



# COVID-19 Report

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## ECLAC-PAHO

30 July 2020

# Health and the economy: a convergence needed to address COVID-19 and retake the path of sustainable development in Latin America and the Caribbean



## Foreword

This joint report by the Economic Commission for Latin America and the Caribbean (ECLAC) and the Pan American Health Organization (PAHO) is issued at a time when several Latin American countries have become the epicenter of the coronavirus disease (COVID-19) pandemic. The region is particularly vulnerable because of its high levels of labor informality, urbanization, poverty, and inequality, and its weak health and social protection systems, in addition to the fact that it has large population groups living in vulnerable conditions and who require special attention. While Caribbean countries have managed to control the pandemic more quickly, in Latin America infection levels continue to rise.

The main conclusion of this report is that if the pandemic transmission curve is not brought under control, the countries' economies will be unable to recover. It also states that, in order to both control the pandemic and reopen the economy, States must demonstrate effective and dynamic leadership and stewardship through national plans that incorporate health, economic and social policies. Moreover, for the pandemic to be controlled and economic recovery and reconstruction promoted, fiscal spending must be increased and made more efficient, effective, and equitable, so that public spending on health reaches at least 6% of gross domestic product (GDP).

For Latin America and the Caribbean to be successful at this critical stage, the physical distancing measures needed to tackle the pandemic must be complemented by urgent social protection measures to guarantee people's income, food, and access to basic services. However, the economic reopening phase must be gradual and based on health protocols that allow the virus and its spread to be controlled, in addition to protecting workers, especially health workers. This will ensure a safe economic recovery and working environment. To this end, standards and procedures must be defined and implemented that minimize the risk of contagion,

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that allow for a rapid response to an ever-changing public health environment and that also take into account aspects specific to sub-national or local levels.

These two international organizations consider health care to be a fundamental human right and a public good that must be guaranteed by the State through health policies and intersectoral interventions that address the main economic and social determinants. Thus, comprehensive and universal systems of access to health care and social protection should be promoted, and particular attention paid to gender equality and the increasing demand for both paid and unpaid care giving.

Initiatives to tackle the pandemic should address universal access to good-quality essential health services, those associated with both COVID-19 and other health-care needs. Health-care systems and institutions must guarantee access to comprehensive services and the introduction of public health criteria that act as the cornerstones for strengthening and transforming systems, in order to move towards universal health. It is clear to both organizations that these changes require appropriate, efficient, and equitable governance and financing models, which are aligned with a primary health care approach and prioritize populations living in vulnerable conditions.

We invite all the authorities in the spheres of health, the economy, and social well-being, as well as political leaders, academics, and members of civil society, to analyze the evidence and views presented herein, and to evaluate the implementation of guidelines adapted to the specificities of their own countries, with a view to improving the resilience of society and, ultimately, the health and well-being of the population, with equality at the core.

Alicia Bárcena  
Executive Secretary  
Economic Commission for  
Latin America and the Caribbean (ECLAC)

Carissa F. Etienne  
Director  
Pan American  
Health Organization (PAHO)

## Executive summary<sup>1</sup>

- Several Latin American countries have become the epicenter of the coronavirus disease (COVID-19) pandemic, topping the global statistics of reported cases. The pandemic has become an unprecedented economic and social crisis and, if urgent measures are not taken, it could transform into a food, humanitarian, and political crisis.
- LAC is the most unequal region in the world and the most urbanized of the developing regions, exposing a significant portion of the population in conditions of vulnerability to the disease. The pandemic has erupted in a complex economic, social, and political scenario, with low levels of growth and high levels of labor informality. The Economic Commission for Latin America and the Caribbean (ECLAC) projects a 9.1% decline in gross domestic product (GDP) due to the effects of the pandemic.
- Unemployment in Latin America is projected to rise from 8.1% in 2019 to 13.5% in 2020. This will bring the number of unemployed people in LAC to more than 44 million, an increase of more than 18 million with respect to 2019. In this context, the poverty rate is expected to climb 7.0 percentage points in 2020 to 37.3%, an increase of 45 million people (for a total of 231 million people), while extreme poverty is expected to rise 4.5 percentage points to 15.5%, an increase of 28 million people that will bring the total to 96 million.
- The structural challenges of poverty, profound inequality and weak social protection and health systems have exacerbated the region's vulnerability to the pandemic. The decisions made by national authorities have differed greatly: some countries have had success in their efforts to flatten the epidemiological curve over specific periods, while others are still far from doing so.
- The physical distancing measures required to control transmission, including quarantines and the suspension of nonessential activities, have consequences in terms of losses of jobs and income. Workers in the informal sector (mostly women) are particularly vulnerable, accounting for 53% of total employment in LAC.
- Women will be more severely affected by the crisis, since they are overrepresented in the economic activities most impacted by measures to contain the virus and in the labor sectors most exposed to infection. Furthermore, confinement has added to the burden of women in terms of caregiving, and exposed them to higher risks of domestic violence, including femicide.
- Indigenous populations (60 million people who account for just under 10% of the Latin American population) and Afrodescendant people (130 million people in 2015, or 21% of the Latin American population) will be disproportionately affected, since they tend to live in worse socioeconomic conditions, have limited access to social protection compared to the rest of the population, and face high levels of discrimination in the labor market.
- The COVID-19 crisis will also exacerbate the vulnerability of migrants and refugees. It is important that restrictions on freedom of movement and access to national territories respect international human rights laws, humanitarian law, and refugee law, particularly the principles of nondiscrimination and nonrefoulement, as well as prohibitions on arbitrary arrest and mass expulsion.
- The pandemic poses a higher risk to certain groups, including the 85 million people who are over 60 years of age and the 70 million people with disabilities in LAC. Among other hardships, the spread of the virus may impede treatment of the most common chronic diseases in these population groups, exposing them to the risk of early death.
- In addition, health systems in LAC countries have significant weaknesses. They are underfinanced, segmented, and fragmented, which results in significant barriers to access. Weaknesses in the performance of the health authorities' steering role are accompanied by low public expenditure averaging a mere 3.7% of GDP, far from the 6.0% target recommended by the Pan American Health Organization (PAHO). On average, households in the region cover more than one-third of health care costs through direct out-of-pocket payments (34%), while nearly 95 million people incur catastrophic health expenditures and nearly 12 million become poorer as a result of these expenditures. The average availability of physicians and hospital beds is around half of what is available in more developed countries, such as those in the Organization for Economic Cooperation and Development (OECD).

<sup>1</sup> Unless otherwise indicated, the data used to prepare this document are those available up to 30 June 2020 in the case of ECLAC and 20 July 2020 in the case of PAHO.

