responses were crucial in shaping the trajectory of MSMEs during the pandemic, often serving as both an aid and an obstacle. While government interventions were largely beneficial, our findings indicate nuances that require attention. For instance, the rapid move towards digitalisation was a direct consequence of policy directives to reduce in-person interactions. However, this acceleration was not uniformly beneficial across sectors. The apparel sector, which had largely been offline in countries like Sri Lanka, had to pivot quickly, experiencing a 42% increase in online selling (Lokuge et al., 2023). This indicates that while policies were effective in accelerating digital transition, they were perhaps not as effective in ensuring that all sectors were equally prepared for such a transition.

Moreover, the structural inequalities exposed during the pandemic suggest that accelerated policies did not adequately address the unique needs of various subgroups. Female entrepreneurs in Sri Lanka were a case in point. With limited financial coping mechanisms compared to their male counterparts, these women represent a demographic that is not adequately catered to by accelerated policies (Lokuge et al., 2023). The glaring disparity in the reliance on social capital between male and female entrepreneurs signifies a policy gap that needs to be filled urgently.

Impact of accelerated policies on MSME workers

The labour dimension within MSMEs, particularly in terms of employment stability and worker welfare, was heavily influenced by accelerated policies. Policy initiatives like wage subsidies or unemployment benefits were critical in preventing a complete collapse of the labour market within MSMEs. However, our study reveals that the effects of such policies were not uniformly distributed. For instance, in Sri Lanka, male MSME owners were less reliant on additional financial mechanisms, suggesting that their business income could sustain their household, including workers (Lokuge et al., 2023). This was not the case for female MSME owners, where the policies did not have a parallel impact, especially regarding worker retention and welfare (Lokuge et al., 2023).

Furthermore, data from Pakistan shows that the strong family support system in the provinces of Khyber Pakhtunkhwa and Punjab played an essential role in providing a safety net for workers (Adil, 2023). This reliance on social and family support systems to address the void left by official policy is a double-edged sword. While it provides immediate relief, it raises questions about the sustainability and long-term effectiveness of such ad hoc support systems in lieu of more targeted and inclusive government policies.

Policy recommendations

Firstly, governments in the region should craft policies that are explicitly tailored to MSMEs' unique profiles, incorporating variables like size, industry sector, and gender of the owner. This nuanced policy development is crucial not just for economic stability but also for aligning MSMEs more closely with the SDGs. This is particularly relevant to SDG 8 and SDG 10, which can guide an inclusive recovery from the pandemic while addressing sector-specific vulnerabilities and existing gender inequalities.

Secondly, the rapid pace of digitalisation has been both a challenge and an opportunity for MSMEs. Recognising the varying degrees of digital readiness among MSMEs, governments should introduce a comprehensive digital toolkit. This toolkit should offer assessments of digital capabilities alongside remedial programmes to fill in gaps, thereby fostering digital equity among MSMEs. Not only does this mitigate the risk of deepening inequalities, but it also accelerates the economic recovery by enhancing MSMEs' competitiveness in an increasingly digital world.

Thirdly, the value of community-based models and social capital cannot be overlooked. To facilitate recovery, governments should take proactive steps to cultivate social networks, peer interactions, and network literacy, particularly among marginalised communities. These initiatives align directly with economic growth objectives and further contribute to achieving SDG 1 (no poverty).

Fourthly, the divergent effects of the pandemic on different types of jobs require targeted policies. Specifically, white-collar and blue-

collar workers face different sets of challenges and opportunities, with automation being a significant disruptor for blue-collar jobs. Policymakers should create frameworks that anticipate and mitigate the adverse impacts of these technological changes on blue-collar sectors.

Fifthly, the resilience exhibited by women-led businesses offers an untapped reservoir for sustainable growth. Governmental reform should aim to create an enabling environment for women entrepreneurs by reconsidering the burden of domestic responsibilities, often referred to as the 'care economy' (Gender in Latin America Working Group, 2022). Alongside these structural changes, the financial sector should be revamped to be more inclusive, offering products and services tailored specifically to women entrepreneurs. Such an approach not only addresses existing gaps but also incentivises increased economic participation from women.

Lastly, the efficacy of these policies depends on a collaborative spirit between public and private sectors. Engaging directly with financial institutions and industry associations allows governments to create an ecosystem conducive to MSME resilience and growth, thereby fortifying the broader economic landscape against future challenges.

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4

Impact of the COVID-19 crisis on work and employment outcomes for internal and international migrants in Latin America

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Introduction

Latin America and the Caribbean is considered one of the most severely affected regions by the pandemic, in terms of COVID-19-related infections and mortality as well as the severe economic impact caused by the global health crisis (United Nations Department of Economic and Social Affairs, 2020; International Labour Organization [ILO], 2022; International Organisation for Migration [IOM], 2021b). By mid-June 2021, the region experienced 1,033,629 deaths caused by the virus, and a mortality level that represented about a third of worldwide deaths (IOM, 2021a). In terms of economic impact, the region experienced the sharpest decline in gross domestic product (GDP) (7.5%), and a lagging socioeconomic recovery (Cottani, 2020). Poverty is estimated to have increased by 19 million people (IOM, 2021b), plunging an additional 2.9% of the total regional population into poverty in 2020.

The pandemic particularly worsened the situation of workers who already faced disadvantages in the labour market. In this group, women, youth, the elderly, and migrant workers, experienced higher employment losses than other population groups (ILO, 2022). As highlighted by Bogado (2021), the pandemic led to a worsening of the situation of certain groups that were already at risk before the pandemic, such as asylum seekers, migrants with irregular status, and especially those who were experiencing poverty, food insecurity, indigence, or those displaced by environmental issues, etc.

Both internal and international migrant workers were affected by lockdowns, border closures, and 'stay at home' orders (IOM, 2021b). Both types of migrant workers were already often making their livelihoods in social contexts characterised by low employment levels and informal job arrangements, all of which resulted in limited access to 'decent work' (Somavia, 1999; Ghai, 2003). In the case of recent international migrants, such as the 6,527,164 Venezuelan refugees and migrants in Latin America and the Caribbean (Regional Inter-Agency Coordination Platform for Refugees and Migrants from Venezuela [R4V], 2023) institutional barriers to employment imposed by states (e.g. lack of immigration permits, limited social protection) already limited their access to formal jobs. In the case of both international and internal migrant workers, informal employment, and working extremely long hours for low wages was common. In addition, both types of migrant workers faced increasing social discrimination.

The impacts of economic crises on work and employment in the world are commonly observed through indicators such as employment rate, changes in the participation of workers in the formal/informal sectors, the number of hours of work, the wages or income derived from work, and mobility across jobs (Higa et al., 2022; Vaccaro & Paredes, 2022; Silva et al., 2021).

The objective of this chapter is to improve our knowledge of the impact of the COVID-19 pandemic on migrant work in South America, through the examination of three country case studies—Peru, Chile and Paraguay—where the three research centres forming our consortium are based. Each centre conducted an individual study

1 International Labour Organization definition of decent work can be found here: <https://www.ilo.org/global/topics/decent-work/lang--en/index.htm>

2 See the full country case studies in the 'Additional publications of the State of the SDGs initiative' section.

of the country where they are based, following the same research questions and mostly the same methodology².

This chapter improves our knowledge regarding inequalities in emergency situations: while migratory crises in the world have become common in past decades, for the 2020–2021 period we witnessed the conjunction of a migratory crisis with the sudden increase of economic vulnerability of large portions of the host populations. Therefore, we seek to understand the impacts of the COVID-19 pandemic on the work and employment of internal and international migrants in Peru, Chile, and Paraguay, evaluating the ways in which pre-existing inequalities were exacerbated. This chapter draws on descriptive and inferential statistical analysis (event study model) to analyse the impact of the COVID-19 pandemic on basic work and employment outcomes, using the microdata of four national household surveys for the years 2019, 2020, and 2021. Specifically, we aim to show some major differences in the impacts on employment rates, number of hours of work, and income derived from work for international migrants of different nationalities and internal migrants, comparing between the two groups and comparing each group to the total population.

Literature review

International and internal migration trends in Latin America and the Caribbean

International migration

Latin America and the Caribbean is one of the ten largest regional migration corridors in the world (United Nations Economic Commission for Latin America and the Caribbean [CEPAL], 2022). The size of the international migrant population in the region more than doubled between 2000 and 2020 (CEPAL, 2022). The growth was partly³ caused by the large inflow of displaced people from the Bolivarian Republic of Venezuela to other Latin American countries since 2016. As we will see in this chapter, the challenges raised by the pandemic of COVID-19 on migration and employment run parallel to this humanitarian crisis. The trend explains in part why the percentage of intra-regional migrants in the region increased from approximately 4 million in 2000 to approximately 12 million in 2020, as well (CEPAL, 2022).

In terms of population composition, sex and age are two variables that allow us to understand differences and the possible forging of inequalities in societies. Concerning the population of international migrants in the region, women and girls represent slightly less than 50% of migrants (CEPAL, 2022). This contrasts with the global composition of international migrants in 2020, which was 52% for male and 48% for female migrants (UNDESA, 2020). One of the most salient characteristics of Latin American international migration trends is related to the relatively young age of the migrant population. In terms of age globally, the median age of international migrants in 2020 was 39.1 years, while in Latin America and the Caribbean it was 31.2 years (CEPAL, 2022). Young people are the main force behind migration

3 Other interregional migration routes include the Central-American corridor that leads to the United States, which has recently seen a surge of migrants from South America.

in the region and as such they face challenging environments in their destination places: lower wages, extra working hours, and underemployment.

Internal migration

Another driver of inequality in Latin America is the territory: disparities and inequalities between regions propel internal migration from areas with less resources to areas with higher levels of employment and access to services. These inequalities have an impact on migration choices based on gender and age since the intensity of economic internal migration in Latin America has been higher among young people and women (Rodríguez-Vignoli, 2017).

Over the past decades, there have been some shifts in the trends of internal migration in the region. Patterns from the 1950s to the mid-1990s were characterised by the prevalence of rural-urban migration, the migration of women (mainly to large cities), and the migration of persons between 15 and 29 years of age. Rodríguez-Vignoli (2017), using census data from ten countries in Latin America (Bolivia, Brazil, Costa Rica, Ecuador, Honduras, Mexico, Panama, Dominican Republic, Venezuela, and Uruguay) and matrices of origin and destination of recent migration between cities, noted the gradual decrease of rural-urban migration. The decrease was attributed to the consolidation of intermediate-sized cities as the most attractive settlements for internal migrants. It is also attributed with the continuing statuses of small towns and rural areas as expellers of internal migrants, the increasing dominance of migration between cities, the moderation of immigration to large cities and megacities, and the reduction of differential migration of women to large cities. Large cities, on the other hand, continue to attract young internal migrants, due to the number of opportunities they offer.

In summary, shortly before the pandemic, Latin American and South American internal and international migration patterns showed signs of change. Intra-regional migration gained more importance, and destinations for both internal and international migrant workers tended to be urban locations (Skeldon, 2018). Labour markets at cities of destination became even more complex and important, where migrant workers tried to make their livelihoods.

Impacts of the pandemic on work and employment in Latin America and the Caribbean

While Latin America, and South America specifically, were grappling with the Venezuelan humanitarian crisis (United Nations High Commissioner for Refugees, 2021), the COVID-19 pandemic emerged and accelerated processes of vulnerability for international migrants while creating new ones in the case of internal migrants.

The drop in working hours during 2020 in Latin America and the Caribbean was the steepest in the world (ILO, 2021). The decline was associated both to “exits from employment and reduced working time” and was equivalent to 36 million full-time jobs relative to the



Studying the impact of the pandemic on migrant work in the region increases our understanding of inequalities in emergency situations.

no-pandemic scenario. In contrast to previous patterns of labour market adjustment, at the early stages of the pandemic, a great proportion of those who lost their jobs in 2020 did not transition to unemployment or informal employment, but rather overwhelmingly left the labour force, not being available and/or not looking for a job (ILO, 2021). The role usually played by informal employment in absorbing workers from the formal private sector in times of economic crisis, often described as "countercyclical," did not operate during the COVID-19 crisis.

On the contrary, during the pandemic, informal employment accounted for the largest proportion of net job losses. In Brazil, these losses were up to 58%, approximately 65% in Chile, Costa Rica, and Peru, and 92% in Argentina (ILO, 2021). This disproportionate effect on informal employment is explained by informal workers and enterprises in Latin America and the Caribbean being concentrated in low-productivity service sectors that require personal interaction, such as restaurants, retail trade, and personal services (Crespi et al., 2014). In sum, lockdown policies doomed the labour market and increased inequality sharply, particularly between those who were able to work at home in contrast to those who were not (Brussevich et al., 2020).

Concerning patterns of recovery, the region's economy was estimated to recover in 2021 with an estimated GDP growth of 6.0% (ILO, 2022). However, the massive closure of micro-, small and medium-sized enterprises (MSMEs) occurred during the first months of the pandemic, limited the resumption of economic growth and "deteriorated the quality of employment" (ILO, 2022). In that sense, limited growth was mostly caused by the increase of informal employment due to the return of those who had exited the labour market in 2020 as well as the permanent closure of small and medium-sized enterprises. During the period of recovery, contrasting with the first months of economic crises caused by the pandemic, informal jobs accounted for over 70% of net job creation since mid-2020 in some Latin American countries (Argentina, Mexico, and Peru), and for over half of job growth in other countries (Chile and Costa Rica). The recovery, in the initial phases of post-lockdown Latin America, meant a comeback for informal employment but was not able to provide solutions to the challenging situation vulnerable populations faced after months of inactivity (ILO, 2022).

In sum, the impacts of the pandemic on work and employment were related to the most severe economic contraction in years for most countries, while informal employment severely decreased at the beginning of the pandemic (Maurizio, 2021) and then rose significantly during the first months of the recovery. Inequality was most noticeable in the contrast between those who were able to work at home (managers and directors, liberal professions, government posts) and the vast majority of people who had to rely on savings and social networks in the hope of a rapid reintegration into the labour market (Brussevich et al., 2020). As we will see, while the impact of the crisis between migrants and non-migrants in the initial weeks of the pandemic was largely equal, soon the most vulnerable migrants in cities started to return home (with some foreign migrants trying to return to their countries of origin as well), which accentuated the vulnerabilities of the migrant group as a whole.

Internal migrant workers and international migrant workers suffering the impacts of the pandemic

Despite all differences, internal and international migrants share some similarities. Both generally need to pay for the rent of a home, their social networks are distant, and they have an urge to work and receive an income to survive or to send remittances. Also, when their migration is recent, they both share similar conditions of vulnerability, and compete for the same jobs and benefits in the national labour markets (Bonilla et al., 2020; Obando et al., 2022). For most of the pandemic, lockdowns made visible the vulnerability of internal and international migrant workers. Migrant workers were concentrated in essential occupations that could not be undertaken from home (CEPAL, 2022; IOM, 2022) and had limited social protection, given their high participation in the informal sector (social protection is usually linked to formal jobs).

In the case of international migrant workers, low levels of social protection were also explained by differential treatment between nationals and migrant workers in social protection and in the provision of emergency cash transfers (Zapata & Prieto, 2020). Also, a significant number of refugees and international migrants were pushed out of their destination countries as the economic recession started. The Inter-American Development Bank (IDB) found that while states adopted formulas to support migrants—such as facilitating documentation provision during lockdowns—border closures, home overcrowding, and lack of sanitation particularly deteriorated migrants' socioeconomic situation (Tres & Rodriguez, 2020).

In an initial exploration of the COVID-19 impacts on migration and mobility worldwide, IOM (2022) highlights the pandemic as the most important contemporary factor disrupting migration. In South America, the disruption caused by COVID-19 movement- and border restrictions primarily impacted return migration and displacement. For example, Bolivian and Peruvian migrants who were residing and working in Chile returned to their countries of origin, as well as Paraguayan migrants who were working in Brazil (IOM, 2022). Many Venezuelan refugees and migrants—the largest displaced group in South America—attempted to return to Venezuela or reunite with family members in different South American countries⁴.

Zapata and Prieto (2020), examining the cases of Brazil, Chile, Colombia, Peru, and Ecuador, concluded that international migrants and refugees immigrating from different countries in the region (Haiti, Cuba, Venezuela, Dominican Republic) to those destinations, were particularly exposed to the effects of the pandemic. Authors surmised that it was due to the presence of already existing inequalities, their segmented incorporation into precarious labour markets, as well as their limited mobility and access to social protection (Zapata & Prieto, 2020).

In the case of internal migrant workers, the pandemic had a very clear territorial impact. Internal migration showed a very important decline but also generated emerging forces of expulsion in large cities and

⁴ Interview with Chilean researcher Carolina Stefoni, 2022; and interviews with leaders of social organisations of Venezuelan refugees as well as migrants resident in Peruvian cities located near the border with Ecuador, November 2020 (United Nations Development Programme, 2021).

”
 The examination is based on the calculation of the following labour and employment indicators: activity rate, occupancy rate, total hours worked per month, total monthly income in dollars, and total income per hour.

of attraction in the less affected areas, small cities, towns, and rural areas (CEPAL, 2022; Martin & Bergmann, 2020). Expulsion factors from large cities, in countries like Colombia and Peru, were not only associated with avoiding contagion and disease, but also to flee from the economic crisis, unemployment, and threat of hunger. In those countries, a noticeable proportion of internal migrants who lost jobs in the informal and formal sectors and lacking sufficient social protection and economic means to pay for rented apartments, decided to return to their communities of origin (Dupraz-Dobias, 2020; National Administrative Department of Statistics [Departamento Administrativo Nacional de Estadística], 2021).

To summarise, the studies we reviewed found that the pandemic severely impacted both internal and international migrant workers. However, there is a lack of empirical studies of the magnitude of these impacts in work and employment outcomes. Also, no comparison exists between the group of international migrant workers, the group of internal migrant workers, and workers without any migratory experience. In fact, studies of the impact of the pandemic on the situation of migrant workers tend to focus either only on international migrants or internal migrants.

Methodology

The objective of the paper is to improve the knowledge on the impact of the pandemic on migrant work in South America, through the examination of three country cases, Peru, Chile, and Paraguay, where the three research centres forming the consortium in charge of this chapter are based. In that sense, the methods do not include a country case selection procedure.

Since the impact of the pandemic has been characterised by time variability, the examination is based on the event study proposal used in Higa et al. (2022). This approach allowed us to evaluate the association between five specific sub-periods of the pandemic and the migrants' activity rate, occupancy rate, total hours worked per month, total monthly income in dollars, and total income per hour in Chile, Paraguay, and Peru. The analysis compares between internal migrant workers, international migrant workers, and the total populations in the respective countries.

