Global Virtual Workshop

Building Urban Economic Resilience during and after COVID-19

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Impacts in the Region

Figure 8  | Latin America and the Caribbean: per capita GDP, 1990–2020
(Index: 1990=100)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.
* Projected value for 2020.
Impacts in the Region
GDP decreases....
### Impacts

**Table 4 | Latin America (17 countries): projections of the population living in extreme poverty and poverty, 2020**  
(Percentages and percentage points)

<table>
<thead>
<tr>
<th>Country</th>
<th>Extreme poverty</th>
<th>Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019(^a)</td>
<td>2020(^b)</td>
</tr>
<tr>
<td>Argentina(^c)</td>
<td>3.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Bolivia (Plurinational State of)</td>
<td>14.3</td>
<td>16.8</td>
</tr>
<tr>
<td>Brazil</td>
<td>5.5</td>
<td>9.8</td>
</tr>
<tr>
<td>Chile</td>
<td>1.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Colombia</td>
<td>10.3</td>
<td>14.3</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>3.4</td>
<td>5.1</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>4.5</td>
<td>6.7</td>
</tr>
<tr>
<td>Ecuador</td>
<td>7.6</td>
<td>12.7</td>
</tr>
<tr>
<td>El Salvador</td>
<td>7.4</td>
<td>11.9</td>
</tr>
<tr>
<td>Guatemala</td>
<td>19.8</td>
<td>22.7</td>
</tr>
<tr>
<td>Honduras</td>
<td>18.7</td>
<td>22.2</td>
</tr>
<tr>
<td>Mexico</td>
<td>11.1</td>
<td>17.4</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>18.0</td>
<td>22.8</td>
</tr>
<tr>
<td>Panama</td>
<td>6.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Paraguay</td>
<td>6.2</td>
<td>6.6</td>
</tr>
<tr>
<td>Peru</td>
<td>3.7</td>
<td>7.6</td>
</tr>
<tr>
<td>Uruguay</td>
<td>0.1</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Latin America(^d)</strong></td>
<td><strong>11.0</strong></td>
<td><strong>15.5</strong></td>
</tr>
</tbody>
</table>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Household Survey Data Bank (BADEHOG).  
\(^a\) Projections.  
\(^b\) Preliminary projections based on the impact on employment and labour income for the different production sectors.  
\(^c\) Data refer to urban areas.
Impacts in the Region

The Covid-19 pandemic has been challenging for local governments
• Direct responsibility for implementing measures
• Disruption of priorities
• Pressure for expenses
• Declining incomes

ECLAC and UN system
• A regional look
• The response of national governments is essential for local governments, which require support
Rental housing: Temporary freeze and/or extension of rental contracts. (33% of countries)

Long term housing finance: At least 13 of the 25 countries have taken measures to suspend mortgage payments or deferred payments over a set period of time.

Other subsidies: At least 64% of the countries have implemented subsidies for vulnerable households or investment incentives for home renovation and construction.
Actions related to public spaces:
At least 23 of the 25 countries have implemented restrictions on the use of public spaces at the national level such as quarantines or confinements, curfews, and suspension of public activities.

Actions related to utilities:
At least 80% of the 25 countries have banned the suspension of basic services such as water, electricity or telecommunications and/or moratoriums for a period of time, or deferment of payments.
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Antigua & Barbuda, Argentina, Bahamas, Belice, Bolivia, Brasil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Haití, Honduras, Jamaica, México, Nicaragua, Panamá, Paraguay, Perú, Republica Dominicana, St. Cristóbal & Nieves, Trinidad & Tobago, Uruguay, Venezuela
Impacts in the Region

- Strong reduction in economic activity – high levels of informality
- Difficulty adapting and resilience especially for SMEs
- Widespread breaks and final closures (Guayaquil: only 25% of business could withstand more than 70 closed days)
- Increase in unemployment (-50% of occupied in Lima)
- Falling in government revenue (-20% of central government revenue Peru)
- High loss of confidence in sectors such as tourism, gastronomy
- Suspension of basic public services: education, mobility and non-Covid health
Impacts in the Region

Frustrating results:

- Cities were not prepared – health system, transport, urban development, social protection, digital inclusion
  Social/cultural difficulty of complying with the regulations
  Low banking and formalization made digital payments difficult and the bonds reached everyone they needed
  Extension of long-term restrictions

Exhaustion of state fiscal capacity + Pressure to economic reopening

- Complex Planning and coordination of the reopening, which would allow the private sector to plan and maintain jobs
  Health risks of reopening

Pandemic puts pressure on municipalities to spend more and grant tax benefits while restrictions on economic activity lower incomes (vicious circle)

- Do more with less
  Changing the municipal budget
  National government support
ECLAC Proposal

- Basic emergency income equivalent to a poverty line ($147) for six months, at a cost of 1.9% of GDP
- Hunger bond equivalent to 70% of an extreme poverty line ($57) that would cost 0.45% of GDP;
- Longer terms and grace periods in mipymes credits and partial co-financing of payroll;
- Expansive fiscal and monetary policies that sustain a longer period of spending;
- Access to concessional financing for middle-income countries, and
- Political and fiscal pacts for universal, progressive and redistributive social protection
Green recovery

• Not going back to the previous "normal"

More sustainable, green and inclusive reconstruction

Big Push for Sustainability
Investment programmes that promote employment, low environmental footprint and contribute to the democratization of the productive fabric (ECLAC 2020 in preparation):

Example potential intervention: Housing improvement (Lima)
   16% of houses (400 K) use precarious materials *
   211 Thousand overcrowded households *
   13% overcrowding in own occupied units (invasion/illegal occupancy)
   11% overcrowding in rented homes
* Investment of US$ 600MM – US$ 2,000 could improve quality, decrease overcrowding and generate employment (individual value estimated by HPHI 2018)

500 Thousand homes Used as a Workplace
   46% in precarious settlements

110 Thousand Credits (formal) to expand/upgrade/build: 60% used in precarious settlements.
Thank you for your attention