- The health crisis has led to a shift in the care of patients with non-COVID-19 diseases. Care is being postponed or interrupted, especially in terms of morbidity, programmed activities, and control of noncommunicable and chronic diseases. This has led to a significant increase in overall mortality, additional to the deaths caused by COVID-19, and to deficiencies in the care of other diseases.
- If the pandemic is not brought under control, economic reactivation is inconceivable. In order to address all phases of the pandemic, it is necessary for health, social, and economic policies to be integrated, coordinated, participatory, adapted to each national and subnational context, and guided by fundamental principles. Under these principles, life, health, and well-being are fundamental and constitute prerequisites for reactivating the economy. Health control and mitigation policies must be aligned with economic policy. Furthermore, the reduction of inequalities is a guiding principle of policy-making. It is, therefore, necessary to ensure that everything done during and after this crisis is aimed at building more egalitarian, inclusive, and resilient societies. Social protection is a key tool for tackling the pandemic, so the reduction of poverty, inequality, and exclusion must be a fundamental component. The prioritization of health and health systems strengthening based on primary health care should be considered essential to the response to all phases of the crisis. Strengthening the steering role of government is a *sine qua non* for rebuilding, and dialogue and social participation are essential for achieving the integrated convergence of the health and economic sectors. Finally, evidence-based measures are the basis for promoting health in all phases of the pandemic response, considering the criteria of essentiality, graduality, and flexibility in a context of a dynamic public health situation.
- The policy options for addressing the pandemic entail consolidating a national plan and intersectoral consensus. The response should be structured in three nonlinear and interrelated phases—control, reactivation, and rebuilding—Involving the participation of technical stakeholders representing not only the field of health, but also other social and economic areas.
- Measures implemented to control the pandemic as well as measures for the reactivation and rebuilding phases will require increased public investment in health until the recommended parameters are achieved. It is necessary to ensure the strengthening of health systems and the expansion and reconfiguration of quality health services with a primary health care approach, and to immediately address unmet health needs, reduce inequities, and improve conditions for accessing essential services, including financial protection.

## 1. Control phase of the epidemic

- No economic opening is possible until the epidemiological curve has been controlled through public health measures such as the suspension of nonessential activities and other social distancing measures, the tracing and isolation of cases, contact tracing, and stepped-up diagnostic testing. Public health measures intended to flatten the epidemiological curve should go hand in hand with social protection measures.
- A major effort to create fiscal space<sup>2</sup> is required to strengthen health sector and social protection actions, and preserve the productive capacity of the economy.
- In the control phase, fiscal efforts should be aimed at financing health services, information systems and digital transformation, community and territorial-based models of care, and ensuring integrated public health measures, including primary health care strategies.
- Barriers to access should be eliminated, such as copayments for the diagnosis and treatment of COVID-19 and comorbidities. The focus placed on the pandemic and the reallocation of resources to contain and respond to it should not compromise the continuity of services, including essential services and those that treat other diseases such as chronic diseases, sexual and reproductive health services, pre- and postnatal checkups, mental health, and regular prevention programs.
- Health workers must be protected, not just because of workers' rights but because they are critical actors in the response to current and future challenges.
- The implementation of a basic emergency income is warranted, since it would make it possible to support household consumption and meet basic needs, while promoting adherence to physical distancing measures. A basic emergency income, an amount equivalent to the poverty

<sup>2</sup> Fiscal space for health refers to the ability of governments to increase spending for the health sector without jeopardizing the government's long-term solvency or limiting expenditure in other sectors or investments needed for development.

line, is recommended over a six-month period for the entire population living in poverty in 2020 (37.3% of the LAC population), which would entail an additional cost of 2.0% of GDP.

- It is also necessary to ensure that the food supply chain functions properly and to provide anti-hunger grants (ECLAC/FAO, 2020) to supplement basic emergency income, through modalities such as cash transfers, food baskets, or food vouchers. Providing anti-hunger grants valued at 70% of the extreme poverty line to individuals living in extreme poverty over a period of six months would entail a cost of 0.52% of GDP.
- Preserving and ensuring the continuity and quality of basic services is also fundamental.

## 2. Economic reactivation phase

- Economic reactivation should be understood from the perspective of great uncertainty, far removed from the concept of linear recovery, and with a high probability of new outbreaks of the pandemic.
- It is necessary to consider controlled community transmission with effective capacity to monitor new cases, availability of tests, contact tracing, and continuous monitoring must all be considered. Reactivation should be gradual and based on health protocols that make it possible to keep the virus from spreading. To ensure safe reactivation, standards and procedures must be defined that minimize infection risks, considering the specificity of each productive sector and territory, while prioritizing the protection of workers and consumers.
- To address the profound impact on conditions of poverty and inequality, cash transfers should be continued for large segments of the population, including populations vulnerable to falling into poverty. Steps should be taken to achieve a social pact between multiple actors, since the crisis may deepen expressions of unrest, mistrust, and disaffection with democracy, which pose a significant risk to social unity and sustainable development. A new social pact for sustainability, which includes the health sphere and the social, fiscal, productive, and environmental areas, and supported by digital technologies, may form the basis for creating conditions of well-being and conducive to reactivation of the economy with equality and sustainability.
- It is imperative that international financial institutions continue to quickly facilitate low-cost lines of credit. Forgiveness and relief of existing debt service, including for the middle-income countries that require it, is also fundamental, since it would significantly increase their fiscal space to implement policies during the reactivation phase.
- In this phase, support must be provided to the 2.7 million LAC companies that will have to shut their doors due to the crisis. This can be accomplished through subsidies for the 2.6 million small businesses that have been affected, US\$300–\$500/month in aid for self-employed individuals, and soft loans and grace periods for medium-sized enterprises. Bailouts of large companies should be contingent on maintaining payrolls, not investing in tax shelters or redistributing earnings among shareholders.

## 3. Rebuilding phase: rebuild better with greater equity

- Rebuilding more inclusive and resilient societies after the pandemic means viewing health as a human right and a public good that must be guaranteed by the State, with sufficient funding. Universal access to health should be expanded and health systems strengthened based on a primary health care approach, prioritizing the most vulnerable populations. The health care sector should be viewed not only as a sector of government, but as a dynamic economic sector with expansive effects on the rest of the economy.
- Health system reforms should help strengthen the exercise of public health functions. PAHO's renewed agenda on essential public health functions facilitates an understanding of current public health challenges, considering the social determinants of health, equity, and an integrated approach to individual and collective public health services.<sup>3</sup> It is necessary to strengthen information systems and digital transformation in the health sector to improve access, quality, and response capacity, as well as disease surveillance and outbreak response.