Data

The study uses microdata of four official national household surveys covering the years 2019, 2020, and 2021. For Peru, the National Household Survey (in Spanish, Encuesta Nacional de Hogares [ENAH0]) was used (Vásquez et al., 2023). For Chile, the National Socioeconomic Characterization Survey (Encuesta de Caracterización Socioeconómica Nacional [CASEN], in Spanish) along with the National Employment Survey (Encuesta Nacional de Empleo [ENE], in Spanish) were used (Ropert et al., 2023). For Paraguay, the Permanent Household Survey (Encuesta Permanente de Hogares [EPH], in Spanish) was used (Aquino et al., 2023). These surveys are well-known national instruments used by governments and other stakeholders to guide public policy in each country.

Comparative limitations regarding sources of data

In the case of Peru, the incorporation of questions directed at identifying international migrants within ENAHO occurred only in 2018 (Vásquez et al., 2023). In the case of Paraguay, the questions necessary to identify migration were taken from the 2016 EPH. In contrast, CASEN has provided information on internal and international migration since 2006; this type of data is also collected by the ENE (Aquino et al., 2023). Moreover, each one of the three household surveys used different approximations or questions to measure the migration processes, both internal and international.

Each one of the surveys used a different scheme for collecting information on variables related to work and employment. In the case of Paraguay, the household survey only collected information during the last quarter of the year. In a similar vein, the Chilean household survey collected information on work and employment, income, and hours of work, covering only the last quarter of each year (Ropert et al., 2023). In contrast, the household survey in Peru collected information each month on those variables.

In addition, the nature of the pandemic imposed an additional challenge on the survey schemes in each country, particularly in the Peruvian case; the ENAHO during the first five months following the pandemic was conducted using a shorter version of the usual questionnaire, which excluded the questions necessary to identify immigration status. This must be considered when interpreting the results of the survey (Vásquez et al., 2023). Only in September 2020 the information was collected with the complete questionnaire. By that time, the economy had partially reopened, allowing for greater labour mobility. Due to this, it is not possible to have information on migrants in Peru for the initial months of the pandemic. These limitations must be taken into consideration while interpreting the results: the surveys do not contain data on work and employment for the first months of the pandemic.

Another difference to mention is that the Peruvian and Chilean household surveys were conducted nationwide (Vásquez et al., 2023; Ropert et al., 2023). In the case of Paraguay, the EPH collected data only for the representative departments of the country, with a coverage of 74% of the total population. Again, the characteristics of each one of the household surveys should be considered by the readers, since it is not possible to exactly replicate the creation of the same categories because each national household survey imposes what can and cannot be done. Accordingly, the methodological decision was to take advantage of what each data source offered, even if this meant not having a strict homogenisation of the descriptive analysis, because it is better to expand this type of analysis for one country case, rather than dispense of that possibility for the sake of homogenisation.

Definitions

In addition to the classification of migrants as internal or international, two specific questions are used to further classify types of migrants. The first question queries the mother's place of residence when the respondent was born (this question approximates *lifetime migration*); and, the second query is about where the person lived five years ago (this question approximates *recent migration*). According to that, the basic definitions in use in this chapter are four:

- **Lifetime internal migrant:** Born in other regions of the same country other than the one of residence at the time of the survey.
- **Lifetime international migrant:** Born in other countries and living in the country of residence five years ago at the time of the survey. All international migrants born in different countries are considered.
- **Recent internal migrant:** Those who five years ago lived in another region than their residence at the time of the survey.
- **Recent international migrant:** Born in other countries and who five years ago also lived outside the country of residence at the time of the survey. All international migrants born in different countries are considered.

Given the focus of the study, it is necessary to establish comparable definitions of the main labour variables in the surveys of each country. In the case of Paraguay and Chile, the minimum age to collect work and employment information coincides with the minimum age to enter the population of working age (Spanish abbreviation PET – “Población en Edad de Trabajar” [Working Age Population]); in these cases, 15 years of age. In Peru, the minimum age to enter the PET is age 14.

On this sub-population of the total sample, two indicators of employment status are constructed⁵. First, the condition of being active in the working-age population. This indicator identifies a person who is over the minimum age and is actively working or looking for work in the market. In contrast, those who are inactive in the labour market are those people who are over the minimum age and are not actively looking for or stopped looking for a job.

Second, an indicator of being employed in the labour market is constructed. This indicator takes into account only those people who are over the minimum age and are employed out of the total number of people who are employed or who are actively looking for a job—the economically active population (PEA, in Spanish). In the first case, the indicator will be called the activity rate; in the second, the occupancy rate.

Three additional measures are also constructed for the respondents who are employed, that is, those who have a job: the total hours worked per month, the total monthly income in dollars, and the total income per hour. The latter two measurements are taken in constant values of each currency converted to US dollars. In the case of Paraguay, only income information is available, so the indicators of hours of work and income per hour are omitted.

⁵ These indicators and the additional measures defined below, are commonly used to examine the impact of economic crises (such as the one caused by the pandemic) on work and employment.

Model and empirical specifications for each country

Given the relevance of the temporality of the effects of the pandemic, the event study proposal used in Higa et al. (2022) is adapted. For this, the following specification is proposed:

$$y_i = \sum_{q=1}^P \beta_q D_i^q + \delta M_i + \gamma X_i + \epsilon_i \quad (1)$$

Where D_i^q takes the value of 1 if the observation is found in the period q . The extension P of specific periods depend on the availability of data for each country.

For Peru, six categories of time were created:

- Base category, from January 2018 to March 2020
- First period, from September 2020 to November 2020
- Second period, from December 2020 to February 2021
- Third period, from March 2021 to May 2021
- Fourth period, from June 2021 to August 2021
- Fifth period, from September 2021 to December 2021

Given that we seek to measure the change in the association of time with the labour indicators, the pre-pandemic period is taken as the base category. Thus, the coefficients of the *period dummies* identify the general worsening or improvement of an average person during the specific period concerning the pre-pandemic period.

In the case of Chile, two sets of period dummies were constructed. For the indicators of employment within the PEA and being active within the PET, data is available from 2019M1 (January 2019) to 2021M12 (December 2021); eight categories of time were created:

- Base category, from January 2019 to March 2020
- First period, from April 2020 to June 2020
- Second period, from July 2020 to September 2020
- Third period, from October 2020 to December 2020
- Fourth period, from January 2021 to March 2021
- Fifth period, from April 2021 to June 2021
- Sixth period, from July 2021 to September 2021
- Seventh period, from October 2021 to December 2021

In the case of the variables of total income, hours of work, and income per hour, information is only available for the last quarters of 2020 and 2021, so the base category in those cases is the fourth quarter of 2020.

In the case of Paraguay, the period dummies are defined for the last quarters of 2019, 2020, and 2021. Therefore, there are only two categories of time:

- Base category, from October 2019 to December 2019
- First period, from October 2020 to December 2020
- Second period, from October 2021 to December 2021

Additionally, there are some differences between the categories of migrants in each country. In the case of Peru as explained earlier, only recent internal migrants and international lifelong migrants are considered; while for Chile and Paraguay there are four categories:

- Recent internal migrants
- Lifetime internal migrants
- Recent international migrants
- Lifetime international migrants

Finally, a vector of control variables is added that contains occupational category, age, years of education, living in a rural area, if they have informal employment, age, sex, and a set of fixed effects at the level of the residence department.

Additionally, equation (1) is extended to identify heterogeneities in each period concerning each migrant condition. The coefficient ρ_q in equation (2) indicates the presence of some association between the period q and the result variable differentiated by the specific condition of the migrant M_i . The insignificance of this coefficient would give some evidence that during the period in question both the migrants M_i and the non-migrants had similar results. It should be defined that the significance (or not) of this coefficient does not limit that the migration condition itself is associated with a different magnitude by the result variable. For this, the coefficient δ is analysed in each case.

$$y_i = \sum_{q=1}^5 \beta_q D_i^q + \sum_{q=1}^5 \rho_q (D^q \times M)_i + \gamma X_i + \delta M_i + \epsilon_i \quad (2)$$

Findings

Descriptive analysis

Chile

Table 4.1 shows the occupation (or employment) and unemployment rates for internal and international migrants in Chile. As we see, Chile has a much lower occupation rate for internal migrant workers than for international migrant workers, with an average difference of 14.6 percentage points for the year 2020 and 19.3 percentage points for the year 2021 (Vásquez et al., 2023). However, unemployment rates for the group of internal migrants are lower than for international migrants in the same period. This difference in percentages could be related to the fact that international migrants worked more than internal migrants, but they were more heavily impacted during the pandemic period affecting their unemployment rate (Vásquez et al., 2023). We follow this hypothesis as we observe that international migrants tend to work more hours than internal migrants, while receiving significantly lower pay (USD 482 in 2021 for international migrants, versus USD 523 for internal migrants). On the other hand, informality rates for migrants are on average around 28% during the studied period, as the international migrant group exhibits a rate of between 28% and 33%, while internal migrants

remain at an informality rate around 24% and 26% percentage points. These data show a considerable precariousness of both the international and internal migrant population in the Chilean labour market.

Table 4.1. Labour indicators of migrants in Chile, by types of migrants, 2019–2021

Migrants	Occupation (or employment) rate			Unemployment rate			Informality rate		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Internal		51.0%	52.1%		5.1%	4.4%		24%	26%
International	74.5%	65.6%	71.4%	5.7%	8.5%	6.0%	33%	29%	28%
Migrants	Average monthly income (USD)			Average hourly income (USD)			Average weekly hours worked		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Internal		446.34	522.53		2.73	3.21		40.8	40.7
International	359.22	366.07	481.67	2.07	2.13	2.78	43.3	42.9	43.3

Note. Adapted from CASEN by the Ministry of Social Development and Family (2020) and from 2019–2021 ENE by INEI (2022).

Regarding weekly hours worked, Chile exhibited around 41 hours for internal migrants and 43 hours for international migrants, while in Paraguay internal migrants worked about 45 hours per week and international migrants about 43 hours, and in Peru up to 55 hours and in some groups more than 60 hours (Ropert et al., 2023; Aquino et al., 2023; Vásquez et al., 2023). Indeed, for the period 2020–2021, Chilean internal migrants worked around two hours less than internal migrants in Paraguay, and approximately 12 hours less than Peruvian internal migrants. This gap is reduced among international migrants in Chile and Paraguay but increased among the same group in Chile and Peru, rising to around 15 hours.

Regarding the informality rate, there is a large gap between migrants residing in Chile and migrants residing in Paraguay and Peru, with Chile showing lower levels of informality in relation to the proportion of formal workers, which is still much higher than the proportion of informal workers (Ropert et al., 2023; Aquino et al., 2023; Vásquez et al., 2023).

In that sense, the case of Chile shows inequalities arising in the specific group of international migrants, who seem to work longer hours, have higher employment rates, and yet receive lower wages and being more affected by unemployment during and after the pandemic (Vásquez et al., 2023). Although informality is low in comparison with the other two countries, around a quarter of migrants—international and internal—remain in informality. It needs to be considered that usually the statistics on this subject tend to underestimate the levels of informality due to the number of people who do not report their situation—which is exacerbated in cases of international migration through irregular entry and no documentation.

Paraguay

In 2021, 1,261,546 people were migrants in Paraguay⁶, of which 65.75% were lifetime internal migrants, 13.52% were recent internal migrants, 12.92% were lifetime international migrants, and 7.82% were recent international migrants (Aquino et al., 2023). Therefore, nearly 80% of migrants were internal migrants in Paraguay.

Among the types of migrants of working age, on average 74% were in the active population (labour force), the rest correspond to the inactive population. The highest rate of the active population was in the category of recent internal migrants (81%), and the lowest rate in the category of recent international migrants (65%) (Aquino et al., 2023). It is important to highlight that proportions were similar in each year of the studied period. Thus, in terms of the descriptive analysis, there was no significant difference in labour force rates due to the COVID-19 pandemic.

Occupation rates had similar behaviour to labour force rates; proportions were similar in each year of the studied period, and there was no significant difference in rates due to the COVID-19 pandemic. On average, 69% of migrants were employed in 2021, with the highest rate in the category of lifetime international migrants (73%), and the lowest rate in the category of recent international migrants (65%) (see Table 4.2).

Although occupation rates are high, it is important to look at the informality rates, which are also high. In 2021, around 62% of occupied migrants were working in an informal condition; recent international migrants presented the highest rate (69%), while lifetime international migrants had the lowest informality rate (56%). High labour informality rates should be considered as challenges to overcome; however, the mentioned situation is not just for the migrant population, but for the Paraguayan labour market in general.

Regarding unemployment, recent migrants presented the highest rates in 2021, both internal (10.21%) and international (9.98%). As with the labour force and the occupation rates, there was no significant difference in unemployment rates due to the COVID-19 pandemic.

For occupied migrants, it is observed that the average monthly income from 2019 to 2021 decreased for internal migrants but increased for international migrants. The average weekly hours worked by migrants had the same pattern as the average monthly income when comparing years 2019 and 2021.

Conversely, recent international migrants had the lowest average income (USD 192.9; PPP 502.3), even when this type of migrant presented the highest average weekly hours worked in 2021 (49.8 hours per week). Thus, recent international migrants also had the lowest average hourly income (USD 1.0; PPP 2.5). Lastly, among all categories, lifetime international migrants kept the tendency of receiving the highest average monthly income during the period 2019–2021.

⁶ Among the representative departments of the EPH are San Pedro, Caaguazú, Caazapá, Itapúa, Alto Paraná, Central, and the national capital Asunción. These represent 74% of the country's total population.

Table 4.2. Labour indicators of migrants in Paraguay, by types of migrants, 2019–2021

Migrants	Occupation rate			Unemployment rate			Informality rate			Average weekly hours worked		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Internal - recent	66.31%	68.20%	72.97%	8.75%	7.89%	10.21%	62.07%	57.71%	60.96%	45.1	43.0	44.0
Internal - lifetime	70.82%	69.70%	70.03%	5.19%	6.69%	5.59%	61.01%	63.84%	64.25%	43.0	41.7	42.4
International - recent	59.85%	58.56%	58.19%	11.02%	8.92%	9.98%	77.45%	75.17%	69.14%	43.0	44.6	49.8
International - lifetime	69.11%	68.56%	73.49%	2.21%	3.67%	4.03%	63.50%	56.98%	55.56%	43.6	44.1	44.7
Migrants	Average monthly income (USD)			Average hourly income (USD)			Average monthly income (PPP)			Average hourly income (PPP)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Internal - recent	271.4	246.9	263.9	1.5	1.4	1.5	685.0	664.4	687.2	3.8	3.9	3.9
Internal - lifetime	310.0	221.4	244.8	1.8	1.3	1.4	782.5	595.8	637.5	4.5	3.6	3.8
International - recent	178.2	189.8	192.9	1.0	1.1	1.0	449.8	510.6	502.3	2.6	2.9	2.5
International - lifetime	454.8	360.9	515.4	2.6	2.0	2.9	1,147.9	971.2	1,342.0	6.6	5.5	7.5

Note. Adapted from EPH 2019–2021 by INE (2022).

Peru

In Peru, the majority of migrants are internal migrants (89% in 2021). Among the different types of migrants of working age, on average 75% were in the active population (Vásquez et al., 2023). In the terms of the descriptive analysis, there was no significant difference in labour force rates due to the COVID-19 pandemic because proportions of the active population were similar in each year of the studied period.

Occupation rates had similar behaviour to labour force rates; proportions were similar in each year of the studied period, and there was no significant difference in rates due to the COVID-19 pandemic. On average, 69% of migrants were employed in 2021, with the highest rate in the category of recent internal migrants (70%), and the lowest rate in the category of lifetime internal migrants (67%) (see Table 4.3).

Although occupation rates were high, informality rates were also high. In 2021, around 77% of occupied migrants were working in an informal condition; international migrants presented the highest rate (81%), while lifetime internal migrants had the lowest informality rate (71%). Regarding unemployment, international migrants presented the highest rates in 2021 (7.2%). As in the case of the labour force and the occupation rates, there was no significant difference in unemployment rates due to the COVID-19 pandemic.

The average monthly income of all occupied migrants decreased from 2019 to 2020 and in 2021 still did not return to its pre-pandemic level. Only lifetime internal migrants showed a small recovery in 2021. The average weekly hours worked by migrants also decreased for all migrants in 2020. Among all, international migrants kept the tendency of receiving the highest average monthly income during the 2019–2021 period, which is understandable considering that they worked more hours per week.

Table 4.3. Labour indicators of migrants in Peru, by types of migrants, 2019–2021

Migrants	Occupation rate			Unemployment rate			Informality rate			Average weekly hours worked		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Internal - recent	65.36%	64.85%	70.01%	5.53%	5.90%	5.75%	69.68%	73.85%	79.64%	55.9	55.2	52.3
Internal - lifetime	70.89%	65.08%	67.10%	3.38%	5.96%	5.82%	68.81%	69.53%	70.72%	58.1	56.1	53.5
International	71.51%	74.19%	68.73%	6.60%	5.07%	7.21%	80.52%	78.22%	81.42%	62.2	59.9	60.8
Migrants	Average monthly income (USD)			Average hourly income (USD)			Average monthly income (PPP)			Average hourly income (PPP)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Internal - recent	416.7	362.4	368.3	2.7	2.3	2.1	795.1	685.8	696.3	5.2	4.4	4.1
Internal - lifetime	431.8	379.3	375.1	2.6	2.5	2.5	823.9	717.9	709.1	5.0	4.6	4.7
International	528.2	472.6	447.3	2.8	2.2	2.4	1,007.8	894.4	845.6	5.3	4.2	4.5

Note. Adapted from the ENAHO by INEI (2018–2021).

Regression analysis

Chile

The results of the estimations of equation (1) are obtained for the four categories of migrants. In all these cases, a negative association is found between the state of the labour market in each period and the probability of being occupied. This association indicates an increase in the probability of being not occupied at around 1.5% for the last three quarters of 2020, compared to the rest of the population and the pre-pandemic period. For 2021, that coefficient decreases until the end of the year, when it manages to be less than 1%, while remaining significant.

We also observe a greater probability of quitting the labour force (not being active within the working-age population) compared to the rest of the population and the pre-pandemic period. Unlike the change in the probability of being occupied, the decrease in the probability of being active in the labour market remains until the end of 2021, and even increases during some periods above 10%. In other words,

7 These are found in Appendix 1-Tables 1–8, and 4 respectively.

since the start of the pandemic and until December 2021, there were incentives to leave the labour market despite the fact that, in general, there was a higher level of employment (occupation) (Ropert et al., 2023). This may be the result of the labour safety net that exists in the country based on unemployment insurance and of readjustments in the allocation of labour that the households offer in the market. Also, given the increased risk of contagion, the population most averse to contagion might have momentarily left the labour market while another member of their households supplied the needs.

The general results for the variables of income and working hours use the last quarter of 2021 as the base category. During this period the regional economies were already more open than during the first quarters of 2020, so the coefficient only reflects the economic improvement between the end of 2020 and the end of 2021. Accordingly, there is evidence of a relative improvement in income per hour compared to the rest of the population and the pre-pandemic period, assuming that the number of work hours remained constant, on average, with respect to the previous year.