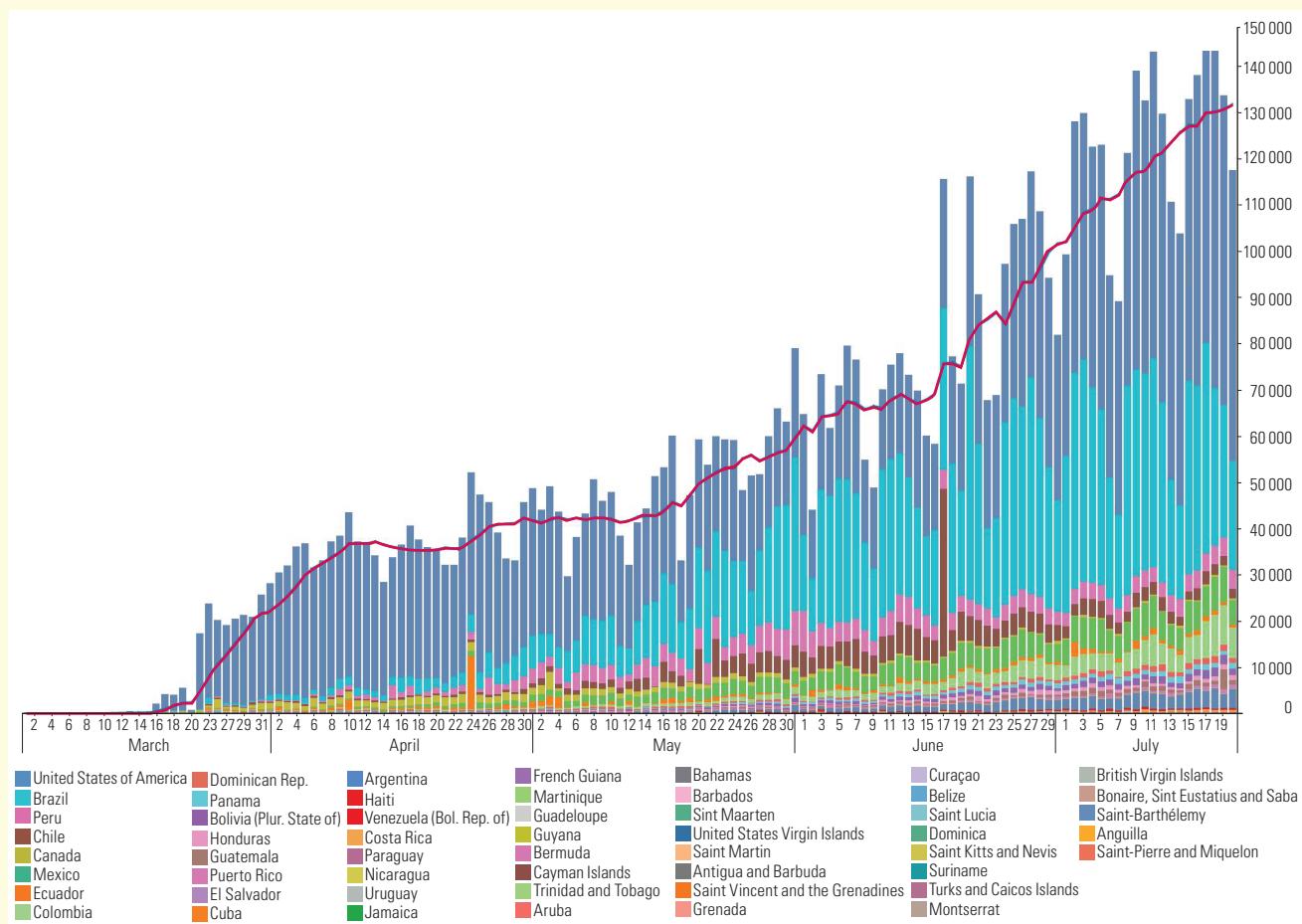
<sup>3</sup> The agenda is described in: PAHO, "The essential public health functions in the Americas: a renewal for the 21st century. Conceptual framework and description," 2020, publication pending.

- It is crucial to consolidate universal and comprehensive social protection systems, including health policies, based on a human rights and gender-sensitive approach, with mechanisms aimed at addressing the barriers and specific needs of different population groups.
- Economic policy should contribute to rebuilding through a progressive fiscal policy and sufficient, effective, and equitable public expenditure, in order to address structural weaknesses in fiscal systems such as a low tax burden, regressive structure, and tax evasion.
- LAC should reduce its dependence on imported medical products (less than 4% of such products come from within the region) and strengthen its production capacity in the pharmaceutical and medical supplies and equipment industries.
- It is essential not to miss the opportunity to invest in a green recovery that is based on social equity and economic sustainability, with sustainable investments that make it possible to move toward an agroecological and energy transition. Accordingly, the industrial policies that are adopted should include a major push for sustainability in the rebuilding phase. During this phase, there must be greater environmental sustainability and stronger climate change actions, given the fragility of ecosystems and in order to prevent future zoonotic diseases.

## Introduction

- Several Latin American countries have become the epicenter of the COVID-19 pandemic. The region currently tops global statistics on daily reported cases of coronavirus infections, surpassing Europe and the United States of America, and many countries are experiencing a rapid increase in this key indicator of the growing epidemic (see figure 1).

**Figure 1 | Region of the Americas (53 countries and territories): distribution of new cases of COVID-19 by date of report and seven-day moving average, 2 March–20 July 2020  
(Number of cases)**



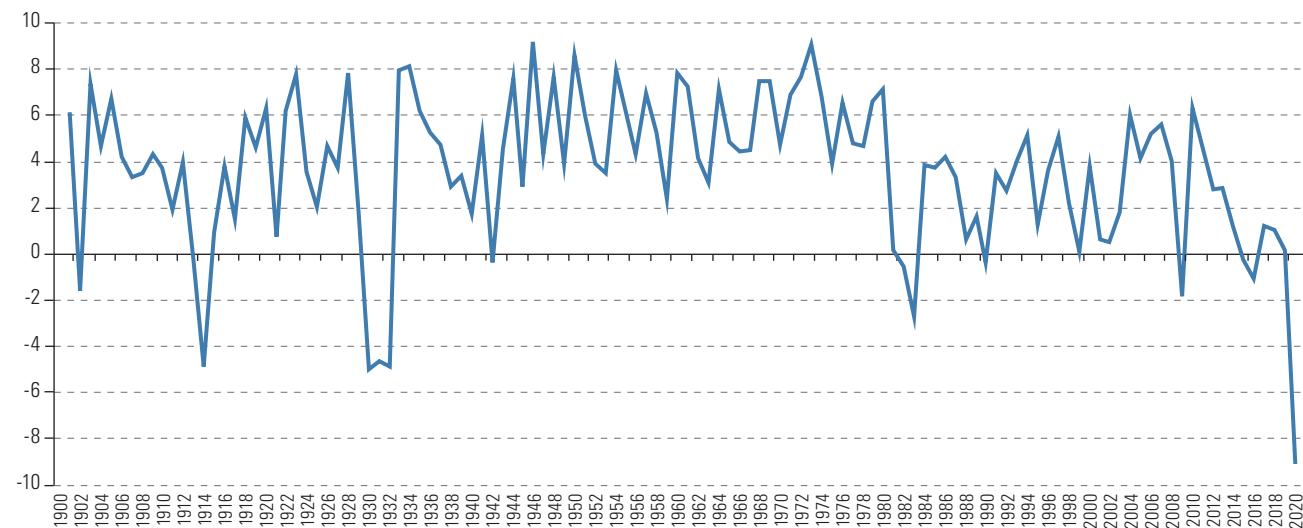
Source: Pan American Health Organization (PAHO), based on COVID-19 data provided by the countries.