Given a labour market with a smaller active population, it is expected that the return to labour will increase. This is interesting when contrasting the estimated coefficients for each type of migration. The condition of being a recent migrant, whether internal or international, is associated with a greater probability of being unemployed, while those who are lifetime migrants are in a better position to be employed. Additionally, lifetime international migrants were relatively better off than everyone else. Column 2 of Table 4.4 indicates the changes in the probabilities of being active in the labour market: all except lifetime internal migrants had a higher probability of being active within the working-age population. Additionally, lifetime international migrants double and quadruple the increases in probability of recent international migrants and recent internal migrants, respectively. The relative better situation of lifetime international migrants might be explained by the fact that Chile has received international South to South intra-regional migrants (from Bolivia, Peru, Colombia, Haiti) since the beginning of the 2000s in particular⁸. Those migrants had already attained some level of socio-economic stability and institutional integration, therefore being able to use more resources to face crises, compared to recent migrants such as those arriving from Venezuela. At the same time, lifetime migrants still needed to actively work to submit remittances to countries of origin and to provide for their families in Chile.

The results presented in Table 4 indicate differentiated tendencies by types of migrants. Both types of international migrants faced a precarious scenario in terms of their income per hour. In particular, recent international migrants earned 14% less income per hour than the rest of the population, while lifetime international migrants only earned less than 4%. The worsening of working conditions is explained by an expansion of working hours that goes hand in hand with a drop in income in the case of recent international migrants. In those terms, a source of extended differentiation and inequality was created between migrant worker groups in Chile along with the worsening of labour conditions.

8 The population of refugees and migrants from Venezuela arrived to Chile mostly during 2018, therefore they should be considered as recent international migrants (see Box 1 and the Chile individual paper for more detail).

Table 4.4. Estimates for types of migrants, Chile

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)	ln(Monthly working hours)	ln(Total income per hour, USD)
Recent internal migrant	-0.00818*** (-4.10)	0.0142*** -4.92	0.0931* -2.3	-0.0276 (-1.12)	0.0349 -1.58
Lifetime internal migrant	0.00195+ (1.76)	-0.00318* (-2.47)	0.0956*** (5.12)	-0.0212+ (-1.95)	0.0358*** (3.55)
Recent international migrant	-0.00310+ (-1.87)	0.0214*** (5.77)	-0.108** (-2.76)	0.137*** (6.63)	-0.142*** (-7.98)
Lifetime international migrant	0.0143*** (4.62)	0.0417*** (9.25)	-0.0343 (-0.70)	0.0520* (2.45)	-0.0467* (-2.52)

Note. t-statistics in parentheses. Coefficients extracted from the tables 1, 2, 3, and 4 in Appendix 1.

Given the evidence that there is an increase in the probability of entering the labour market by international migrants, there is also the possibility that this increase in the labour force may be associated with a worsening of labour outcomes for all. In other words, if the labour supply increases in a group as particular as international migrants and this supply is associated with a set of jobs with low wages, then the greater competition translates into a decrease in a worker's wages.

In contrast, internal migrants represent other labour dynamics, probably characterised by a higher educational level or by the possibility of accessing positions that only natives usually access (such as public jobs). So, an increase in the labour force, as in the case of the recent internal migrant, does not directly translate into the worsening of income. Even a decrease in the activity with the working age, as is the case of lifetime internal migrants, can go hand in hand with an increase in hourly income.

The results of the estimations of equation (2) show that as in the case of Peru, the results do not show consistent differences throughout the periods of analysis regarding the condition of being a migrant (See Appendix 1-Tables 5-8). There is only a significant result during some periods, but then it disappears the rest of the time, so they may not represent relevant differences.

Paraguay

In the case of Paraguay, there is data only for the last quarters of the years 2019–2021. This implies that the estimated coefficients for the periods September–December 2020 and September–December 2021 reflect the process of economic reopening of the country, after lockdowns were relaxed by authorities. Due to this, it is not surprising

that the estimates of Tables 9-12 in Appendix 1 for each type of migrant category do not show any drastic changes in the indicators. There is a significant increase in the probability of being active in the labour market during the last quarter of 2020, but it is quite small, around 0.05%. In contrast, the same period is associated with a drop of about 8% in total monthly income in each one of the migrant groups. For the following period, the indicators are statistically equal to their pre-pandemic values.

The coefficients associated with each type of migrant group are grouped in Table 4.5. These results contrast with those obtained in Chile and Peru. Unlike those countries, in Paraguay both internal and international migrants tend to be equal to or relatively better off than the rest, particularly when measuring changes in total real income. It stands out that among migrant workers, international migrants are far behind the rest, obtaining almost 44% more income than their counterparts. Internal migrants only manage to have around 10%-18% more income depending on whether it was a recent or lifetime migrant. This represents quite an interesting dynamic considering that the history of migration in Paraguay is not characterised by experiencing massive migrations that increase the labour force in its lowest-income section (for more details, see Aquino et al., 2023).

Table 4.5. Estimates for types of migrants, Paraguay

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)
Recent internal migrant	-0.00115** (-3.14)	0.0105 (1.32)	0.103** (2.83)
Migrante Nacional de Toda la Vida	0.000641 (0.66)	0.00687* (2.14)	0.0895*** (5.29)
Migrante Ext. Reciente	0.00102 (0.45)	0.000278 (0.03)	-0.0694 (-1.22)
Lifetime international migrant	-0.000759* (-2.28)	-0.0188*** (-4.03)	0.446*** (9.61)

Note. t-statistics in parentheses. Coefficients extracted from the tables V9, V10, V11, and V12.

Finally, the results of the estimations of equation (2) for Paraguay follow the same line as in Chile. There seems to be no significant differences between each period of analysis and the outcome variables when considering the type of migrant group. This is why the results of Tables 13-16 in Appendix 1 do not present significant coefficients for the interactions.



Regarding the informality rate, there is a large gap between migrants residing in Chile and migrants residing in Paraguay and Peru, with Chile showing lower levels of informality.

Peru

Based on the available data, equation (1) is estimated for the two types of migrants analysed in Peru: recent internal migrants and international migrants. Tables 17 and 18 in Appendix 1 show the estimated coefficients for each period, indicating the association between the change in the outcome variable and the specific period for a person after controlling for characteristics within the vector X_i as well as for migrant status.

In the absence of data for the first five months of the pandemic, the estimated coefficients represent attenuated associations between the variables, so they can be taken as minimum impacts (underestimated values). For example, if a decrease in the probability of being occupied is found, then the interpretation should be that this relationship might have been greater during the most severe months of the pandemic.

Both Tables 17 and 18 in Appendix 1 indicate that there is no significant association between the periods observed and the probability of being occupied in the labour market, with the exception of the periods of March 2021 to May 2021 (2021M3-2021M5) and the period from June 2021 to August 2021 (2021M6-2021M8). Although in the latter case, the coefficient is significant only at 10%.

Although this result may be counterintuitive, by expecting unemployment to increase during the pandemic, it is possible to understand these results by considering two events. First, in September 2020 (2020M9) in Peru, there was already a process of greater economic reopening after facing several months of social isolation. Therefore, the labour market was already beginning to respond with a greater demand for workers, causing the employment rate to increase, although not reaching pre-pandemic levels.

The second event to better interpret these results focuses on the role of the population that returned to the labour market during those months. This was characterised by actively seeking a job again, also in response to the opening process. During normal periods, the rate of active population in the labour market remains relatively constant, as can be calculated using the national household survey. As evidenced by column 2 of Tables 17 and 18 in Appendix 1, during all periods (with the exception of the last quarter of 2021) there is a fairly low but significant increase in the probability of being active.

In terms of labour variables, the results indicate a process of increase in the precariousness of work and with it, of inequality. The results in the third column in both tables indicate a substantial decrease in labour income. Since the logarithm of the total monthly income in constant dollars is considered, the estimated coefficients are interpreted as percentage changes. In this way, during the first three periods with observed data, the decrease in income was around 10% with respect to the pre-pandemic period; while towards the end of 2021 there is a decrease in the magnitude of the coefficient associated with an income of around 6–9%.

This worsening labour income for Peru is corresponding with a stagnation in the number of hours of employment. Column 4 of both tables indicate that in Peru there was a statistically significant decrease in the number of working hours only during 2020M12-2021M2. Both changes are visible in the estimated coefficient for hourly income. During all the periods of analysis, the hourly income in real terms decreased 7–10%, particularly due to a decrease in income and the stability of the number of working hours. Table 6 displays the main results from Tables 17 and 18 in Appendix 1.

Table 4.6. Estimates for types of migrants, Peru

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)	ln(Monthly working hours)	ln(Total income per hour, USD)
Recent internal migrant	-0.00133 (-0.86)	0.00835*** (3.57)	0.0914*** (6.91)	0.0435*** (4.73)	0.0551*** (4.13)
International migrant	0.00481*** (4.00)	-0.000275 (-0.07)	0.0868** (2.74)	0.180*** (7.97)	-0.0998** (-3.06)

Note. t-statistics in parentheses. Coefficients extracted from Tables 17 and 18 in Appendix 1.

For internal migrant workers in Peru, the results of Table 19 in Appendix 1 indicate that, unlike the trend in the labour market, this group managed to obtain a relatively higher real income than the rest, as well as managed to generate a greater number of working hours. As a result, their hourly income increased by around 5% compared to the rest. In contrast, the international migrant workers in Peru experienced a different situation. Despite the fact that their income increased by around 8%, the number of hours dedicated to work also increased by 19%; thereby, the hourly income was 9% less than the rest of the population.

This case represents a clear worsening of working conditions caused by an increase in working hours and the expansion of inequality in work, as well as employment outcomes between internal and international migrant workers and between international migrants and the rest of the population in Peru. The less fortunate labour conditions of international migrant workers in the country and also in Chile and Paraguay is explained by the fact that for the most part they are recent migrants. As explained earlier, Peru, like Colombia, Ecuador, and Chile, form the main corridor used by refugees and migrants emigrating from Venezuela since 2016. This situation rapidly transformed Peru's usual role as a "country of emigration" into a country receiving a large immigration flow.

The estimation of equation (2) seeks to answer the question of whether there are differences between the migration category (international or internal) in the association between each period of the pandemic and the different outcome variables. The coefficients of the interactions reported in Tables 19 and 20 in Appendix 1 indicate whether

during each period of the pandemic each type of migrant faced a particularly different scenario from the rest. The results do not seem to indicate differences by immigration status. In other words, the pandemic had an effect on the entire population. This is understandable as economic and health restrictions were introduced for the entire population throughout the country. Only during some periods is there a significant difference for international migrants, as shown in Table 20-Appendix 1. For the first three periods within the regression there is a slight increase in the probability of being employed within the EAP, less than 1%. While for the period 2021M3-2021M5 there is an additional decrease in the income per hour for international migrants that later dissipates in the rest of the periods. After taking these interactions into account, the hourly income of recent internal migrants remains above 5%, while among international migrants there is a drop of 8%.

The impact of Venezuelan migration is of critical importance to understand the changes in the labour markets of Chile, Paraguay, and Peru before and after the pandemic. To better explain the labour conditions of this immigrant group we add a specific description (see Box 4.1).

Box 4.1. Recent data on Venezuelan migrant workers for the three country case studies

Peru

The National Household Survey (ENAHO) enables the comparison between the characteristics of the non-migrant national Peruvian population and the other two groups of comparison in this chapter, i.e. internal migrant workers and the international migrant workers. Despite this, because the survey is not designed to capture the characteristics of populations as specific as the population of international migrants, the survey does not allow delving into particular subgroups within international migrants (i.e. refugees/immigrants from Venezuela) (Vásquez et al., 2023). This limitation regarding the depth of analysis can be compensated with the use of another source, the Second Survey Directed to the Venezuelan Population Residing in the Country by National Institute of Statistics and Informatics (in Spanish, Instituto Nacional de Estadística e Informática [INEI]) of the year 2022. This survey allows the exploration of additional features at the cost of not having a national comparison group. This survey was collected in February and March 2022, so it does not include information for the period immediately prior to the pandemic⁹.

Considering these restrictions, three labour characteristics are evaluated in correspondence with the focus of the study: the employment rate, total labour income, and the total number of hours worked for the population aged 14 and older. Table 4.7 shows that the employment rate among Venezuelan migrants in Peru is around 98.4%—it is slightly higher among men (98.8%) compared to women (98.7%). This rate is high compared to the rate for the average Peruvian population 94.3% (rate calculated with the ENAHO survey), something that might be due to the high level of labour informality in Peru (69.5%), which allows people to create their own jobs at the cost of not having social protection. Also, this high level of employment

⁹ The First Survey Directed to the Venezuelan Population Residing in the country was conducted at the end of 2017 and therefore is not reflective of the situation immediately before the pandemic.

is maintained even when migrants are differentiated according to the type of immigration permit they hold: even those who do not have any type of immigration permit have a high occupancy rate of 97.7%.

Table 4.7 Employment rate among Venezuelan migrants (14 and older)

		Occupancy rate	
		Mean	Standard deviation
Total		98.4%	0.002
By sex	Female	97.8%	0.004
	Male	98.8%	0.003
By type of migration permit	Temporary Permanency Permit (Permiso Temporal de Permanencia -PPT)	98.4%	0.004
	Immigration card (Carné de extranjería)	98.7%	0.003
	Other	98.9%	0.007
	None	97.7%	0.005

Note. Adapted from *II Encuesta dirigida a la Población Venezolana* [II Survey directed at the Venezuelan Population] by the INEI (2022). Sample of Venezuelan migrants in Peru. The expansion factor is used to estimate the statistics.

According to the survey, the average labour income for 2022 among Venezuelan migrants was equal to PEN 1,369 per month (approximately USD 362 using the exchange rate of that period). That amount was similar to the national average labour income for 2021 of 1,327 PEN per month (USD 351 approx.). Therefore, in terms of income there is a certain similarity between Venezuelan migrants and the country average. Gender-based income gaps were observed: male Venezuelan migrants earned around PEN 429 (USD 113) more per month than women. This represented a larger gap than the one found at the national level, of PEN 383 (USD 101). When the type of migration permit is considered, those with an immigration card had a higher income than others. This could be related to having a better chance to access higher-income jobs. In other words, the lack of this type of document usually led migrants to seek low-income or low-productivity jobs.

These differences are also reflected in the total number of hours worked per week. Venezuelan migrant men work almost nine hours more than women. This represents one additional full work day—nearly four hours longer than the national average. As in the case of income, migrants with some type of immigration permit worked more than the rest, although the difference is small.

Table 4.8. Total labour income among Venezuelan migrants (14 and older)

		Occupancy rate	
		Mean	Standard deviation
Total		1369.5	52.3
By sex	Female	1127.6	44.1
	Male	1556.6	86.0
By type of migration permit	Temporary Permanency Permit (Permiso Temporal de Permanencia -PPT)	1228.2	31.7
	Immigration card (Carné de extranjería)	1439.3	45.3
	Other	1275.2	72.6
	None	1381.5	173.0

Note. Adapted from II Encuesta dirigida a la Población Venezolana [II Survey directed at the Venezuelan Population] by the INEI (2022). Sample of Venezuelan migrants in Peru. The expansion factor is used to estimate the statistics.

Table 4.9. Total hours of work per week among Venezuelan migrants (14 and older)

		Occupancy rate	
		Mean	Standard deviation
Total		53.5	0.3
By sex	Female	48.5	0.5
	Male	57.4	0.4
By type of migration permit	Temporary Permanency Permit (Permiso Temporal de Permanencia -PPT)	53.4	0.7
	Immigration card (Carné de extranjería)	54.1	0.5
	Other	50.5	1.4
	None	53.2	0.7

Note. Adapted from II Encuesta dirigida a la Población Venezolana [II Survey directed at the Venezuelan Population] by the INEI (2022). Sample of Venezuelan migrants in Peru. The expansion factor is used to estimate the statistics.

The composition of the population of Venezuelan migrants in Peru (14 and older) according to the type of immigration permit they hold gives an idea of the proportions of international migrant workers subject to the restrictions mentioned before. Despite the fact that more than 42% of migrants have some type of immigration card or *carne de extranjería* (various types), the rest of the population holds "less favourable" (temporary) types of immigration permits, and more than 31% do not have any type of permit. This can be seen as a barrier to the labour inclusion of an important group of migrants, but it does not result in a lack of access to employment, but rather a precarious access to employment.

Chile

The National Migration Survey 2022 of Chile reports that, considering the period 2016–2020, most Venezuelan migrants arrived in Chile in 2018. The results of the survey also point to the high dependence on migrants of family members in the country of origin who depend on remittances—in the case of Venezuelan migrants, this represents 7 out of 10 migrants. The survey shows that 68% of Venezuelans in Chile continued to send remittances before and after the pandemic (Ropert et al., 2023).

Venezuelan migrants have a higher level of education compared to migrants of other nationalities, with 65% having completed higher education. The main professions among Venezuelan migrants are related to: engineering and technology (47.4%), social sciences (19.5%), and humanities (19.5%). However, only 46% of migrants with completed higher education are working in jobs in line with their profession, mainly due to barriers in Chile for the validation of their degree.

Regarding working hours, Venezuelans were the most affected group, as 37.4% reported having "bad experiences related to long working hours" compared to Venezuelans in Bolivia (36%), Colombia (34%), Haiti (32%), and Peru (28%).

Of the migrants who have suffered discrimination, 14% have experienced it at work. Venezuelans were the second group (14.7%), after Haitians (24%), to report that the first place they suffered acts of discrimination was at the workplace.

Regarding access to Emergency Family Income in the context of the COVID-19 pandemic, 73% of Venezuelan migrants received an emergency transfer, which is a high percentage, although lower than the national average (85%).

Paraguay

In Paraguay, Venezuelan migrants have increased over the last few years, from comprising only 1.2% of the total population of recent international migrants in 2019 to representing 6.5% of that population in 2021 (INE, 2019–2022). Considering the situation of Venezuelan migrants, a study presented by Chaves-González and Echeverría-Estrada (2020), which interviewed 440 Venezuelans in Paraguay, found that over 40% of Venezuelan migrants stated that they were still unable to work in Paraguay, but also a considerable number (also about 40%) stated that they had found work. When asked whether they worked in the formal or informal sector, the situation was around 50% for each sector (Aquino et al., 2023).

Conclusions and implications

Impacts

This chapter has focused on employment, number of hours of work, and labour income for internal and international migrants in Chile, Paraguay, and Peru during the COVID-19 crisis. Regarding employment, both internal and international migrant workers from the three countries experienced impacts on their level of employment and economic activity, especially during the period immediately following the establishment of measures aimed at containing the health crisis (notwithstanding the differences in data registration of each country). Partial recovery in activity and occupation levels followed quickly after the abandonment of generalised lockdown, although these did not reach pre-pandemic values in all cases. In that sense, lockdown policies implicated a sudden shock in economic indicators in an uncertain scenario, although it did not break the economic fabric of the three countries altogether.

Regarding income, after taking inflation into account, the total income for internal and international migrant workers in the three countries was affected by the start of the pandemic and in almost all cases did not recover to levels seen in the pre-pandemic period. Regarding number of hours of work and income per hour, internal migrant workers and international migrant workers showed different patterns in different countries, corresponding to the place that both types of migrants occupy in the social structure of the country. This in turn was affected as much by socio-economic status, the country of origin and ethnicity of migrant populations, as by the duration of the stay at the destination.

Thus, in countries of South America where a significant proportion of internal migrant workers have rural and indigenous origins and migrated to both cities and rural provinces, the impact on the number of hours of work was similar for both types of migrant workers; however, the income per hour was lower for internal migrant workers. This perhaps corresponds to the basically urban residence of international migrants. In other words, taking the place of residence into account, both internal and international migrants faced specific challenges regarding their income-earning strategies depending on different settings: a major metropolitan area (with higher salaries but more workload) compared to local cities and rural municipalities (with the opposite characteristics).

Considering the recommendations to design policies that allow the attainment of the SDGs by 2030, this study also portrays the importance of considering the particular itineraries of different cohorts of immigration. In that sense, both types of migrant workers with more recent immigration history were more vulnerable to the impacts of the pandemic and to the unintended consequences of policies aimed at mitigating the impact of the pandemic. Also, in the case of international migration, the countries in the region that received migration in the early 1990s and 2000s (notably Chile but also Paraguay) had specific institutional learnings to deal with the economic and social challenges related to a major influx of migrant

populations, thus offering different reception conditions (Vásquez et al. 2023; Aquino et al., 2023).

Effects of the pandemic and the policies implemented to combat it on inequality

Many themes for further research on inequality after the COVID-19 pandemic emerge. This section presents a discussion on the possible effects of the events described as part of the results, in exacerbating inequality.

These reflections are guided by the general understanding that precarious employment of migrant workers, before, during, and after the pandemic increased their vulnerability; at the same time—through this new level of vulnerability—this created new vulnerable groups. Inequality, in this sense, increased during the pandemic, via the intensification of vulnerability in some dimensions of work and employment for migrant workers and because the intensification subjected other age groups (children of migrants) to new or increased vulnerabilities.

In different South American countries, in the context of rapid transformations, it was not only the pandemic that created the observed dramatic scenarios that challenged the survival and livelihoods of migrant workers and their families. State policies implemented to protect the employment of their populations and their access to resources during the most severe months of the pandemic and during the recovery period actually magnified inequality (see background papers of Peru, Chile, and Paraguay). There are important unintended consequences to report, to balance the urgency to attain the SDGs with the need to guarantee no social group is left behind.

Lockdown and immobility policies diminished migrants' conditions to handle the crisis

Although adopted to limit the expansion of the disease, lockdown policies and the closing of internal and international borders in different countries of South America affected mobility and truncated the most basic strategy of migrant workers: changing location and/or residence to gain resources or avoid shocks or crises. Internal and international migrant workers in Peru, Chile, and Paraguay whose livelihoods depended on informal work (mostly realised in public spaces) or who lost their jobs because of the pandemic, found themselves not having the possibility to re-migrate to solve their crises created by the confinement policies (Vásquez et al., 2023). This limitation pressured them to accept harder conditions of work or force them to return to their places of origin (Boyd et al., 2021).

The closing and militarisation of international borders in many South American countries led to an increase in irregular paths of entrance. A vast group of vulnerable migrant workers spent their last and already scarce resources in the first few days of confinement and immobility (Vásquez et al., 2023; Ropert et al., 2023; Aquino et al., 2023). Refugees and migrants emigrating from Venezuela, travelling north to south to enter Colombia, Ecuador, Peru, and Chile arrived by foot

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Both internal and international migrant workers from the three countries experienced impacts on their level of employment and economic activity, especially in the period immediately after the establishment of the measures aimed at containing the health crisis.

and had no other choice than crossing borders using irregular paths of entrance. By forcing them to do so, states created an “informality circle” by which migrants who already arrived in vulnerable conditions were unable to obtain a regular migratory entrance, thus making all other activities in the territory also irregular (Ropert et al., 2023).

Informal activities also increased in this context because there was no option other than accepting informal jobs and looking for informal residential arrangements. In the case of Chile, migrants usually wandered or settled at localities in the northern regions of Chile, such as Colchane in the Tarapaca Region (Diario El Comercio Perú, 2021). In those localities, they searched for any job and usually accepted any type of work conditions. In this case, the effects on inequality would probably be observed between migrants who during the pandemic and the recovery period had a regular entrance and those who did not. On the other hand, not having an immigration permit impacted not only employment, income, and the number of working hours, but also access to social services and housing.

In addition, since travelling to southern Chile could be difficult without resources and regular entrance permits, a frequent strategy of international migrants was to stay in the northern regions of Chile (Ropert et al., 2023). This is a practice that, on an aggregated level, produced a concentration of refugees and migrant population in those regions. This phenomenon is also observed in the northern regions of Peru such as Tumbes, Piura, and La Libertad. That type of population concentration transformed the characteristics of the regional labour markets of those provinces and increased territorial inequality between the regions.

In Paraguay, international migrants mentioned that the regularisation process is extremely difficult (Aquino et al., 2023). According to them, it is very difficult to obtain a residence permit. This situation could institutionally lead to reinforcing the temporary nature of migration, something that generates social vulnerability, which in turn structures inequality between groups.

Work/employment and social protection policies

Among the work/employment policies, South American countries implemented remote work, and in countries like Peru, companies were authorised to apply what was called a “perfect suspension of work”. This policy allowed the suspension of the worker's obligation to provide services while suspending the obligation of the employer to pay the respective remuneration, without dissolving the employment relationship. There were also subsidies to the payroll of workers. Also, social protection measures in the face of the pandemic were in some countries inclusive of international migrant workers (Ropert et al., 2023; Aquino et al., 2023); in other countries, policies excluded them from this support (Vásquez et al., 2023).

Bonuses, or emergency cash transfers did not effectively reach everyone in Peru. Specifically, they did not adequately reach the informal self-employed workers, domestic workers, youth, and migrant workers. This determined that a vast proportion of internal and international migrant workers were outside of social

protection, due to their participation in the informal economy. In the case of internal migrant workers, economic migration usually causes interference in traditional state proceedings of registration, which are designed to keep records of static populations. Therefore, this limits the possibilities of reaching the persons who in order to obtain employment leave their locations of usual residence, on a temporary or permanent basis. In other words, registration systems were key to the management and distribution of emergency cash transfers: very mobile workers, at least in Peru, were often outside those systems (Vásquez et al., 2023). In Chile and Paraguay emergency cash transfers did reach internal and international migrants (Ropert et al., 2023; Aquino et al., 2023).

Both types of policies (work/employment and social protection policies), had unintended consequences. In short, they exposed migrant workers to accept harder work conditions. In turn, harder work conditions magnified inequality, creating cumulative disadvantage for migrant workers and the emergence of new vulnerable social and age groups.

In that sense, the elevated number of working hours (60 hours per week) among some types of migrant workers (Vásquez et al., 2023), intensified their vulnerability. A complete cohort or generation of migrant workers would develop more vulnerable health trajectories (O’Rand, 1996) caused by excess working hours during the pandemic and recovery years. In addition, a new vulnerable group is emerging through the channels of intergenerational transmission of inequality (Altintas et al., 2018; Ferrer & Mascella, 2022). A generation of children of migrant workers is growing up in the post-pandemic period with less parental attention and supervision. This type of dedication to work hinders the possibilities of assistance and dedication to children and young dependents in their households, which in turn can have impacts on children’s health, learning, well-being, and educational progress.

On the other hand, the observation that migrant workers, in particular recent international migrants, experienced an increase in the number of working hours for the same income, is an indication that the right to be paid for overtime work is compromised. This is a setback and a clear indicator of inequality since some types of workers obtain a pay for overtime hours, while migrant workers in Chile, Paraguay, and Peru do not. In fact, in Peru, a survey “Barometer Edenred Peru 2021: The labour situation one year after the pandemic” found that “73% of workers indicated that workload increased between one and five hours a day” and that “despite this, 84.5% of people indicated that they did not receive additional benefits” (Tello, 2021).

Primary abilities as coping mechanisms

Abilities are understood as a specific set of skills or competencies of certain individuals that were instrumental in helping them cope with the challenges brought by the pandemic. According to the conceptual framework resulting from the three regional studies developed during the second edition of the “State of the SDGs” initiative led by Southern Voice, digital skills, social capital/networks, agency¹¹, and accessibility¹² as primary abilities, have intermediated the impact of the pandemic, working as moderating factors.

11 Defined as the “ability to adapt, recover, and maintain well-being in the face of the unprecedented challenges brought forth by the crisis” (Southern Voice, 2022).

12 Defined as the “capacity of individuals to access programmes and services delivered by governments, philanthropies, or civil society organisations” (Southern Voice, 2022).

The cases examined as part of this study (Chile, Paraguay, and Peru), show that as in other countries of South America, these abilities are unevenly distributed. The degree of unequal distribution of these capacities is also evident within the population of internal and international migrant workers, who, depending on the duration of their stay at the destination country or location, according to their human capital and according to sex and age differences, could use or not, these types of skills as coping mechanisms during the pandemic.

The prevalent abilities moderating the impact of the pandemic among migrant workers were their membership to social networks and the corresponding social capital, their level of accessibility, and their capacity of agency. Some groups of migrant workers had a larger share of them. That mostly depended on the duration of the stay in the destination countries/localities. The longer the duration of the stay, the larger the social capital and level of accessibility. Regarding access to social networks at location, recent migrants such as the Venezuelan group of refugees and migrants, experienced higher impacts on income per hour compared to international migrants who were part of past immigration cohorts (Ropert et al., 2023 and Aquino et al., 2023). However, it does not mean that migrants who do not have dense social networks in the destination countries/localities do not have social capital or access to safety nets. They do, but those are mostly delocalised in places of origin or in other countries if relatives and friends are migrants to other countries. The background papers on Peru, Chile, and Paraguay show that recent international migrant workers—such as the Venezuelan group—obtained their support from relatives living in Venezuela in the form of remittances. The ones who did not receive remittances and had a job, either sent remittances back home or to family in other countries of South America, or spent all their savings.

On the other hand, the length of stay of migrant workers in their destinations also affected their level of accessibility; the longer the stay, the greater their knowledge and capacity of navigation of the administrative procedures and the formal channels of access to the government systems and programmes. In that sense—as in the case of social capital—recent migrant workers, both international and internal, faced a more severe impact during the pandemic.

Agency was probably the most equally-distributed capacity among migrants. In some ways, it is a capacity closely related to the migrant itinerary, which enables constant adaptation given that migration involves continuous learning, the transition through different contexts, and the creation of new strategies.

Policy recommendations

The nexus between migration and mobility on the one hand, and work and employment on the other, is not properly considered as part of national and sub-national policy making. Regional governments and municipalities must develop strategies to address this nexus, based on the knowledge of regional labour markets that include both non-migrant and migrant workers (internal and international).

An integrated approach composed of strategies to guarantee decent work, social protection, and adequate housing expansion for migrant workers must guide the design of national and sub-national policies. Special groups to protect include children of migrant workers, female migrant workers, and young migrant workers. These types or recommendations are not new, but following a global crisis, the creation of this type of integrated system of policies becomes even more critical.

Since new types of emergencies caused by food crises or climate change impacts are possible over the next few years, it is needed to design policies aimed to anticipate action plans for new cases of involuntary mobility and immobility, as well as their severe impact on work and employment following the most immediate impacts of emergencies. As part of action plans designed to anticipate those impacts, registration and localisation of migrants in the territory as well as digital means of communication to migrants is crucial. That type of localisation along with access to a universal bank account (financial inclusion) are channels that guarantee adequate provision of emergency cash transfers, food, and other resources. In the case of international migrants, in particular in the case of the most important displaced group in the region, efforts to provide and strengthen adequate regular stay in national territories must continue.

Different and renovated strategies to protect informal workers must be developed, which monitor adequate schedules and payments from employers of the informal sector. Health and pension systems (public and private) must be accessible to internal and international migrant workers, regardless of their status as formal or informal workers, under contributory and semi-contributory schemes.

Since gender plays a significant role in migrant employment—as evidenced by the female international migrants working as domestic helpers, nurses for children and the elderly (as most of South American countries gradually experience population ageing)—governments must offer and design programmes to formalise these job roles.

Achieving SDG 8 and SDG 10 also depends upon persevering and increasing state attention to rural areas and the peripheral expanses of urban centres of different sizes (small, medium, and large cities). This effort should involve not only promoting private investment, but primarily public investment. Achieving these SDGs also depends on the clear recognition that South-to-South migration merits different templates for social and labour policies than those designed for countries receiving South-to-North migration.

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5

Building primary capacities in the Global South for inclusive SDG acceleration

Sajid Amin Javed



The challenge of SDG acceleration in contexts of crisis

At the midpoint to the 2030 deadline, global progress on the Sustainable Development Goals (SDGs) is precarious, and indeed has been stagnating for the last two years (Persson & Bennich 2023; Sachs et al., 2022). The sluggish pace of progress can be attributed to a constellation of crises, including the lingering impact of COVID-19, climate change, Russia's invasion of Ukraine, and subsequent global disruptions including soaring commodity prices and inflation.

These crises have not only slowed global progress on the SDGs, but in some cases have also reversed it, for example in the case of subjective well-being, access to vaccination, poverty, and unemployment rates (International Institute for Sustainable Development [IISD], 2023; Sachs et al., 2023). Meanwhile, the pace of improvement has stagnated for SDG objectives related to hunger alleviation, sustainable food consumption, and overall health outcomes (IISD 2023; Sachs et al., 2023). According to the International Labour Organization (ILO), the global jobs gap¹ is projected to be 453 million in 2023, which is an increase of 33 million compared to 2019 (ILO, 2023; UN News, 2023). This gap disproportionately impacts women, who are 1.5 times more likely to be affected than men (ILO, 2023). Moreover, the pandemic has caused the global Gini index to rise by 0.7 points and has plunged an additional 90 million people into extreme poverty (Mahler et al., 2022).

Such setbacks on the SDGs have been particularly pronounced among low- and middle-income countries, and have prompted a critical re-evaluation of the current approach. In this way, there have been calls for transformative policies designed to speed up progress on the SDG agenda. Interest has now shifted towards innovative policy design, coherent implementation, and a renewed emphasis on urgency for accelerating progress, as highlighted by Persson and Bennich (2023). However, such a strategy is not without risk. Rapid policy acceleration may lead to inequities in progress, and the systemic exclusion of those nations lacking the necessary capacities or preparedness to implement and benefit from these transformative changes.

Indeed, such inequitable acceleration has already been evidenced in the uneven impact of COVID-19 on education, for example (Azevedo et al., 2021). The hurried transition to online education exposed deep-seated socioeconomic and regional disparities, whereby those with limited digital literacy or lacking internet access were left behind, resulting in poorer educational outcomes and higher learning losses among these vulnerable populations (Azevedo et al., 2021). Such educational losses have long-term repercussions, affecting the future socioeconomic status of these individuals in terms of job market sector, occupation, and income levels (Dorn et al., 2021).

In this context, *Southern Voice's Global State of the Sustainable Development Goals Report II: Leveraging Abilities to Navigate Inequalities* emphasises that the effectiveness of policy responses to crises like COVID-19 relies on what the report identifies as "primary abilities" among the population (digital skills, social capital, agency, and ability to access support). Primary abilities serve as the

¹ This measure is broader than unemployment rates, capturing all those who wish to work, but do not have a job.

foundational resources that individuals and communities need to effectively navigate the complex landscape of a world transformed by a pandemic. Research spanning nine countries and three regions suggests that populations equipped with these abilities were better able to cope with the negative effects of the pandemic, and were markedly more resilient. In contrast, those lacking these abilities encountered systemic barriers and exclusion from access to the resources needed to better cope with the pandemic. Discrepancies in these primary abilities have therefore created enduring inequalities both within and across communities.

This chapter is concerned with applying lessons learned from COVID-19 to the challenge of SDG acceleration. It argues that key insights into how to best achieve inclusive acceleration can be gained by exploring how primary abilities at the individual and community level interact with, and shape, national-level primary capacities to achieve such acceleration.

To this end, it is first useful to set out some key aspects of each of these primary abilities. Digital skills are key to digital transformation, and refer to a mix of digital literacy, use of online platforms and search engines, communication via email, or instant messaging. These skills have become an indispensable tool for accessing information, remote learning, and remote work, among other things. Without these skills, people are cut off from a range of opportunities, from basic information sharing to income-generating activities. Countries in which people have higher and more equitable access to, and use of, digital skills, will be better prepared for the widespread adoption of digital public infrastructure,² itself a crucial enabler of digital transformation. We call this a country's *ecosystem system for digital transformation*.

2 Digital public infrastructure is described as a set of shared digital systems that should be secure and interoperable, and can be built on open standards and specifications to deliver and provide equitable access to public and/or private services at societal scale and are governed by applicable legal frameworks and enabling rules to drive development, inclusion, innovation, trust, and competition and respect human rights and fundamental freedoms

3 Social capital serves as a key resource residents can draw upon before, during, and after a crisis to ensure that they obtain mutual aid from family, friends, and neighbours and also gain access to key public or semi-public goods from lawmakers (Fraser et al., 2022).

COVID-19 also highlighted the importance of intangible resources, particularly social capital,³ in mitigating the challenges presented by such crises (Gölgeci & Kuivalainen, 2020; Putra et al., 2020; Corrêa et al., 2021). Social capital—defined as social ties that enable trust, mutual aid, and collective action—provides a support structure to respond to and recover better from crises (Fraser et al., 2022). Specifically, the ability to tap into these networks to access financial resources and emotional support has been particularly important during in times of uncertainty like the pandemic. It also brings together groups of key actors who—each through their unique role—can work together to transform that system (Stibbe et al., 2018). Scaling this up, therefore, we call this the capacity of a country to make *impactful partnerships*.

Agency refers to the capacity to have the power and resources to fulfil the potential of individuals and communities, to adapt to changing circumstances, overcome challenges, and recover from setbacks. It is associated with learning and growing from changing circumstances. A high degree of agency, therefore, enables societies to respond to shocks in a timely and efficient manner, while minimising the adverse impacts of those shocks and enabling sustainable recovery. We refer to individual and community agency in a society, therefore, as a country's *capacity to (re)act within changing and uncertain structural circumstances to absorb shocks, and recover sustainably*.

Accessibility refers to the ability of individuals to access support mechanisms—provided by governments, foundations, or civil society organisations—that are designed to shield them from the impacts of external shocks like COVID-19. This ability is a significant factor in determining how such crises affect vulnerable populations. Complex requirements and bureaucratic barriers often worsen existing social inequalities by limiting this vital access. These impediments disproportionately favour individuals, communities, or enterprises that are already in better positions, more visible, and equipped with more resources, while excluding those that lack these advantages. Ultimately, effective accessibility is not just about the presence of support but also hinges on the extent to which people can understand, navigate, and benefit from public policies. Scaling up to the national level, therefore, this ability to access support can be understood as a country's *capacity to access and benefit from global initiatives, forums and policies*.