- The pandemic is affecting all spheres of society and altering lives and livelihoods. It is an unprecedented economic and social crisis that could become a food, humanitarian, and political crisis if adequate measures are not quickly adopted.
- The governments of LAC face an unprecedented challenge to contain the pandemic and minimize its effects on the population. To ensure the success of efforts aimed at containing the spread of the virus and addressing the most severe economic contraction in the region's history, as well as a rapid deterioration of living conditions, a new regional development model must be constructed.
- To tackle the pandemic and strengthen sustainable development, there must be convergence and synergy among the areas of health, economy, and the environment. Although the expected setbacks in economic and social terms seriously threaten the achievement of the goals of the 2030 Agenda for Sustainable Development, this pandemic has clearly illustrated the importance of the Agenda's core principles: the comprehensive nature of sustainable development and the interdependence of its three dimensions—social, environmental, and economic—as well as the need to "leave no one behind." The health of the population and economic growth should go hand in hand, along with social development and environmental protection, in order to promote the well-being of all people.

## I. Economic, social, and health context: LAC is highly vulnerable to the impact of COVID-19

- LAC is the most unequal region in the world and the most urbanized of the developing regions, exposing a significant portion of the population in vulnerable conditions to COVID-19. The pandemic in this region has erupted in a complex economic, social, and political scenario, with low growth, high levels of labor informality, increased populations living in poverty and extreme poverty, a deceleration of the inequality reduction process, expressions of civil unrest, and public protests.
- Due to the effects of COVID-19, ECLAC projects a 9.1% decline in GDP in LAC, with unemployment increasing by 5.4 percentage points in Latin America (ECLAC, 2020). To successfully contain the virus and address the worst economic contraction the region has experienced since recordkeeping began in 1901, a new regional development model must be constructed (see figure 2).

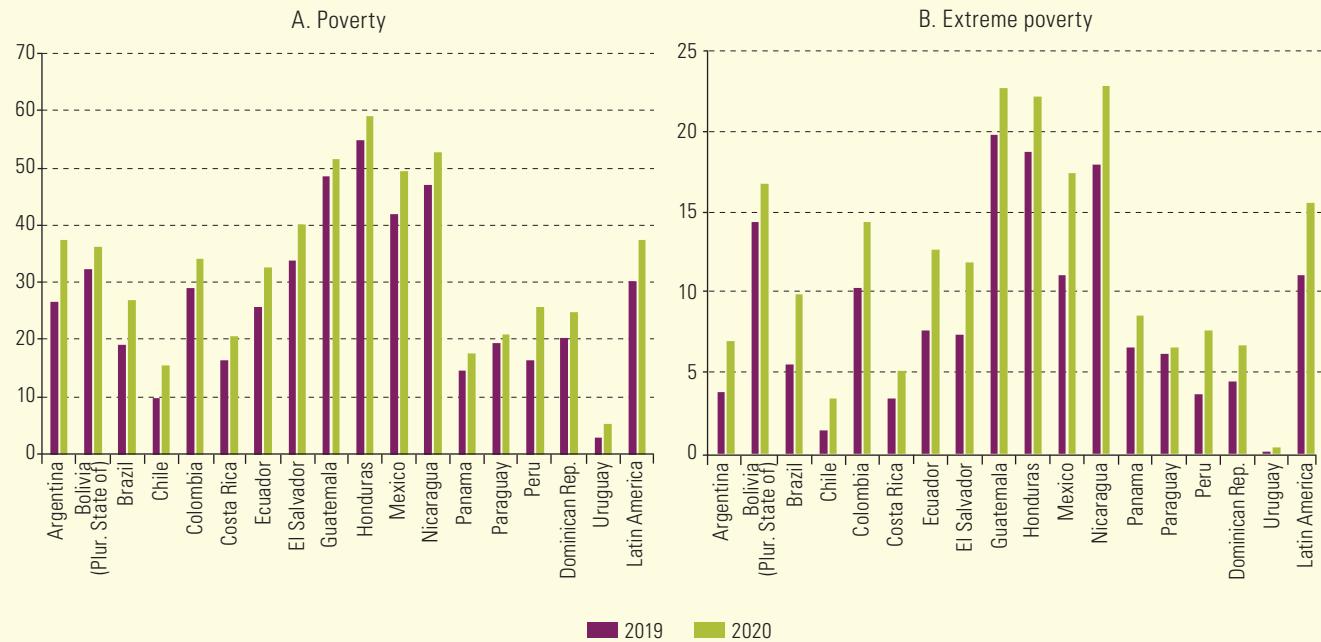
**Figure 2 | Latin America and the Caribbean: GDP growth rate, 1901–2020 (Percentages)**



Source: Economic Commission for Latin America and the Caribbean (ECLAC), "Addressing the growing impact of COVID-19 with a view to reactivation with equality: new projections," *COVID-19 Special Report*, No. 5, Santiago, 15 July 2020.

- It is estimated that the poverty rate in Latin America will increase by 7.1 percentage points in 2020, reaching 37.3%, while extreme poverty will increase by 4.5 percentage points, from 11.0% to 15.5%. This could mean 45 million more people living in poverty (for total of 231 million) and 28 million more people living in extreme poverty (for a total of 96 million people) (see figure 3).

**Figure 3 | Latin America (17 countries): projected population living in poverty and extreme poverty, not considering the effect of announced measures to mitigate the impact of COVID-19<sup>a</sup>**  
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), "Addressing the growing impact of COVID-19 with a view to reactivation with equality: new projections," *COVID-19 Special Report*, No. 5, Santiago, 15 July 2020.

<sup>a</sup> Preliminary projections based on projected impact on employment and worker income in the different productive sectors. The data from Argentina are for urban areas.