In this context, this chapter maintains that the inclusion of the Global South in acceleration action through fostering primary capacities can lead to inclusive SDGs acceleration, that is, acceleration which balances urgency with the inclusion of vulnerable populations, and marginalised countries and regions. Conversely, lack of these capacities or having a lower degree thereof poses a risk of structural exclusion of those already farthest behind, as also occurs at the individual and community level among those lacking digital skills, social capital, and agency, and with less ability to access support policies during COVID-19.

The rest of this chapter is structured as follows: Section 2 summarises lessons learned from policy responses to COVID-19, and showcases how primary capacities form building blocks for inclusive SDG acceleration. Section 3 provides a description of these primary capacities in the Global South. Section 4 explores the relationship between urgency and inclusion in relation to SDG acceleration, arguing that a sole focus on urgency may lead to the structural exclusion of the Global South from SDG acceleration. Section 5 sets out the three mutually-reinforcing layers of inclusive acceleration at the national, regional and global levels, and finally section 6 provides conclusions.

Looking back to look forward: What policy responses to COVID-19 can teach us about SDG acceleration

Looking back: Exploring the links between COVID-19 policy, inequality and primary abilities

The COVID-19 pandemic has not only been a global health crisis but also a force that has exacerbated long-standing social and economic inequalities. These inequalities manifest in myriad ways across diverse socioeconomic, educational, and demographic groups, and



The COVID-19 pandemic has not only been a global health crisis but also a force that has exacerbated long-standing social and economic inequalities.

can be seen in the distribution of primary abilities among different population segments.

Pre-existing structural inequalities according to socioeconomic status, educational level, age, gender, ethnicity, and geographical location are reflected in disparities in the primary abilities which are needed in times of crisis. For example, a highly-educated individual in an urban setting is more likely to possess the digital skills necessary for remote work, have a robust network of social capital to draw upon, and display greater agency due to there being fewer structural constraints limiting their decisions. This multifaceted interaction between primary abilities and systemic issues warrants in-depth scrutiny, as it has immediate and long-lasting implications for how individuals and communities can engage in social, economic, and political spheres in a meaningful way.

It is worth exploring some specific examples of the relationship between primary abilities and structural constraints. The inability to adapt to new job requirements is acutely felt among workers in lower-level roles, and particularly those employed in small- and medium-sized enterprises (SMEs) who are highly likely to struggle to adapt to new job requirements, or who lack access to upskilling and reskilling opportunities. Evidence suggests that large firms, with more than 250 employees, train approximately 40 percentage points more than micro firms with 10 or fewer employees (Almeida & Aterido, 2015).

This lack of training can perpetuate inequalities in employment outcomes and hinder individuals' ability to secure stable, well-paid jobs. Inequality in training opportunities is aggravated by the fact that many SME workers already operate under challenging circumstances, characterised by financial instability, limited social capital, and a general lack of access to policies designed to support job retention and skill development. This creates a negative feedback loop: without these primary abilities, workers in SMEs find it hard to adapt to new job requirements, thereby perpetuating their vulnerability and reinforcing existing inequalities. In essence, without the foundation of primary abilities, these workers are set up to fail in a world that demands constant adaptation. Taken together, these processes translate into inequalities in human capital accumulation and asset building which pose longer-term risks to equality and social mobility (Vargas & Narayan, 2020).

Furthermore, labour market policies designed to prevent job layoffs had uneven impacts on SMEs.⁴ On one hand, commercial banks did not effectively implement the measures to provide liquidity to SMEs due to higher risk of defaults. On the other hand, informal sector SMEs who lacked the necessary documentation and legal status were unable to attain formal loans and financial support. Overall, credit assistance to SMEs was low, with credit mainly going to larger firms (Javed, 2021). Informal sector SMEs in particular continued to suffer liquidity issues, and had to make substantial redundancies (Javed, 2021). Conversely, businesses that were proficient in digital trade and capable of adapting to remote working models experienced fewer closures and quicker recoveries. The ability to adapt to and use digital tools and platforms helped people and businesses survive the pandemic and recover sustainably (Javed, 2021).

⁴ The fiscal policy responses to COVID-19 by governments across the world included fiscal stimulus measures which mainly involved transfers targeting lower-income households, liquidity support for companies, and employment retention measures.

A large number of permanent closures of SMEs left many workers unemployed. A survey conducted in 132 countries found that between 25% and 36% of small businesses were at a major risk of permanently closing down amid the disruption in the first four months of the pandemic (International Trade Centre, 2020). This led to a surge in long-term unemployment, eroding the ability of vast sections of the workforce to sustain themselves and their families, and further marginalising them from social and economic participation.

The pandemic also disproportionately affected immigrant groups, who suffered greater job and income losses than host communities. For instance, in Chile and Peru, more than two-thirds of immigrants have seen their monthly household income decrease during the pandemic, compared to only half of the non-immigrant population (Freier & Espinoza, 2021).

Despite their heightened need for social assistance, international migrants and migrants working in the informal sector were less able to benefit from policies due to a general lack of inclusion in social policies and emergency responses to the pandemic across the region (Bengochea et al., 2022), associated with lower social integration (Freier & Espinoza, 2021). Due to a lack of social capital, and lower accessibility to public services, they were less able to benefit from emergency responses and recovery policies (ILO, 2021). Undocumented immigrants in particular were unable to access support policies due to fear of getting caught (United Nations Economic Commission for Latin America and the Caribbean, 2020). On the other hand, communities with stronger shared values and better institutional arrangements were able to foster cooperation between and across communities, government and other stakeholders. In this regard, effective family, community and local networks enabled access to available government support measures, thus highlighting the importance of social capital.

Overall, these examples demonstrate how pre-existing inequalities and the associated lack of primary abilities make certain groups less able to benefit from emergency response and recovery policies. In the medium to long term, the combination of existing inequalities and the impact of COVID-19 is likely to amplify inequality of opportunities in affected countries, and reduce resilience to future crises (Vargas & Narayn, 2020). Furthermore, the absence of primary abilities diminishes the capacity of vulnerable groups to recover and adapt, relegating them to a perpetually disadvantaged position. COVID-19-induced changes in the education and employment spheres, such as increased remote learning, remote working and the increased automation of work, are likely to permanently change the likelihood of particular population groups accessing jobs which require abilities such as digital skills, which will further limit social mobility. Evidence suggests that technological advancements in production disproportionately benefit high-skilled workers. As the trend of remote working becomes more permanent, high-end jobs become increasingly out of reach for those unable to work remotely, thus creating long-lasting labour market and associated income and wealth inequalities. A study conducted in Italy shows that a longer-term increase in remote work opportunities would favour

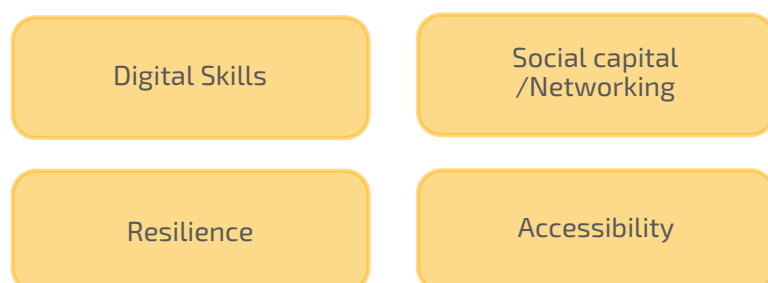
workers who were male, older, highly educated, and better paid (Bonacini et al., 2021).

Specifically, digital skills, including digital literacy and the ability to use digital forums, became a universal requirement to cope with the pandemic and benefit from supporting policies. This brought a clear divide in policy outcomes, with those possessing digital skills, supporting infrastructure and ability to work remotely suffering considerably less loss in education, health, income and jobs compared to those who lacked these skills and infrastructure. Over time, this long-term inequality in human capital and asset formation may lower income growth and wealth formation among poorer households, increasing income inequality between rich and poor households, and leading to increased poverty and further social exclusion of vulnerable populations, which extends to subsequent generations.

Moreover, the digital divide is gendered. Data vary, but all suggest women have lower rates of digital access than men. GSM Association (2020) report that women in low-income countries are 20% less likely to use a smartphone, which translates to around 300 million fewer women than men using mobile internet in these countries. According to Organisation for Economic Co-operation and Development [OECD] (2018), in 2018 women in South Asia and Africa were 70% and 30% less likely than men to own a smartphone, respectively. Among other impacts, this could limit women's access to job and income opportunities, limiting their career growth and creating a cycle of disadvantage that could result in persistent gender disparities in employment outcomes and income over the long term.

The preceding discussion, and a synthesis of SVSS-2 evidence studies from Africa, Latin America and South Asia, show therefore that final policy impact was strongly influenced by the extent of primary abilities held by different populations. Individuals, households and communities possessing the four primary abilities were better able to cope with the pandemic and benefit from recovery policies (see Figure 5.1).

Figure 5.1. Primary abilities shaping inclusiveness of policy impacts during COVID-19



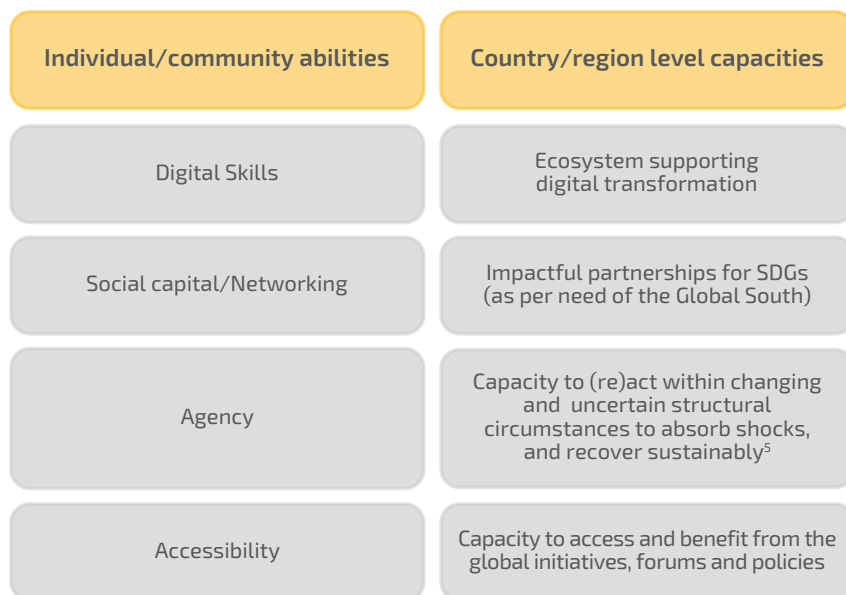
Note. Elaborated by the author.

Looking forward: Connecting lessons learned from COVID-19 with SDG acceleration through a focus on primary capacities

The COVID-19 pandemic has clearly demonstrated that the equitable distribution of primary abilities is key to minimising the risk that vulnerable populations will be excluded from accessing, using and benefiting from available policies and instruments. The pandemic has not only laid bare the disparities in these abilities but also emphasised their collective significance in creating more resilient individuals and societies. Crucially, these abilities form the foundation upon which countries and communities can build their own *primary capacities*, which are required in order to accelerate progress on SDGs.

Based on the observed relevance of digital skills during COVID-19, a country's digital ecosystem becomes a pivotal primary capacity. It encompasses a range of factors, from affordable broadband and national internet coverage, to robust data privacy regulations and digital literacy programs. Such an ecosystem enables nations to bridge the digital divide and leverage technology for sustainable development, aligning closely with the UN's 2023 SDG Digital Acceleration Agenda (see Figure 5.2).

Figure 5.2. Linking individual abilities to country/regional capacities



Note. Elaborated by the author.

Social capital—a cornerstone among the primary abilities—extends as a primary capacity to the creation of impactful partnerships at the national or regional level. Impactful partnerships are those which give the Global South a substantive say in policy decisions, thus creating an equitable power balance. The essence of such partnerships lies in their flexibility, adaptability, and focus on serving the specific needs of low-income countries.

⁵ Such as recovering without increased debt and debt distress, and at the cost of poverty, inequality, unemployment.

In an era fraught with global crises, a nation's agency—its capacity to (re)act within changing and uncertain structural circumstances to absorb shocks and recover sustainably—is indispensable. This capacity is particularly important in the context of the long-term pursuit of SDGs. High levels of vulnerability, coupled with weak state capacity, can adversely affect the speed and inclusivity of actions targeting the SDGs.

Finally, a country's ability to effectively integrate into, and benefit from, global initiatives directly contributes to the strengthening of its primary capacities. Enhanced participation from both the Global South and cooperative measures from developed countries can foster an enabling environment for reaching collective sustainability targets.

By elevating the concept of primary abilities to the national and global level, we can better articulate their collective role in shaping a country's primary capacities. The intertwining of these abilities and capacities is far from a theoretical overlay; it is a pragmatic approach to understanding the practical workings of equitable policy measures. Notably, achieving equitable policy impacts, whether in the context of the pandemic or accelerating the SDGs, relies on the widespread cultivation and equitable distribution of these primary abilities and capacities.

Digitalisation and information and communications technology (ICT) are transforming the world economy, everyday life, politics, and communication. Evidence on the critical role of digital skills of people and associated digital divide in shaping policy outcomes during the COVID-19 (as discussed in section 2.1) shows that having *an ecosystem for digital transformation* will be the foremost enabler for inclusive acceleration on the SDGs agenda. Indeed, according to the UN's SDG Digital Acceleration Agenda, published in 2023, "digital technologies directly contribute to around 70% of the targets of all 17 SDGs, and with the potential to inform the achievement of the other 30% of targets, digital is a crucial tool in achieving this essential and urgent ambition" (International Telecommunication Union & United Nations Development Programme [UNDP], 2023)

Digital transformation, therefore, is key to accelerating progress towards SDGs. Conversely, countries/regions with deficient digital capacities are therefore unlikely to be able to accelerate the SDG agenda. The digital divide across countries and regions can strengthen and produce new forms of inequality, just as occurred in relation to digital skills during COVID-19. Bridging this digital divide between and across the country therefore is essential for inclusive acceleration.

The capacity of a country or region to be in, and form, *impactful partnerships*—be they South-South or triangular relationships—in order to leverage the implementation of acceleration actions, will affect the scale and nature of the acceleration. The notion of impactful partnership is used carefully and purposefully. It refers to partnership for acceleration where partnerships are formed based on the needs of the Global South. The partners—bilateral or multilateral—provide more space and freedom to low-income countries and regions to have stronger power of opinion, and freedom to choose policy options which best suit them. The dynamic nature of the partnership

is primarily determined by the behaviour of leading partners in the partnership. The partnership must be flexible to adapt to the needs of the low-income partners and not to the convenience of high-income partners with greater resource and technical support.

Recent global shocks have demonstrated how the capacity of a country or region to (re)act within changing and uncertain structural circumstances, and to absorb shocks and recover from them sustainably, is a critical element in shaping how far they can make effective and inclusive progress on the SDGs. Higher vulnerability, coupled with lower capacity to absorb the shocks and make sustainable recovery, can leave the Global South lagging behind on the acceleration agenda. Evidence suggests that countries and regions which are more vulnerable to global shocks have seen slower recovery, with higher social, economic, and environmental costs.

Two recent global shocks, COVID-19 and global commodity price surge, have left already struggling economies in heightened debt distress. Global public debt is higher and is projected to grow faster than forecasted before the pandemic (International Monetary Fund [IMF], 2023). Corresponding policies to manage debt have led to sluggish growth and higher inflation, resulting in rising poverty, unemployment and inequality in debt-distressed countries.

The last of the four primary capacities is the capacity of a country or region to integrate into, and benefit from, global initiatives, policies and forums. It can provide a foundation for strengthening other primary capacities, including developing an ecosystem for digital transformation, improved South-South cooperation and increased capacity to absorb shocks and recover sustainably. The capacity of the Global South—in cooperation with the Global North, multilaterals and UN agencies—to develop and strengthen the frameworks for regional and global policy coherence for the SDGs is critical in this regard.

Looking forward: Focusing on primary capacities for inclusive SDG acceleration in the Global South

The preceding discussion suggests that meaningful acceleration on the SDGs requires a minimum threshold and effective combination of key primary capacities at the national/regional level, specifically: an ecosystem supporting digital transformation, the capacity to form impactful partnerships, the capacity to (re)act within changing and uncertain structural circumstances to absorb shocks and recover sustainably, and the capacity to benefit from global initiatives to support progress on SDGs. Yet, more importantly, it makes a strong case for balancing urgency with inclusion. This section focuses on the importance of advancing the primary capacities of low-income countries, recognising their immediate needs, considering diverse contexts, and fostering impactful partnerships for the region, in order to that strategies put in place to achieve the SDGs are effective in the sense of being both urgent and inclusive, leaving no one behind.

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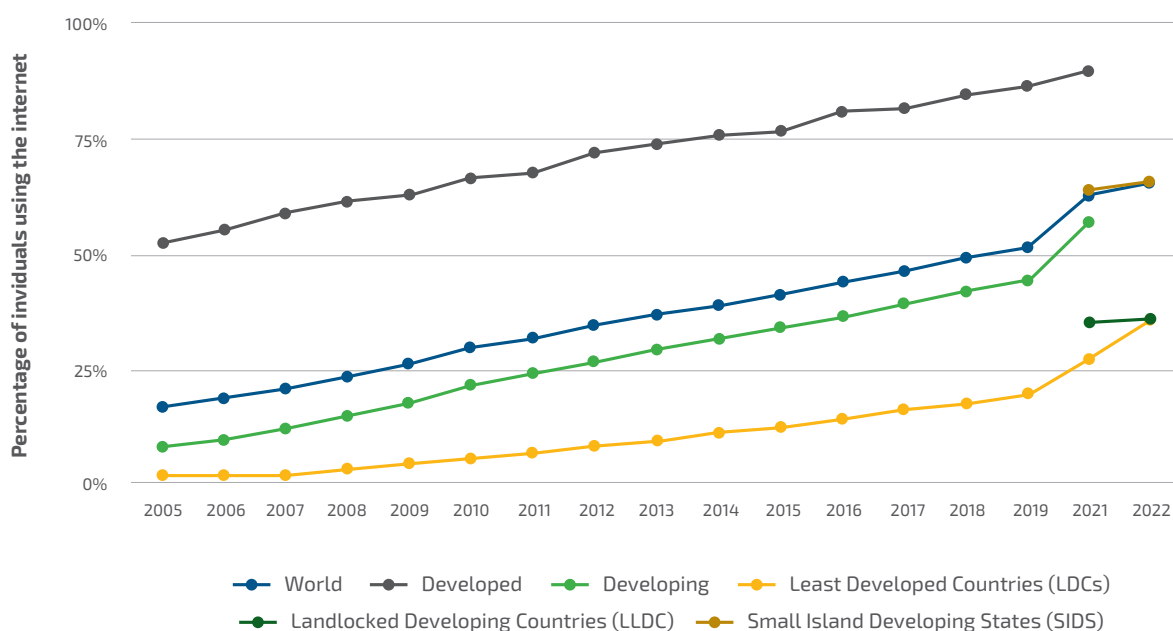
Countries in the Global South have a broad range of avenues through which to make impactful partnerships for inclusive acceleration.z

It is structured according to key challenges relating to the primary capacities identified.