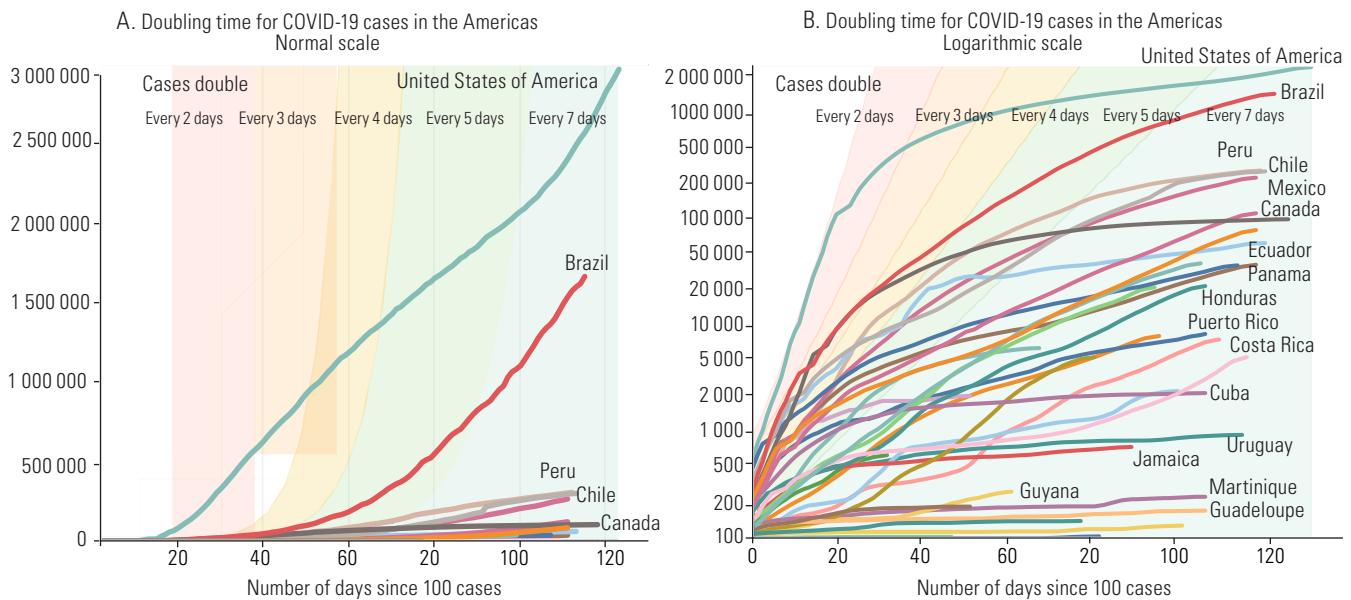
- Income inequality in all countries of LAC will also increase. ECLAC projects increases in the Gini coefficient ranging from 1.1% to 7.8%. This is a considerable setback with respect to the progress made in reducing inequality in the first decade of the 2000s, when widening income inequality was reversed for the first time in history, illustrating the importance of reducing inequality as a strategy to overcome poverty (ECLAC, 2020b).
- Different dimensions of inequality, such as the right to quality education and health, sufficient and adequate nutrition, access to basic infrastructure (drinking water and sanitation) and information technologies and communications, and the right to decent work and social protection have not only exacerbated vulnerability to the pandemic and its impact in certain population groups, but also impede rebuilding, as described in the following sections.
- In this general context, the countries of the Caribbean face additional challenges related to their high debt levels, the importance of the tourist sector and remittances, and their dependence on food imports. Before the pandemic occurred, because of the ongoing need for financing to restore production infrastructure following climate disasters, the Caribbean nations had a high level of public indebtedness, limiting their fiscal response capacity (ECLAC, 2020c). Furthermore, the negative impact of the pandemic on the tourism sector, which employs about 2.4 million people in the Caribbean and accounts for 15.5% of GDP, will have a major impact on employment, household income, and government revenue. In addition, remittances, which make up a significant share of household incomes in the Caribbean, will fall as a result of the crisis, and high dependence on imported food and other goods will threaten supply chains in these countries.

## II. Challenges in the health sector response: health inequities and the different health and socioeconomic impacts on vulnerable populations

- The strategy for responding to the COVID-19 pandemic (WHO, 2020a) includes a set of overarching strategic objectives. These objectives are associated with the need to involve society as a whole in the government-led response, and with specifically recommended public health measures such as the detection, isolation, and rapid treatment of cases. The aim is to stop community transmission and reduce mortality, while ensuring the continuity of essential social and health services and protecting front-line workers and vulnerable populations.

- In LAC, these measures have been implemented with different degrees of simultaneity and effectiveness, and with different outcomes. It is worth considering that there may be recurring waves of the epidemic interspersed with periods of low-level transmission, which may also include different transmission scenarios simultaneously occurring in non-contiguous areas within the same country (PAHO, 2020a).
- In the absence of specific treatments and vaccines, suspension of nonessential activities, quarantines, and other physical distancing measures should continue to be used so that the rate of virus spread remains at least at a level where new cases do not exceed the capacity of health services. It is also necessary to consider the health system's capacity to detect, isolate, and treat cases, and to identify, quarantine, and meet the needs of people who have been in contact with detected cases, in order to interrupt the chains of infection and reduce the risk of amplifying transmission in highly vulnerable populations (PAHO, 2020a). These measures impose significant restrictions on a country's normal activities, including its production and economic activities, with varying effects that depend on the political, economic, and social circumstances and specific capacities of each country.
- The social, economic, political, and cultural differences that exist between and within the countries of LAC, as well as differences in social cohesion and social protection, affect the ability to respond to the pandemic. Indeed, the decisions made by the national authorities of each country—with varying degrees of participation by other actors—have been very different. For example, some countries acted quickly in adopting physical distancing measures as soon as the first cases were confirmed, while others took longer. Partly due to this and the other factors described below, some countries have had a certain level of success in their efforts to flatten the curve, while others, including the most highly populated countries in the Americas, are still far from doing so (see figure 4). Factors such as a timely response, solid health and social protection systems, high public health expenditure levels, low access barriers to health services, and lower levels of inequality clearly play a role in helping the countries develop a more effective response.

**Figure 4 | Region of the Americas (54 countries and territories): epidemiological curves of reported COVID-19 cases (Number of cases)**

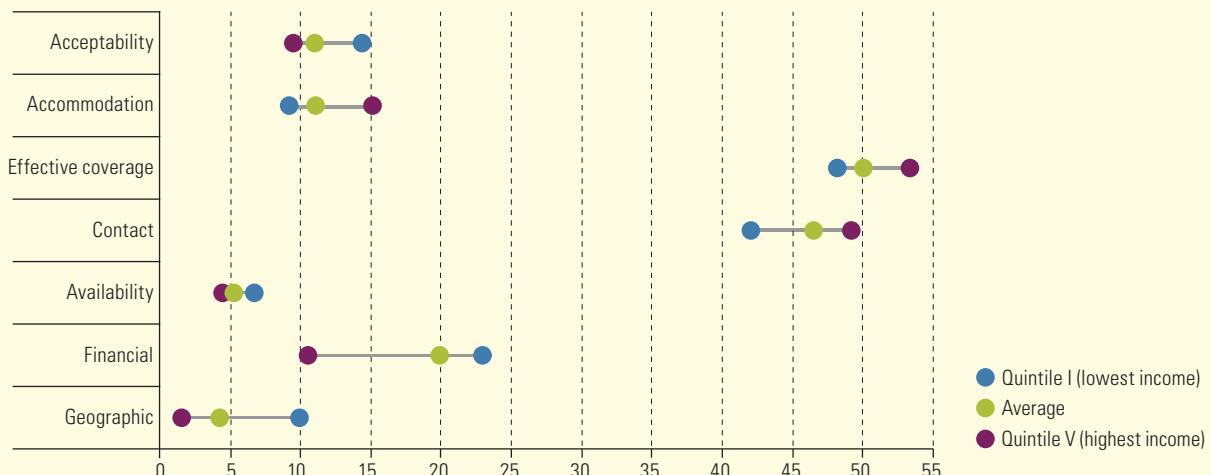


Source: Pan American Health Organization (PAHO), based on daily COVID-19 data provided by the countries.

- Although the suspension of nonessential activities, together with quarantines and other social distancing measures focused on achieving physical distancing are needed to control the spread of the virus, they have immediate consequences in terms of loss of jobs and income, with a disproportionate impact on workers in the informal sector, where women and other vulnerable groups are overrepresented. This is precisely why the effectiveness of such measures could be diluted if the population is unable to comply with them. To mitigate the financial impact of these measures while encouraging compliance, it is necessary to guarantee income and food security for a broad segment of the population who have become extremely vulnerable, given that they are not covered by social security or permanent poverty reduction programs.

- One group that is particularly vulnerable to the loss of jobs and income during the response to the pandemic are workers in the informal sector, mostly women, who account for 53% of the total employment in LAC and who do not usually have sufficient savings to contend with the crisis. They often lack any type of social protection (ILO, 2018), which exacerbates their vulnerability in case of infection.
- Formal workers are also vulnerable to job loss and difficulties in accessing health services. For example, only 11 LAC countries and territories (Argentina, Aruba, Bahamas, Barbados, Brazil, Chile, Colombia, Ecuador, Honduras, Uruguay, and Venezuela (Bolivarian Republic of)) offer unemployment insurance, generally with low coverage and few short-term benefits. In 2016, only 53% of salaried workers were affiliated with a health system or contributed to one, with a 37-percentage-point difference between the highest and lowest income decile. Only 34.2% of people in the lowest income decile were covered by a health insurance plan. Furthermore, affiliation and contributions do not guarantee effective access to services (which may be limited by economic barriers in the form of copayments or by limited provision of services, among other restrictions) or the quality of the services received (ECLAC, 2019b; PAHO, 2017).
- COVID-19 is impacting a region marked by a social inequality matrix structured by axes such as socioeconomic stratum, gender, stage in the life course, ethnicity/race, territory, disability, and immigration status create multiple, often simultaneous, scenarios of exclusion and discrimination that lead to greater vulnerability to the disease. These inequalities are also found in health care in terms of coverage, effective access, health service performance, and the basic health conditions of people and communities. For this reason, inequality must be considered in the pandemic response.
- As can be seen in figure 5, income level determines a pattern in perceived access barriers to health services. The poorest population is affected by financial, geographical, and availability issues, as well as the acceptability of care. In the higher-income population, access barriers mostly related to dissatisfaction with the health system, individual decisions on self-care, dissatisfaction with wait times, or because patients assume that they do not need to seek care.

**Figure 5 | Region of the Americas (17 countries)<sup>a</sup>: inequalities and barriers to health services, by income quintile, 2020  
(Percentages)**



Source: N. Houghton, E. Bascolo, and A. Del Riego, "Socioeconomic inequalities in access barriers to seeking health services in four Latin American countries," *Pan American Journal of Public Health*, vol. 44, 2020 [online] <https://doi.org/10.26633/RPSP.2020.11>.

Note: The barriers to seeking medical care are classified according to the dimensions of access defined below. Acceptability: the person does not trust the provider, is mistreated by health workers, prefers to use home remedies, or gender, language, and culture norms inhibit people from seeking care. Accommodation: long wait times, lack of time, or cumbersome administrative requirements. Effective coverage: the person decides to self-medicate or repeats the previous prescription. Availability: there are no doctors, medicines, or services at the health center. Financial affordability: the person does not have money or insurance to cover the cost of the service. Geographical access: the person lives far away or does not have transportation. Contact: the person thinks that it's nothing serious or that they do not need to seek care.

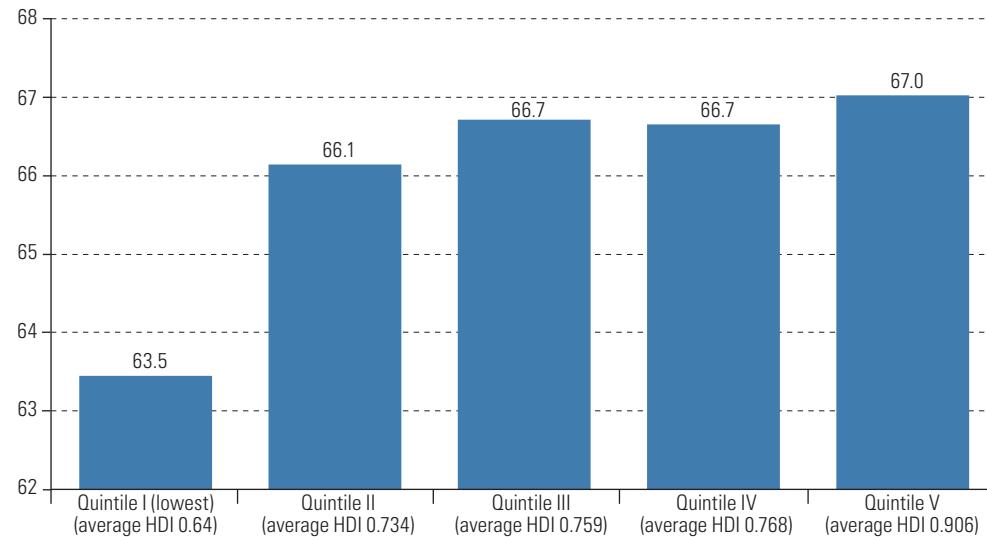
<sup>a</sup> The countries included are Bolivia (Plurinational State of), Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Paraguay, Peru, the United States of America, and Uruguay.