Ecosystems for digital transformation are generally poor and with an inherent digital divide

About 94% of the world's 'unconnected' population lives in low- and middle-income countries (Delaporte & Bahia, 2022). In South Asia in 2019, only 33% of the population had mobile internet connection (GSMA, 2019). In Africa, internet penetration is only 40%, the lowest of any region in the world (Taylor & Silver, 2019). Global data shows that a wide gap exists between regions in the share of population who use the internet (Figure 5.3).

Figure 5.3. Impact on sales and profits – Pakistan



Note. Extracted from *Global internet access rate 2005-2022, market maturity* by Petrosyan (2022).

The internet coverage gap is highest in low-income countries of the Global South (World Bank, 2022). Importantly, internet usage is not just affected by coverage, but also by the ability to afford digital devices, and internet and broadband services, which contributes to the large usage gap of 61% in South Asia (World Bank, 2022). As noted in section 2.1, gender is also a factor affecting internet usage. In 2022, at a global level 264 million fewer women than men had internet access (Signé, 2023).

Perhaps most importantly, insufficient digital infrastructure in the Global South hinders the accessibility of digital services, with issues ranging from a lack of consistent electricity supply to insufficient bandwidth. Overall, 56% of people in sub-Saharan Africa do not have access to electricity (Monyei & Akpeji, 2020), compared to the global average of less than 10% (International Energy Agency,

2023). Inadequate digital infrastructure, data privacy and security issues, and the inability to make larger investments in the sector may limit the capacity of the Global South to fully harness digital public infrastructure and modern innovations such as AI-based technologies (Nugraha, 2023). Together, these factors combine to constrain the region's capacity for *ecosystems for digital transformation*.

Lack of capacity to form impactful partnerships

Within South-South cooperation, social capital serves as an essential primary ability that enables meaningful, impactful partnerships. Social capital and network literacy serve as indispensable primary abilities, influencing how countries in the Global South utilise their primary capacities to forge impactful, long-lasting partnerships. The effective utilisation of primary capacities such as financial resources, technological infrastructure, and human capital in any cooperation initiative is often dictated by the strength of a nation's social capital and the competency of networks that countries have developed.

Many countries in the Global South are keen on expanding South-South and triangular cooperation. They recognise the value of leveraging their unique strengths and resources. However, some major challenges exist that hinder cooperation. First and foremost is the lack of impactful partnerships. Despite huge emphasis on partnerships for SDGs—between governments, the private sector, and civil society—low-income countries not only have fewer partnerships, but the partnerships they do have are not effective in producing positive outcomes.

For instance, financial resources alone are insufficient to address the complexity of debt distress faced by many countries in the Global South (Ramos et al., 2023). It is the social capital—the established trust and mutual respect—that allows for intricate negotiations and flexible terms in debt restructuring. Countries in which their populations have high social capital, and the associated capacity of impactful partnerships, can effectively employ their financial capacities by aligning their interests with those of their partners and creditors (Woolcock, n.d.).

Ensuring the sustainability of development initiatives based on partnerships remains a challenge. Many South-south cooperation initiatives rely heavily on the financial and technical support of a few key countries or organisations. This dependence can be unsustainable if those resources are not consistently available over the long term (Nauta, 2022). Likewise, political changes can disrupt cooperation efforts due to shifting priorities or leadership changes.

Worryingly low capacity to (re)act to changing and uncertain structural circumstances

The Global South faces various shocks, including economic, environmental, and health crises. A lack of resources to invest in



Limited financial resources, inadequate infrastructure, and constrained access to technology hinder capacity among Global South countries to invest in resilience and sustainable recovery strategies.

resilience and sustainable recovery strategies puts the Global South at a disadvantage in addressing shocks and ensuring sustainable development. As we have seen in this chapter, health crises such as COVID-19 expose these vulnerabilities, as do other economic and environmental shocks. Many countries are enhancing their resilience through disaster preparedness, social safety nets, and sustainable development strategies. Investments in resilience can mitigate the impact of shocks and aid in swift recovery. However, resource constraints are a significant challenge to building this capacity.

Limited financial resources, inadequate infrastructure, and constrained access to technology hinder capacity among Global South countries to invest in resilience and sustainable recovery strategies. In turn, economic shocks, natural disasters, or health crises often leave the Global South with insufficient financial resources to respond effectively, forcing them to borrow unsustainably. This feeds into a cycle in which a lack of resources to invest in resilience puts the Global South at a disadvantage in addressing shocks and ensuring sustainable development. South Asia is one of the most vulnerable regions in the world to climate disasters. More than 750 million people in the region have been affected by one or more climate-related disaster in the past two decades, with estimated damage of over \$150 billion (Milivojevic & Xie, 2021). Repeated impacts of these recurring climate events hinder sustainable recovery and resilience efforts in the region (Ngcamu, 2023).

Climate vulnerable countries in the Global South therefore face a risk premium that increases the cost of capital in these countries. Data shows that sub-Saharan Africa and South Asia face some of the highest costs of capital compared to other regions of the world. This risk premium could trap countries into a vicious cycle where continued exposure to climatic disasters leads to higher debt costs and a tightened fiscal capacity to deal with the disaster and invest in climate resilience (Ramos et al., 2023).

The mounting debt stress of countries in the Global South is an enormous challenge, severely limiting their capacity to accelerate the agenda for achieving the SDGs. The share of low-income countries that are at a high risk of, or are already in, debt stress increased from 30% in 2015 to a staggering 60% in 2022, with several countries urgently requiring debt restructuring (Chabert et al., 2022).

UNDP estimates show that out of 120 low- and middle-income countries, 72 were debt vulnerable in 2021, with 19 countries being severely debt vulnerable. This escalating debt stress increases the debt servicing burden of the indebted countries that simultaneously face a high cost of capital, reducing their ability to allocate resources toward sustainable growth and the development agenda.

Limited capacity in the region to access and benefit from global forums and policies

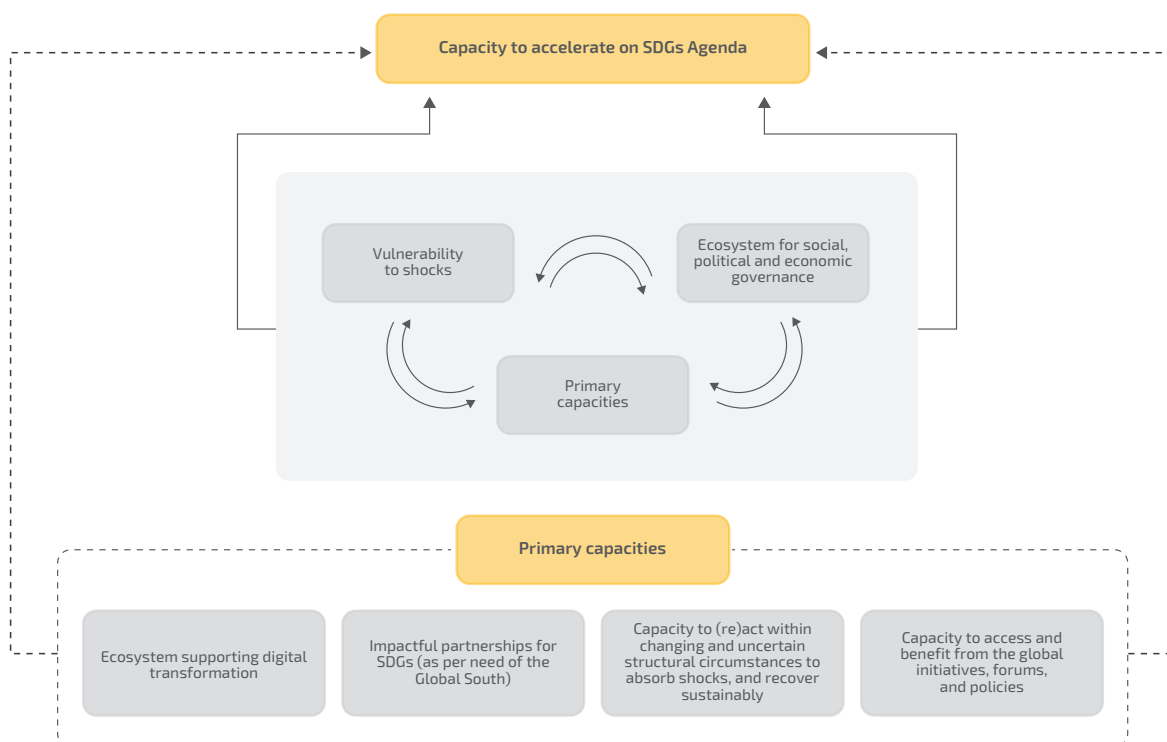
Integration into global forums and policy-making processes is essential for the Global South to influence and benefit from international development agendas. However, existing power dynamics often relegate the Global South to subordinate roles

in decision-making processes in global forums. The dominance of rich countries in terms of economic and political influence on global economic, financial and environmental forums can lead to unequal representation and limited voice (Focus on the Global South Team, 2022). This imbalance results in decisions that do not reflect the interests and priorities of the Global South, hindering their meaningful participation.

Conditions shaping the nature and scale of SDG acceleration in the Global South

The capacity of the Global South to accelerate progress on SDGs is hampered by the limitations to primary capacities, as outlined above, coupled with higher vulnerability to shocks and poor governance. The nature and scale of SDG acceleration depends on three *dynamic conditions*, according to the Global Sustainable Development Report (GSDR) 2023 (Persson & Bennich, 2023): vulnerability to shocks, the degree of primary capacities, and existing systems of political, social and economic governance. These three conditions interact to shape the scale and nature of SDG acceleration (Figure 5.4).

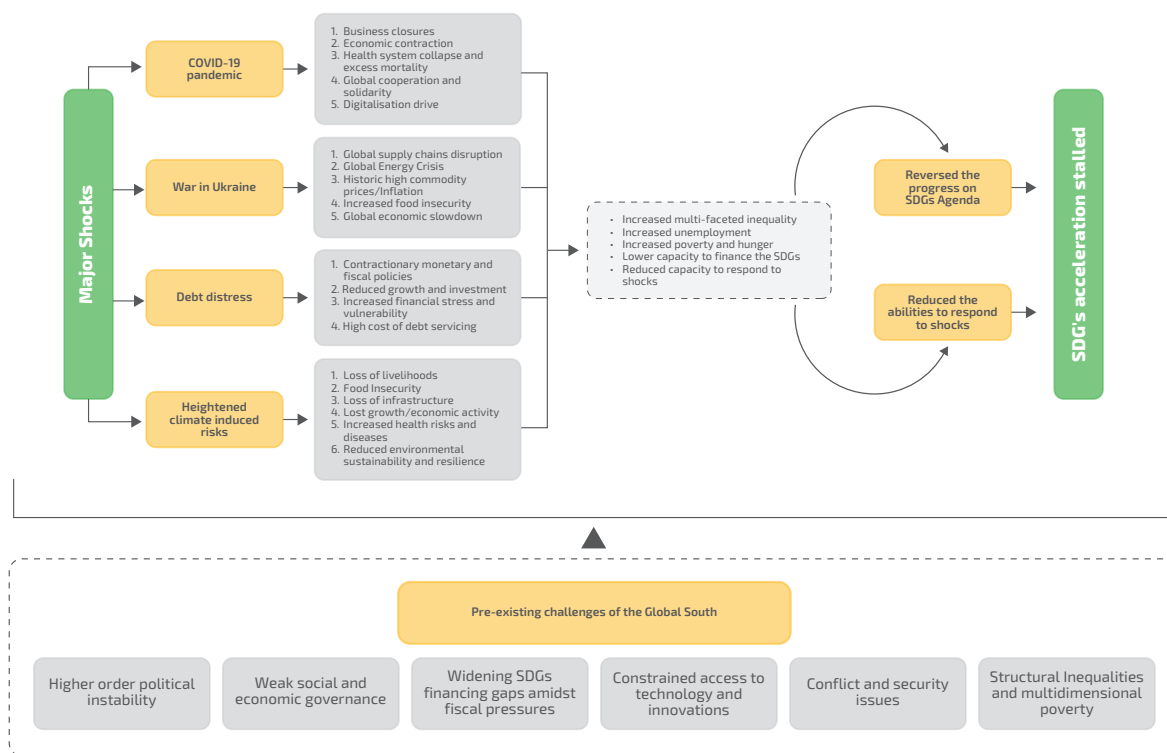
Figure 5.4. Three dynamic conditions shaping the nature and scale of SDG acceleration



Note. Elaborated by the author.

Regions with a higher capacity for SDG acceleration are those with lower vulnerability to shocks, higher levels of primary capacities and better social, political and economic governance, while regions (of which the Global South is one) with higher vulnerability to shocks, lower primary capacities, and poor social, political and economic governance have a lower capacity for SDG acceleration. The pre-existing challenges facing the Global South compound the problem further (Figure 5.5).

Figure 5.5. Shocks and existing challenges limiting SDG acceleration in the Global South



Note. Elaborated by the author.

Not only is the Global South more vulnerable to shocks, but it also has a lower capacity to absorb these shocks, due to for example poor digitalisation ecosystems and a limited capacity to integrate into global forums and policies to minimise the effects of these shocks, together with other political and economic factors such as higher levels of political instability, poor governance, and the increased SDGs financing gap. The region therefore faced especially adverse impacts of shocks including COVID-19, the Russia-Ukraine war, heightened climate-induced risks, and debt distress.

These crises have led to an increase in unemployment, poverty and hunger, reversing progress on the SDGs. Importantly, the prolonged impacts of these crises, such as a deepening digital divide, the changing nature of work and the labour market, sluggish growth, a steep rise in debt service, and higher food and energy inflation, will significantly constrain SDG acceleration. Most importantly, the loss of jobs and the increase in poverty and hunger have been

higher among more vulnerable groups and communities within low-income countries. At a global level, the countries and the regions with a lower capacity to effectively respond to these shocks were hit the hardest. This difference in vulnerabilities and primary capacities—shaping effective policy responses—has led to a more inequitable world, widening divisions between the countries and regions, and poses a risk to inclusive acceleration for the SDGs.

In this context, the urgency to accelerate progress on the SDGs must be carefully balanced with the need for inclusion, especially in regions facing unique challenges such as political instability, poor governance, and economic constraints. Prioritising urgency over inclusion could result in two significant risks: structural exclusion and inequitable progress. Firstly, focusing solely on urgency could systematically exclude countries from the Global South from participating in accelerated SDG actions. This exclusion stems from existing social and economic inequalities, weak governance structures, and limited access to global resources. Moreover, these countries often lack the influence to shape global policies, further cementing their exclusion.

Secondly, this approach could lead to uneven progress on the SDGs, leaving behind the very countries and regions most in need of acceleration. Such disparities in progress undermine the core aim of the SDGs to reduce inequalities within and among countries. If urgency drives action without considering inclusion, it risks perpetuating existing inequalities and impeding global progress toward the 2030 agenda.

Lastly, maintaining the status quo—often referred to as “business as usual”—poses another risk, especially for the Global South. Due to lower capacities and higher vulnerabilities, these regions may not move beyond existing unsustainable systems. Factors such as financing gaps, debt issues, and lack of digital infrastructure can hinder efforts relating to sustainable energy, social protection, and digital inclusion. This could delay the much-needed shift from unsustainable to sustainable systems, challenging the acceleration pathways suggested in the GSDR for 2023.

Challenges and opportunities for an inclusive post-2030 development agenda

As set out above, the balance between urgency and inclusion will shape the outcomes of the future global development agenda. Countries and regions left to falter on the SDG agenda will find it very hard to recover sustainably for the post-2030 Agenda. Inclusive acceleration—balancing urgency and inclusion—can lay down strong foundations for a post-2030 development agenda.

International cooperation to harness digital transformation, inclusive multilateral governance platforms, equitable provision of resources such as climate finance, and institutional capacity building can enhance both national *primary capacities* and individual *primary*

abilities to create a holistic and sustainable strategy for inclusive acceleration.

Building three layers of primary capacities to balance urgency and inclusion in SDG acceleration

Building the primary capacities required to balance urgency and inclusion in acceleration action—inclusive acceleration—has three interconnected and reinforcing layers (Figure 5.6). Connections between these layers are paramount, for example where there is responsibility of the Global North to ensure inclusion of the Global South, there is corresponding responsibility of the Global South to ensure that policies—at national and regional level—are directed towards inclusive SDG acceleration.

Figure 5.6. Shocks and existing challenges limiting SDG acceleration in the Global South



Note. Elaborated by the author.

The first layer—inclusive acceleration at national level—involves investment in individual/community primary abilities to ensure that marginalised population groups and regions within the country are not left behind. Policies for accelerating the SDGs must not only be inclusive in relation to outcomes and impacts, but also participatory in design and implementation.

The policy-making process must ensure through promoting participatory governance—inclusive policy formulation, and meaningful engagement of civil society organisations—that marginalised groups are actively involved in decision making. This will require improvements in the primary abilities of individuals and communities, such as digital literacy, inclusive access to the internet, and improved local governance structures to strengthen the ability of communities to make local networks.

Broadly, this layer of inclusion requires the alignment of fiscal planning and policy design to foster primary abilities: digital skills, social capital, agency, and accessibility of the vulnerable groups and regions of the countries. It requires these primary abilities be mainstreamed into public policy design and implementation

through an equity lens. Population groups and regions lagging in SDG progress must be given priority, with a focus on finance and investment for social and economic inclusions. Both fiscal and monetary policies must take into consideration their social footprint (Javed, 2022). National, provincial and local tax policies need to reduce reliance on indirect taxation, as this burdens disadvantaged groups already suffering from poverty and inequality.

The second layer focuses on inclusive acceleration within the regions (South-south cooperation) (Figure 5.6). Countries with improved primary abilities, a higher degree of inclusive acceleration, and improved socioeconomic inclusion of vulnerable populations are better prepared to benefit from regional cooperation. Inclusion at this level will require a multi-prong strategy including government-to-government partnerships, regional development banks, regional platforms for dialogue, knowledge sharing, and collaborative action to address common challenges and share best practices to foster primary capacities and accelerate SDGs.

In this regard, countries in the South have a broad range of avenues through which to make impactful partnerships for inclusive acceleration. Trade initiatives such as African Continental Free Trade Area (AfCFTA), Southern Common Market, Association of Southeast Asian Nations (ASEAN), and Pacific Alliance and Central American Integration System (SICA) can play a crucial role in promoting regional integration, expanding market access, and driving economic growth not only in sub-regions, but also in the Global South as whole. The same holds true for infrastructure investment initiatives across the region, such as the Belt and Road Initiative (BRI). Regional investments in digital public infrastructure to bridge the digital divide, and building climate adaptation and mitigation capacity, can be important means of fostering primary capacities.