- Given the inequalities discussed above, poor individuals and poor communities are particularly exposed to the impacts of the pandemic. The impossibility of working from home, the need to leave home to work in order to survive, overcrowded living conditions, and lack of access to water

and sanitation increase the infection risk of the population living in poverty. Furthermore, health coverage and access to health services tends to be lower in this population and the risk of death is higher due to the higher incidence of preexisting health conditions such as pulmonary disease, cardiovascular disease, and diabetes (ECLAC, 2020b). An aggregate measure of impact on health, such as healthy life expectancy at birth, clearly shows the results of this inequity when countries are grouped by quintile based on their level of human development (see figure 6).

**Figure 6 | Region of the Americas (35 countries)<sup>a</sup>: inequalities in healthy life expectancy at birth, by quintile according to the human development index (HDI), 2017**

(Years)



Source: Pan American Health Organization (PAHO).

<sup>a</sup> The countries included are: in Quintile I: Belize, Bolivia (Plurinational State of), El Salvador, Guatemala, Guyana, Haiti, Honduras, Nicaragua, Paraguay, and Suriname; in Quintile II: Dominica, Jamaica, Saint Vincent and the Grenadines, and Venezuela (Bolivarian Republic of); in Quintile III: Brazil, Colombia, Dominican Republic, Ecuador, Grenada, Peru, and Saint Lucia; in Quintile IV: Antigua and Barbuda, Costa Rica, Cuba, Mexico, Panama, and Trinidad and Tobago; and in Quintile V: Argentina, Bahamas, Barbados, Canada, Chile, United States of America, and Uruguay.

- There are several other groups that are especially vulnerable to the pandemic for a variety of reasons, and which should be considered a special priority in the response.
- One of the groups with the highest risk in terms of health is comprised of the 85 million people over 60 years of age in LAC (13% of the total population). The high rates of older adults living with other generations in the region (52% live with one or more of their children, United Nations, 2017) is an infection risk factor that should be considered in measures to contain the epidemic. Older people who live in long-term care facilities such as nursing homes and rehabilitation centers are particularly vulnerable to infection and the adverse effects of COVID-19 (WHO, 2020e). According to preliminary international studies, the number of deaths in these residences accounted for between 19% and 62% of all deaths caused by the pandemic. Furthermore, the spread of the virus may impede treatment of the chronic diseases they suffer from, exposing them to early death.
- The crisis will affect women more severely. Women represent more than 60% of the workforce in the accommodation and food service industries in LAC, and 72.8% in the health care sector, and they are more likely than men to work in informal jobs. Confinement has also put additional pressure on women as primary caregivers, and the incidence of femicide and other forms of sexual and gender violence has risen.
- For the 800 different indigenous peoples totaling 60 million people, or nearly 10% of the Latin American population (ECLAC/FILAC, 2020), structural discrimination and historical exclusion makes them particularly vulnerable. They have a higher risk of infection in the pandemic, since they have very few ways to prevent and confront the disease either in their ancestral lands or in urban areas. In addition, their territories are threatened and they face violence by actors eager to exploit their resources, they have serious levels of morbidity and mortality, and they lack any assurance of food sovereignty or access to and control of natural resources. The emergence of COVID-19 in their territories could threaten the existence of many indigenous communities.

- Afrodescendant peoples, who number 130 million in the region according to 2015 estimates, or 21% of the Latin American population (ECLAC, 2017), are another group that are particularly vulnerable to the pandemic due to their high poverty levels, limited access to health systems, overcrowding living conditions, and structural discrimination. In some countries, people of African descent have higher case-fatality and hospitalization rates from COVID-19 (Brazil Ministry of Health, 2020).
- Another population that is highly vulnerable to the health and social impacts of the pandemic are the 70 million people with disabilities in LAC. Factors that may increase the infection risk for these people include the fact that they often live in community facilities and institutions, and the lack of available information on the pandemic in accessible formats. In addition, confinement measures may increase the barriers people with disabilities face in terms of accessing the educational system and having a decent job with sufficient income and social protection, exacerbating their exclusion and marginalization (ECLAC, 2020e).
- Migrant workers—who have provided essential support in various economic activities during the pandemic—often lack health protection and work in the informal sector. Through their jobs, they contribute both to receiving countries and to their countries of origin through remittances, meaning that the impact on their jobs affects both countries. For many migrants and their families, who often face discrimination, the health crisis almost immediately became a humanitarian crisis, since if they were in the receiving country or traveling to it when the crisis began, they were left stranded, unprotected, and facing restrictions on an eventual return to their countries of origin.
- In more general terms, the urban population is also more exposed to the infection, which is an adverse factor for the most urbanized region in the developing world. Around 530 million people (80% of the LAC population) live in urban areas and 230 million (slightly more than one-third of the population) live in a city with 1 million inhabitants or more. In the cities, poor communities are much more exposed to the disease as a result of overcrowding and lack of basic services, and in case of infection, resources for their care are much scarcer. It is also much more difficult for them to remain in confinement and comply with physical distancing, which inhibits the effectiveness of these measures. These adverse structural factors must be countered with additional health measures towards these groups and with efforts that mitigate the acute economic hardships they are experiencing, while ensuring compliance with physical distancing measures. Under no circumstances should the focus on urban centers lead to the neglect of rural areas, where health and social conditions are worse and the spread of COVID-19 could be devastating.