The third, and most important layer is inclusion of the Global South—furthest behind in progress on SDGs—by the Global North in SDG acceleration. This requires policies for strengthening and developing primary capacities among Global South countries, particularly in terms of impactful partnerships and accessibility of decision-making and agenda-setting processes.

These three layers are mutually reinforcing. While inclusive acceleration at the national and regional levels provides a strong foundation for inclusive acceleration more widely, policies actively promoting better integration of marginalised regions into global forums and enhanced access to finance, technology and knowledge can strengthen primary capacities which, in turn, can help achieve inclusive acceleration at national and regional level.

Enhanced cooperation in areas such as the digital ecosystem and impactful partnerships in climate finance, energy transitions, digital infrastructure investments, technology transfers and debt relief, can enable the Global South to better embrace inclusive acceleration actions at the regional and national level. Yet it is important to note that improving primary abilities at individual and community level can make this international cooperation more effective. For example, improved digital literacy can make technology transfers



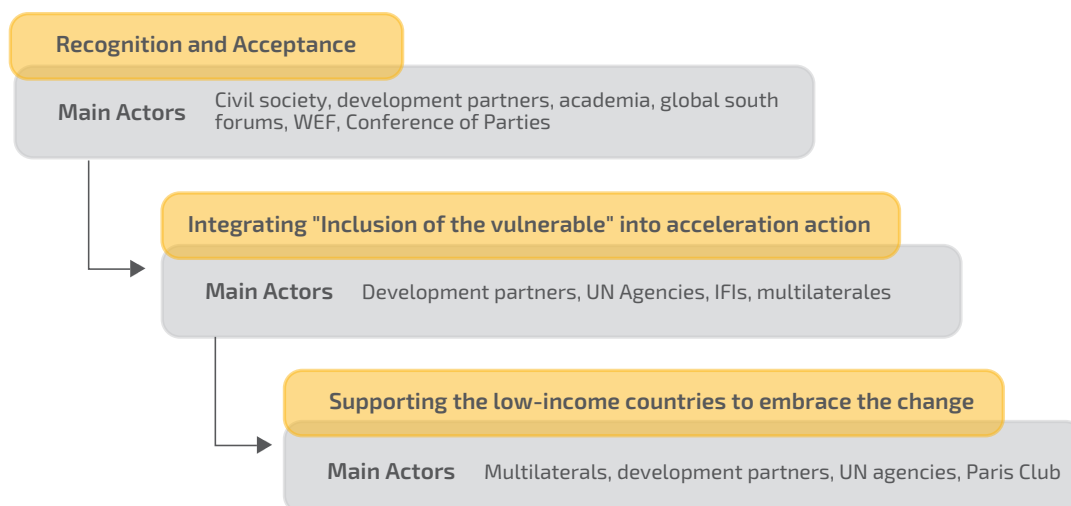
Enhanced cooperation in areas such as the digital ecosystem and impactful partnerships in climate finance, can enable the Global South to better embrace inclusive acceleration actions at the regional and national level.

more impactful, and hence develop primary capacities and national/ regional levels.

The process of inclusion requires engagement of stakeholders in three dimensions (Figure 5.7). First and foremost is the recognition and acceptance of the need for balancing urgency and inclusions and its explicit integration in acceleration action. Currently missing, this shift will require broad-based, consistent and tailored messaging on the need for balancing urgency and inclusion.

Civil Society Organizations (CSOs), networks like Southern Voice, and academia, particularly within the Global South, can be effective voices in national, regional and global forums. They need to work together to identify and communicate alternative processes, policies and areas of impactful partnerships around primary capacities for SDGs acceleration, where low-income countries are able to embrace and implement the transformative policies.

Figure 5.7. The integration of inclusion into acceleration action



Note. Elaborated by the author.

Finally, inclusive acceleration will require enhanced support of the Global South by the Global North, including, but not limited to: investment in digital infrastructure, changes in the global governance system in support of Global South-led impactful partnerships, implementation of policies to increase access to sustainable finance including climate adaptation and mitigation finance, rule-based debt relief, and capacity development of low-income countries to benefit from global initiatives to support SDG acceleration.

Potential tensions between urgency and inclusion at the global level

Voluntary National Review (VNRs) perceived as inclusion

There is a high risk that the global acceleration agenda may continue to be driven by urgency. It is highly likely that country level Voluntary National Reviews (VNRs), presented at the United Nations in 2023, may be taken as a substitute for inclusion. They are not. They are just commitments, like the SDG targets were in 2015. It is the capacity of countries to translate these into actions that will define the inclusiveness of acceleration. The implementation of the VNRs in a particular country or region is contingent upon its exposure to shocks, endowments of primary abilities, and the social, political and economic governance challenges facing the country or region. Differences in these endowments and regional characteristics will define the outcome and impact of these VNRs.

SDG acceleration is different to COVID-19

To a large extent, the world came together to overcome the challenges of COVID-19. The development and distribution of vaccines is a global cooperation success story. At the domestic level, despite shortcomings, central banks, treasury and the private sector came together to try and protect people from the adverse effects of the pandemic and promote sustainable recovery. Overall, despite errors and omissions, the pandemic increased global and regional cooperation.

Yet, COVID-19 was a shared and immediate risk. This is not the case with the SDGs; some countries falling behind on agenda 2030 does not bring the same scale of risk to others, and so the goal of inclusion may not be prioritised. This increases the risk that developed countries and regions may accept the fallacy that VNRs alone are enough for inclusive acceleration.

Wider differences in vulnerability to shocks, primary capacities and regional challenges

The pressure of urgency may take over inclusion as countries are left with seven years to achieve the ambitious agenda set out in 2015. The sense of being far away from the goal may push countries and regions to rush towards the goal, without considering who is falling behind. Importantly, the gap in primary capacities between the Global South and North will pose a serious challenge to effective inclusion. Take the example of digitalisation. Worryingly, in 2022, one third of the world's population, or 2.7 billion people, lacked internet access, and 53% does not have access to high-speed broadband (Signé, 2023). Continental differences in access to and use of technology can seriously hamper inclusive acceleration.

Vulnerability to climate-induced risks and capacity to absorb the damage is another one of the largest and widening gaps between

Global South and North. The gap not only relates to the Global South—because of its economic structures such as dependency on the agriculture sector—being more vulnerable to climate change, but also to its lower capacity to effectively respond to the climate induced shocks. According to the World Bank (2020), if climate change continues to remain unaddressed, it's projected that over 130 million individuals in developing countries will be pushed into poverty by the year 2030.

Limited capacity of the Global North to undertake required investments in the Global South

The conflicting trends of rising vulnerability and needs in the Global South, and reduced capacity of the Global North to meet these needs in a tangible way, are likely to pose a serious challenge to inclusive acceleration. As of 2019/2020, total global climate finance reached USD 653 billion, far below the estimated USD 4.3 trillion in annual finance flows needed by 2030 to avoid the worst impacts of climate change (Naran et al., 2022).

At the same time, the head of the IMF rightly warns that richer countries can never close the funding gap for climate change, and that private sector investments in Global South countries need to be upscaled. This, though potentially promising, seems difficult to achieve due to poor investment opportunities in terms of higher business costs and poor human capital, rising levels of conflict and political instability, and economic slowdown in developing economies.

Conclusion and implications

The world needs to balance urgency and inclusion in SDG acceleration. Inclusive acceleration is essential for the real success of the global agenda: a more equitable world in 2030. This will require concentrated and coordinated effort to foster the primary capacities needed for inclusive acceleration action in the Global South, namely ecosystems for digital transformation, impactful partnerships, capacity to respond to changing situations and recover sustainability from shocks, and capacity to benefit from global policies and initiatives.

As manifested by policy responses to COVID-19, the final impact of transformative acceleration policies will depend on the primary capacities of different countries and regions. Policy responses to COVID-19 have shown that well meaning policies can exacerbate inequalities, hitting the vulnerable population hardest given their lower levels of primary abilities (digital skills, social networking, agency and accessibility). Acceleration policies, with a large part of the world lacking basic capacities, are likely to produce the same outcome: inequitable progress on SDG acceleration.

With a higher vulnerability to shocks and lower levels of primary capacities, the Global South is struggling to accelerate the SDGs. Strengthening these primary capacities in the Global South is, therefore, essential for inclusive acceleration. Urgency without the inclusion of the region furthest behind on the SDG agenda will lead to inequitable acceleration and a more unequal post-2030 world.

Meaningful inclusion of the Global South in acceleration action will require strengthening and developing primary capacities at national and regional level through measures including, but not limited to:

- a. Ensuring integration of the vulnerable and marginalised into development priorities at national, regional and global level;
- b. Bridging the digital divide within and across countries and regions;
- c. Equitable sharing of the burden of climate change and equal access to climate finance, operationalizing loss and damage funds;
- d. Providing effective debt relief to highly debt distressed countries, linked to vulnerabilities;
- e. Overhauling global governance with greater participation and decision-making powers for the Global South.

Most importantly, advancement in primary capacities is linked to the general capacity of countries and regions to embrace many of the transformations required for acceleration action. The combination of these capacities will shape the progress of the Global South on entry points and levers identified in Independent Group of Scientists appointed by the Secretary-General (2019) and highlighted in Persson & Bennich (2023).⁶

For example, implementing energy decarbonisation with universal access essentially requires phasing out fossil fuels. Shifting to renewable energy, however, requires huge infrastructure investments. It is almost impossible for low-income countries struggling with higher debt, low fiscal space and poor financial and capital markets to generate the required resources. Similarly, countries with higher debt and lower fiscal space will require tangible support from international financial institutions and lending consortiums to formulate an energy subsidy reform policy for phase-out. Conversely, a lack of these primary capacities will impede the implementation of these entry points and effective use of leverages.

The global community, including Global North countries, multilaterals, international financial institutions, UN agencies and other forums—must therefore focus on expanding collaboration on strengthening primary capacities of the region. It must be the priority area of global cooperation. These primary capacities will be decisive in determining how inclusive and equitable global progress on the SDGs will be, and how equitable the world is after 2030.

Instead of leaving the Global South on its own, with VNRs taking the place of genuine inclusion, the region needs impactful SDG partnerships which improve the basic capacities of the region. This includes partnerships on climate finance, loss and damage fund, debt restructuring and relief, green energy transition and other initiatives (Duggan et al., 2021). These partnerships should also prioritise capacity-building initiatives such as budgeting for SDGs, climate-sensitive fiscal planning, and digitising public procurement that enhance primary abilities, making the Global South more self-reliant and better equipped for inclusive growth.

⁶ These include i) human well-being and capabilities, ii) sustainable and just economies, iii) sustainable food systems and healthy nutrition, iv) energy decarbonisation with universal access v) urban and peri-urban development and vi) global environmental commons governance.

Alongside this, the Global South will need an enhanced role in global SDG governance, where the region has more power of opinion, and better positioning in information and digital spaces (Duggan et al., 2021; Larson, 2019). The Global South must be an integral part of the decision-making process of identifying the priority areas for partnership, as per the needs of the region, for any meaningful gain to result from cooperation. This is contrary to the present model of supply-driven cooperation forums and policies, where the Global South has negligible power, voice and representation.

Impactful work on measuring and gauging progress on SDG acceleration including the UN's Global Sustainable Development Report (2023) need to take seriously into account progress on primary abilities and capacities of communities, countries and the region. Balancing urgency and inclusion must be the primary message coming from periodic audits, future reviews and major publications and reports from the UN. Academia, civil society, and international financial institutions need to develop a clear roadmap to promote debate and action on fostering primary capacities in order to achieve inclusive SDG acceleration.

Overall, a more inclusive debate on, and an action plan for SDG acceleration, with Global South in the lead, is central to inclusive acceleration. Inclusion of the Global South must not be sidelined. Instead, it must be at the heart of acceleration action and take priority over urgency. Relatively small but inclusive progress on SDGs is better than a higher performance of few leaving vulnerable regions behind. An inclusive future depends on the degree to which the SDG acceleration agenda balances urgency with the inclusion of the Global South.

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Appendices



Appendix 1. Results of the estimations

Table 1. Results considering recent internal migrants, Chile

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)	ln(Monthly working hours)	ln(Total income per hour, USD)
2020M4-2020M6	-0.0158*** (-8.47)	-0.0151*** (-6.83)			
2020M7-2020M9	-0.0177*** (-9.87)	-0.0112*** (-4.95)			
2020M10-2020M12	-0.0140*** (-8.73)	-0.0118*** (-5.65)			
2021M1-2021M3	-0.0130*** (-8.41)	-0.00925*** (-4.61)			
2021M4-2021M6	-0.0110*** (-7.39)	-0.0174*** (-9.38)			
2021M7-2021M9	-0.00802*** (-5.43)	-0.0186*** (-10.27)			
2021M10-2021M12	-0.00335* (-2.28)	-0.0197*** (-11.07)	0.133*** (-8.80)	0.00985 (-1.16)	0.0182* (-2.37)
Recent internal migrant	-0.00818*** (-4.10)	0.0142*** (-4.92)	0.0931* (-2.3)	-0.0276 (-1.12)	0.0349 (-1.58)
N	286908	561754	22528	23140	21539

t-statistic in parentheses. The base category is 2019M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income, there is no data for the base period 2018M1-2020M3; in this case the base category is 2021M1-2021M3. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001

Table 2. Results considering lifetime internal migrants, Chile

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)	ln(Monthly working hours)	ln(Total income per hour, USD)
2020M4-2020M6	-0.0158*** (-8.46)	-0.0151*** (-6.86)			
2020M7-2020M9	-0.0177*** (-9.84)	-0.0113*** (-4.99)			
2020M10-2020M12	-0.0139*** (-8.68)	-0.0119*** (-5.70)			
2021M1-2021M3	-0.0129*** (-8.37)	-0.00936*** (-4.66)			
2021M4-2021M6	-0.0110*** (-7.36)	-0.0175*** (-9.41)			
2021M7-2021M9	-0.00799*** (-5.41)	-0.0187*** (-10.29)			
2021M10-2021M12	-0.00334* (-2.27)	-0.0197*** (-11.08)	0.133*** (-8.81)	0.00987 (-1.16)	0.0180* (-2.35)
Lifetime internal migrant	0.00195+ (1.76)	-0.00318* (-2.47)	0.0956*** (5.12)	-0.0212+ (-1.95)	0.0358*** (3.55)
N	286908	561754	22528	23140	21539

t-statistic in parentheses. The base category is 2019M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income, there is no data for the base period 2018M1-2020M3; in this case the base category is 2021M1-2021M3. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001

Table 3. Results considering recent international migrants, Chile

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)	ln(Monthly working hours)	ln(Total income per hour, USD)
2020M4-2020M6	-0.0158*** (-8.46)	-0.0151*** (-6.84)			
2020M7-2020M9	-0.0177*** (-9.84)	-0.0113*** (-4.98)			
2020M10-2020M12	-0.0139*** (-8.68)	-0.0119*** (-5.69)			
2021M1-2021M3	-0.0130*** (-8.39)	-0.00924*** (-4.61)			
2021M4-2021M6	-0.0110*** (-7.37)	-0.0174*** (-9.39)			
2021M7-2021M9	-0.00799*** (-5.41)	-0.0186*** (-10.28)			
2021M10-2021M12	-0.00336* (-2.28)	-0.0196*** (-11.03)	0.133*** (-8.77)	0.0114 (-1.35)	0.0163* (-2.16)
Recent international migrant	-0.00310+ (-1.87)	0.0214*** (5.77)	-0.108** (-2.76)	0.137*** (6.63)	-0.142*** (-7.98)
N	286908	561754	22528	23140	21539

t-statistic in parentheses. The base category is 2019M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income, there is no data for the base period 2018M1-2020M3; in this case the base category is 2021M1-2021M3. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001

Table 4. Results considering lifetime international migrants, Chile

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)	ln(Monthly working hours)	ln(Total income per hour, USD)
2020M4-2020M6	-0.0159*** (-8.55)	-0.0155*** (-7.05)			
2020M7-2020M9	-0.0178*** (-9.95)	-0.0116*** (-5.16)			
2020M10-2020M12	-0.0140*** (-8.75)	-0.0122*** (-5.85)			
2021M1-2021M3	-0.0132*** (-8.52)	-0.00980*** (-4.89)			
2021M4-2021M6	-0.0112*** (-7.51)	-0.0179*** (-9.63)			
2021M7-2021M9	-0.00817*** (-5.53)	-0.0190*** (-10.50)			
2021M10-2021M12	-0.00358* (-2.43)	-0.0202*** (-11.34)	0.134*** (-8.85)	0.00937 (-1.10)	0.0188* (-2.45)
Lifetime international migrant	0.0143*** (4.62)	0.0417*** (9.25)	-0.0343 (-0.70)	0.0520* (2.45)	-0.0467* (-2.52)
N	286908	561754	22528	23140	21539

t-statistic in parentheses. The base category is 2019M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income, there is no data for the base period 2018M1-2020M3; in this case the base category is 2021M1-2021M3. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001

Table 5. Results considering recent internal migrants, Chile

	Occupied within the EAP	Active within working-age population	Ln(Total income, USD)	Ln(Monthly working hours)	Ln(Total income per hour, USD)
(2020M4-2020M6) X Recent internal migrant	-0.00486 (-0.49)	-0.00963 (-0.77)			
(2020M7-2020M9) X Recent internal migrant	-0.0134 (-1.56)	0.000375 (0.03)			
(2020M10-2020M12) X Recent internal migrant	-0.00726 (-0.87)	-0.0268* (-2.30)			
(2021M1-2021M3) X Recent internal migrant	-0.0144+ (-1.80)	-0.0168 (-1.44)			
(2021M4-2021M6) X Recent internal migrant	-0.00303 (-0.35)	-0.0154 (-1.42)			
(2021M7-2021M9) X Recent internal migrant	-0.0102 (-1.26)	-0.0106 (-0.97)			
(2021M10-2021M12) X Recent internal migrant	-0.00148 (-0.18)	-0.0226* (-2.17)	0.0726 (-0.88)	0.000827 (-0.02)	0.0326 (-0.72)
Recent internal migrant	-0.00181 (-0.27)	0.0268*** (3.31)	0.125** (2.78)	-0.0272 (-1.06)	0.0495* (2.05)
N	286908	561754	22528	23140	21539

t-statistic in parentheses. The base category is 2019M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income, there is no data for the base period 2018M1-2020M3; in this case the base category is 2021M1-2021M3. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001.

Table 6. Results considering lifetime internal migrants, Chile

	Occupied within the EAP	Active within working-age population	Ln(Total income, USD)	Ln(Monthly working hours)	Ln(Total income per hour, USD)
(2020M4-2020M6) X Lifetime internal migrant	0.000634 (0.13)	0.000692 (0.13)			
(2020M7-2020M9) X Lifetime internal migrant	0.00547 (1.20)	-0.0122* (-2.31)			
(2020M10-2020M12) X Lifetime internal migrant	0.00382 (0.88)	-0.00690 (-1.37)			
(2021M1-2021M3) X Lifetime internal migrant	0.00339 (0.80)	-0.00712 (-1.45)			
(2021M4-2021M6) X Lifetime internal migrant	-0.000899 (-0.23)	-0.00402 (-0.87)			
(2021M7-2021M9) X Lifetime internal migrant	0.00380 (0.94)	-0.000504 (-0.11)			
(2021M10-2021M12) X Lifetime internal migrant	0.00255 (0.62)	-0.00159 (-0.36)	-0.00286 (0.08)	-0.00324 (0.15)	-0.0157 (0.78)
Lifetime internal migrant	-0.000395 (-0.13)	0.000790 (0.23)	0.0942*** (4.14)	-0.0228+ (-1.70)	0.0282* (2.32)
N	286908	561754	22528	23140	21539

t-statistic in parentheses. The base category is 2019M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income, there is no data for the base period 2018M1-2020M3; in this case the base category is 2021M1-2021M3. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001

Table 7. Results considering recent international migrants, Chile

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)	ln(Monthly working hours)	ln(Total income per hour, USD)
(2020M4-2020M6) X Recent international migrant	-0.0151* (-2.11)	0.0315* (2.12)			
(2020M7-2020M9) X Recent international migrant	-0.0130 (-1.64)	0.0330+ (1.84)			
(2020M10-2020M12) X Recent international migrant	0.000835 (0.13)	0.00200 (0.15)			
(2021M1-2021M3) X Recent international migrant	-0.00202 (-0.33)	0.00234 (0.18)			
(2021M4-2021M6) X Recent international migrant	0.00302 (0.48)	-0.000478 (-0.04)			
(2021M7-2021M9) X Recent international migrant	0.00149 (0.22)	0.0165 (1.39)			
(2021M10-2021M12) X Recent international migrant	-0.00894 (-1.58)	0.00300 (0.27)	0.0939 (-1.25)	0.00401 (-0.10)	0.00303 (-0.09)
Recent international migrant	0.000729 (0.15)	0.0106 (1.23)	-0.0574 (-1.26)	0.139*** (5.04)	-0.140*** (-5.59)
N	286908	561754	22528	23140	21539

t-statistic in parentheses. The base category is 2019M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income, there is no data for the base period 2018M1-2020M3; in this case the base category is 2021M1-2021M3. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001

Table 8. Results considering lifetime international migrants, Chile

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)	ln(Monthly working hours)	ln(Total income per hour, USD)
(2020M4-2020M6) X Lifetime international migrant	-0.000825 (-0.05)	0.0311+ (1.68)			
(2020M7-2020M9) X Lifetime international migrant	-0.00653 (-0.43)	0.0651** (3.14)			
(2020M10-2020M12) X Lifetime international migrant	-0.0152 (-1.32)	0.0284 (1.59)			
(2021M1-2021M3) X Lifetime international migrant	-0.0147 (-1.43)	0.0268+ (1.71)			
(2021M4-2021M6) X Lifetime international migrant	-0.00824 (-0.80)	0.0235+ (1.72)			
(2021M7-2021M9) X Lifetime international migrant	-0.0140 (-1.46)	0.0107 (0.82)			
(2021M10-2021M12) X Lifetime international migrant	-0.0116 (-1.26)	0.00386 (0.32)	0.0191 (-0.19)	0.0490 (-1.18)	-0.0520 (1.41)
Lifetime international migrant	0.0237** (3.07)	0.0180+ (1.82)	-0.0255 (-0.54)	0.0752** (3.20)	-0.0702*** (-3.32)
N	286908	561754	22528	23140	21539

t-statistic in parentheses. The base category is 2019M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income, there is no data for the base period 2018M1-2020M3; in this case the base category is 2021M1-2021M3. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001

Table 9. Results considering recent internal migrants, Paraguay

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)
2020M10-2020M12	0.000360 (0.68)	0.00515* (2.47)	-0.0880*** (-5.95)
2021M10-2021M12	-0.000166 (-0.33)	0.00289 (1.36)	0.0186 (1.30)
Recent internal migrant	-0.00115** (-3.14)	0.0105 (1.32)	0.103** (2.83)
N	27649	52384	23051

t-statistic in parentheses. The base category is 2019M10-2019M12. Information is only available for the last quarters of each year. The coefficients of economic sector, sex, rurality, age and years of education are omitted. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001.

Table 10. Results considering lifetime internal migrants, Paraguay

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)
2020M10-2020M12	0.000371 (0.69)	0.00519* (2.49)	-0.0867*** (-5.87)
2021M10-2021M12	-0.000160 (-0.31)	0.00292 (1.38)	0.0198 (1.38)
Lifetime internal migrant	0.000641 (0.66)	0.00687* (2.14)	0.0895*** (5.29)
N	27649	52384	23051

t-statistic in parentheses. The base category is 2019M10-2019M12. Information is only available for the last quarters of each year. The coefficients of economic sector, sex, rurality, age and years of education are omitted. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001.

Table 11. Results considering recent international migrants, Paraguay

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)
2020M10-2020M12	0.000366 (0.69)	0.00513* (2.46)	-0.0882*** (-5.97)
2021M10-2021M12	-0.000165 (-0.33)	0.00287 (1.35)	0.0187 (1.30)
Recent international migrant	0.00102 (0.45)	0.000278 (0.03)	-0.0694 (-1.22)
N	27649	52384	23051

t-statistic in parentheses. The base category is 2019M10-2019M12. Information is only available for the last quarters of each year. The coefficients of economic sector, sex, rurality, age and years of education are omitted. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001.

Table 12. Results considering lifetime international migrants, Paraguay

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)
2020M10-2020M12	0.000362 (0.68)	0.00510* (2.45)	-0.0872*** (-5.90)
2021M10-2021M12	-0.000164 (-0.32)	0.00290 (1.37)	0.0174 (1.22)
Lifetime international migrant	-0.000759* (-2.28)	-0.0188*** (-4.03)	0.446*** (9.61)
N	27649	52384	23051

t-statistic in parentheses. The base category is 2019M10-2019M12. Information is only available for the last quarters of each year. The coefficients of economic sector, sex, rurality, age and years of education are omitted. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001.

Table 13. Results considering recent internal migrants, Paraguay

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)
(2020M10-2020M12) X Recent internal migrant	-0.000458 (-0.67)	-0.000610 (-0.03)	-0.121 (-1.34)
(2021M10-2021M12) X Recent internal migrant	-0.0000959 (-0.15)	0.0263 (1.33)	-0.0782 (-0.92)
Recent internal migrant	-0.000975* (-2.12)	0.00197 (0.16)	0.168** (2.83)
N	27649	52384	23051

t-statistic in parentheses. There are no data on migrants between the months 2020M4-2020M8. The base category for quarterly dummies is 2018M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income there is no data for the base period 2018M1-2020M3. The base category is 2021M1-2021M3. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001.

Table 14. Results considering lifetime internal migrants, Paraguay

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)
(2020M10-2020M12) X Lifetime internal migrant	0.00121 (0.74)	0.00230 (0.32)	-0.00963 (-0.23)
(2021M10-2021M12) X Lifetime internal migrant	0.00306 (1.20)	-0.00209 (-0.28)	-0.0414 (-1.02)
Lifetime internal migrant	-0.000777* (-2.03)	0.00683 (1.45)	0.106*** (3.74)
N	27649	52384	23051

t-statistic in parentheses. There are no data on migrants between the months 2020M4-2020M8. The base category for quarterly dummies is 2018M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income there is no data for the base period 2018M1-2020M3. The base category is 2021M1-2021M3. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001.

Table 15. Results considering recent international migrants, Paraguay

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)
(2020M10-2020M12) X rRecent international migrant	0.0000961 (0.12)	-0.0248 (-1.23)	0.0815 (0.54)
(2021M10-2021M12) X rRecent international migrant	0.00710 (1.06)	-0.0111 (-0.50)	0.127 (0.97)
Recent international migrant	-0.00141* (-2.45)	0.0117 (0.87)	-0.140 (-1.39)
N	27649	52384	23051

t-statistic in parentheses. There are no data on migrants between the months 2020M4-2020M8. The base category for quarterly dummies is 2018M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income there is no data for the base period 2018M1-2020M3. The base category is. 2021M1-2021M3 + p<0.10 * p<0.05 ** p<0.01 *** p<0.001

Table 16. Results considering lifetime international migrants, Paraguay

	Occupied within the EAP	Active within working-age population	ln(Total income, USD)
(2020M10-2020M12) X lLifetime international migrant	-0.000616 (-0.98)	0.00719 (0.64)	-0.108 (-0.95)
(2021M10-2021M12) X lLifetime international migrant	-0.000373 (-0.58)	0.0148 (1.37)	-0.157 (-1.48)
Lifetime international migrant	-0.000432 (-1.26)	-0.0264*** (-3.80)	0.537*** (7.67)
N	27649	52384	23051

t-statistic in parentheses. There are no data on migrants between the months 2020M4-2020M8. The base category for quarterly dummies is 2018M1-2020M3. Fixed effects at the department level, occupational categories, educational level, sex, age, and rurality are omitted. For income, hours and hourly income there is no data for the base period 2018M1-2020M3. The base category is. 2021M1-2021M3.+ p<0.10 * p<0.05 ** p<0.01 *** p<0.001

Table 17. Results considering recent internal migrants, Peru

	Occupied within the PEA	Active within the PET	ln(Total income, s/2018)	ln(hours of work monthly)	ln(Total income, USD)
2020M9-2020M11	-0.000727 (-0.61)	0.00803*** (3.80)	-0.105*** (-8.58)	0.000571 (0.07)	-0.109*** (-9.20)
2020M12-2021M2	-0.00117 (-0.99)	0.0176*** (9.26)	-0.117*** (-9.44)	-0.0285*** (-3.47)	-0.0870*** (-7.23)
2021M3-2021M5	-0.00341* (-2.54)	0.0104*** (5.60)	-0.109*** (-9.91)	-0.00284 (-0.39)	-0.105*** (-9.37)
2021M6-2021M8	0.00149+ (1.80)	0.00682*** (3.84)	-0.0651*** (-6.04)	0.00291 (0.38)	-0.0721*** (-6.49)
2021M9-2021M12	-0.00111 (-1.02)	0.00129 (0.73)	-0.0959*** (-9.41)	-0.00724 (-1.03)	-0.0883*** (-8.94)
Recent internal migrant	-0.00133 (-0.86)	0.00835*** (3.57)	0.0914*** (6.91)	0.0435*** (4.73)	0.0551*** (4.13)
N	223407	236810	198861	218963	195687

t-statistic in parentheses. There are no data on migrants between the months 2020M4-2020M8. The base category for quarterly dummies is 2018M1-2020M3. Fixed effects at the department level, occupational categories, educational level, informal employment, sex, age, and rurality are omitted.
Source: ENAHO. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001

Table 18. Results considering international migrants, Peru

	Occupied within the PEA	Active within the PET	ln(Total income, s/2018)	ln(hours of work monthly)	ln(Total income, USD)
2020M9-2020M11	-0.000699 (-0.59)	0.00809*** (3.86)	-0.105*** (-8.65)	-0.0000886 (-0.01)	-0.108*** (-9.18)
2020M12-2021M2	-0.00114 (-0.97)	0.0177*** (9.34)	-0.117*** (-9.48)	-0.0280*** (-3.42)	-0.0876*** (-7.30)
2021M3-2021M5	-0.00337* (-2.53)	0.0105*** (5.69)	-0.110*** (-10.07)	-0.00165 (-0.23)	-0.107*** (-9.62)
2021M6-2021M8	0.00146+ (1.78)	0.00683*** (3.87)	-0.0647*** (-6.02)	0.00216 (0.28)	-0.0708*** (-6.41)
2021M9-2021M12	-0.00112 (-1.03)	0.00144 (0.82)	-0.0942*** (-9.29)	-0.00694 (-0.99)	-0.0868*** (-8.83)
International migrant	0.00481*** (4.00)	-0.000275 (-0.07)	0.0868** (2.74)	0.180*** (7.97)	-0.0998** (-3.06)
N	224408	237839	199808	219952	196624

t-statistic in parentheses. There are no data on migrants between the months 2020M4-2020M8. The base category for quarterly dummies is 2018M1-2020M3. Fixed effects at the department level, occupational categories, educational level, informal employment, sex, age, and rurality are omitted.
Source : ENAHO. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001.

Table 19. Results considering recent internal migrants, Peru

	Occupied within the PEA	Active within the PET	ln(Total income, s/2018)	ln(hours of work monthly)	ln(Total income, USD)
(2020M9-2020M11)x Recent internal migrant	0.00205 -0.41	0.0104 -1.13	-0.0363 (-0.55)	0.0254 -0.69	-0.0627 (-0.99)
(2020M12-2021M2)x Recent internal migrant	-0.0024 (-0.38)	0.0106 -1.44	0.0361 -0.67	-0.000548 (-0.02)	0.035 -0.63
(2021M3-2021M5)x Recent internal migrant	0.00419 -0.52	-0.000285 (-0.02)	0.0182 -0.32	0.0154 -0.44	0.00682 -0.12
(2021M6-2021M8)x Recent internal migrant	0.00214 -0.65	-0.00297 (-0.38)	0.0289 -0.58	0.0361 -1.17	-0.0126 (-0.28)
(2021M9-2021M12)x Recent internal migrant	0.00199 -0.38	0.00886 -1.15	0.0222 -0.47	0.0433 -1.37	-0.0174 (-0.36)
Recent internal migrant	-0.00203 (-1.04)	0.00624* -2.13	0.0849*** -5.44	0.0326** -2.72	0.0592*** -3.69
N	223407	236810	198861	218963	195687

t-statistic in parentheses. There are no data on migrants between the months 2020M4-2020M8. The base category for quarterly dummies is 2018M1-2020M3. Fixed effects at the department level, occupational categories, educational level, informal employment, sex, age, and rurality are omitted.
Source : ENAHO. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001.

Table 17. Results considering recent internal migrants, Peru

	Occupied within the PEA	Active within the PET	ln(Total income, s/2018)	ln(hours of work monthly)	ln(Total income, USD)
(2020M9-2020M11)x International migrant	0.00429+ (1.70)	-0.00212 (-0.14)	-0.0706 (-0.74)	-0.0939 (-1.40)	0.0309 (0.30)
(2020M12-2021M2)x International migrant	0.00747* (1.99)	0.00433 (0.18)	-0.285 (-1.27)	-0.0193 (-0.15)	-0.226 (-1.58)
(2021M3-2021M5)x International migrant	0.00657* (2.43)	0.00376 (0.44)	-0.203 (-1.49)	0.108+ (1.77)	-0.300* (-2.51)
(2021M6-2021M8)x International migrant	-0.000787 (-0.36)	-0.0102 (-0.76)	-0.0834 (-0.70)	-0.153 (-1.30)	0.0724 (0.71)
(2021M9-2021M12)x International migrant	0.00160 (0.69)	0.00926 (1.32)	0.0907 (0.92)	-0.0177 (-0.22)	0.112 (1.17)
International migrant	0.00334+ (1.71)	-0.000827 (-0.15)	0.120** (3.13)	0.194*** (7.18)	-0.0844+ (-1.89)
N	224408	237839	199808	219952	196624

t-statistic in parentheses. There are no data on migrants between the months 2020M4-2020M8. The base category for quarterly dummies is 2018M1-2020M3. Fixed effects at the department level, occupational categories, educational level, informal employment, sex, age, and rurality are omitted.
Source: ENAHO. + p<0.10 * p<0.05 ** p<0.01 *** p<0.001.

Study team biographies

Adedeji Adeniran is the director of research at the CSEA and has been working in the area of international development for more than a decade with specific expertise in sustainable development, education, and the digital economy.

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Blanca Aquino is an associate researcher of ID. She holds a Master's in Applied Economics and her research interests are public policy, impact evaluation, economics of education and migration issues.

Sajid Jamin Aved is deputy executive director and founding head of Policy Solutions Lab at SDPI. His recent work includes social footprint of monetary policy, macroeconomic policy coherence for sustainable development, policies for inclusive SDGs acceleration and central banking for inclusive development.

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Jorge Garicoche is the director of the Department of Economics of ID. He holds a degree in Economics from the National University of Asuncion where he also teaches at the Faculty of Economic Sciences and a Master's degree from the Torcuato Di Tella University. His research and consulting interests are focused on issues related to Economic Development.

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Authors acknowledgements

Chapter 2

We wish to appreciate the Southern Voice for conceiving the laudable State of the Global SDGs project, part of which is this report, and for the collaborative and technical support their team provided towards the successful completion of the project. The authors appreciate Dr Chukwuka Onyekwena for guidance and support in regional engagements carried out as part of this research. We also appreciate the country team from Nigeria, Benin and Tanzania whose insightful analysis guided and strengthened this regional report.

Chapter 3

This study has been made successful through the collaborative efforts with Centre for Poverty Analysis (CEPA), Colombo, Sri Lanka and Centre for Policy Research (CPR), New Delhi, India. Their active participation and invaluable contributions to the studies evidence, through country level studies of Sri Lanka and India are profoundly appreciated and gratefully acknowledged. Special recognition is extended to; researchers from CEPA, Sri Lanka such as Gayathri Lokuge, main researcher for the country level study for Sri Lanka, Karin Fernando, Minuri Perera, Romeshun Kulasabanathan, Dilshani Ranawaka, Heli de Alwis, and to the researchers from CPR, India such as Sabina Dewan, Consultant for the country level study for India, Partha Mukhopadhyay, Prerna Seth and Kahnu Charan Pradhan, for their pivotal role in generating indigenous findings in country level study that greatly enriched this regional study. The authors at the Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan, myself, Dr Sajid Amin Javed and Huzaima Quddus would like to extend sincere gratitude to the Southern Voice team for their unwavering support and invaluable feedback during the project. The input provided by both external and internal reviewers significantly enriched the study, showcasing their remarkable contribution.

The authors would also like to extend their appreciation to Shanza Khalid and Naimat Ullah Wazir for the invaluable support provided in synthesizing graphical and technical information. Lastly, profound appreciation goes to all the participants who generously contributed through interviews and fieldwork.

Chapter 4

The authors would like to thank Teresa Ropert and Eleni Kokkidou of Espacio Público (Chile), and Jorge Garicoche and Belén Benitez of Investigación para el Desarrollo (Paraguay). Most importantly, we thank the women and men who, as migrant workers within Peru, Chile and Paraguay offered the research teams in each country, their time and consideration to talk and share their experiences, while allowing our presence in their job locations, homes, and neighbourhoods. Lastly, we thank the Institute of Peruvian Studies, our research centre, for their continuous academic and administrative support.



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ISBN: 978-9942-45-300-6



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