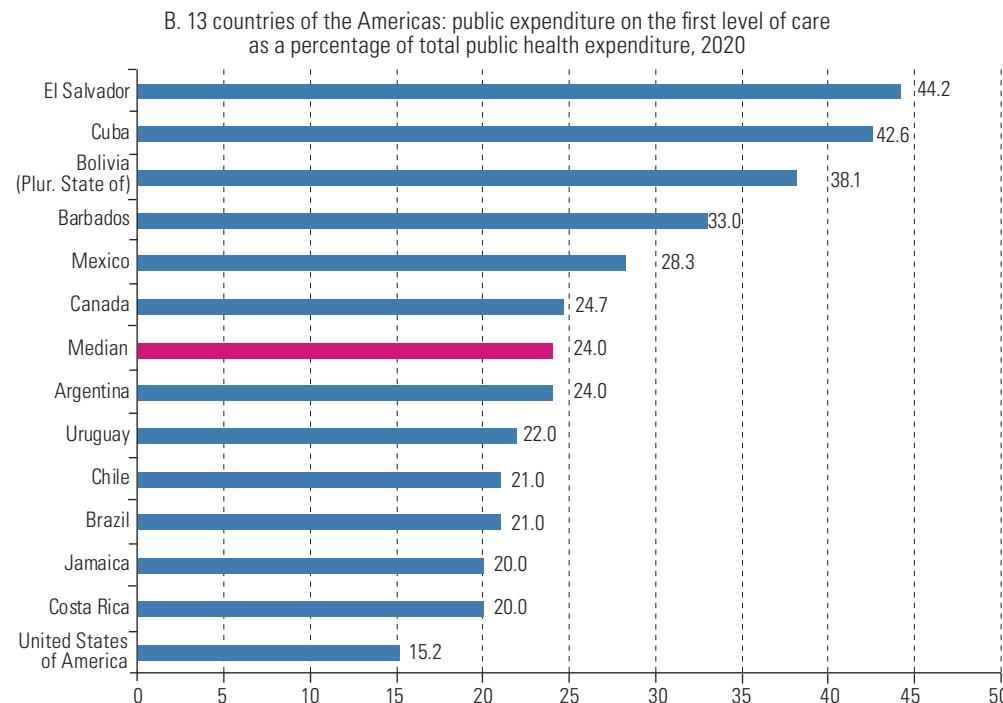
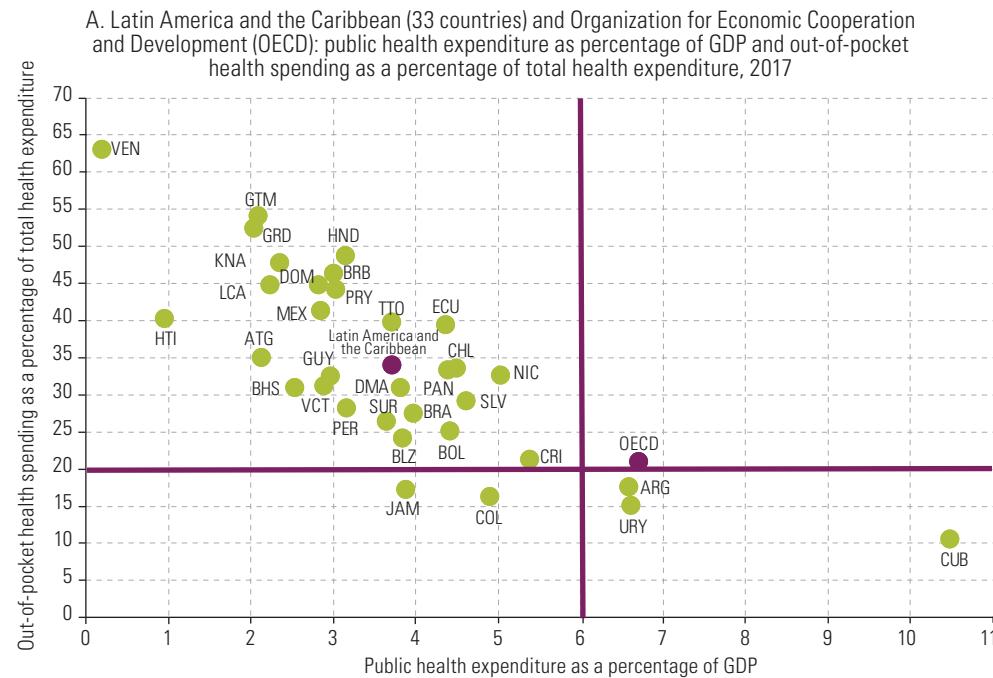
### III. Health system weaknesses

- In addition to preexisting health inequities and the different vulnerabilities in the population, the pandemic has revealed significant weaknesses in the health systems of LAC countries. These systems are underfinanced, segmented, and fragmented, and they still face challenges in all areas, despite the progress made since the countries committed to the *Strategy for Universal Access to Health and Universal Health Coverage* (PAHO, 2014), which promotes universal coverage and access to comprehensive quality health services.
- Weaknesses in the exercise of the health authorities' steering role and in the essential public health functions are accompanied by slow and insufficient increases in public expenditure, which remains far below the target of 6.0% of GDP recommended by PAHO, averaging 3.7%, when fiscal and social security health contributions are included.
- Further problems exist in the allocation of resources, with low levels of financing for the first level of care, which does not meet the recommended parameter of 30% of public expenditure (PAHO, 2019a). Even when that percentage is achieved, it translates into amounts that may be extremely low in per capita terms (Cid et al., 2020), reflecting a low priority. This hinders the achievement of efficiency and quality and maintains a high level of fragmentation in the organization of health services and care.
- High out-of-pocket spending results in financial vulnerability that impoverishes households that must resort to high direct payments when they access the health care system. On average, LAC households must cover more than one-third of health care costs with direct out-of-pocket payments (34%). Around 95 million people in LAC have catastrophic health expenditures, and nearly 12 million people are impoverished as a result (WHO/World Bank, 2020). In fact, in many LAC countries, access to COVID-19 diagnosis and treatment involves copayments. The catastrophic

and impoverishing effect that will ensue in the region in the immediate future remains to be seen.

- Some of these issues are illustrated in figure 7, which clearly shows that, in terms of financing, most LAC countries are in the upper left-hand quadrant, where public health expenditure is extremely low and out-of-pocket spending is very high. Only a few countries have financing figures close to those of OECD countries (see figure 7A). In addition to limited public spending, low priority is given to investments in the first level of care, which would ensure its effectiveness and provide comprehensive, efficient, and high-quality services to people and communities (see figure 7B).

**Figure 7 | Latin America and the Caribbean and selected countries: public health expenditure, out-of-pocket health spending, and public expenditure on the first level of care**



Source: Pan American Health Organization (PAHO), based on World Health Organization (WHO), Global Health Expenditure Database (GHED) [online] <https://apps.who.int/nha/database/Home/Index/es> and C. Cid et al., "How much do countries spend on primary care in the Americas?", *Tracking Resources for Primary Health Care*, World Scientific Series in Global Health Economics and Public Policy, vol. 8, 2020.

- With regard to the organization of services, systems are fragmented and have significant access barriers, as well as limitations on available resources such as human resources (PAHO, 2017) and hospital beds (PAHO, 2020c), reflecting infrastructure deficits. The average availability of physicians in LAC (20 per 10,000 population) is much lower than the average figure for OECD countries (35 physicians per 10,000 population) and the parameters recommended by WHO (at least 30 physicians per 10,000 population and at least 23 physicians, nurses, and midwives to provide reasonable maternal and child health care). With regard to the average number of available hospital beds, there is also a very pronounced difference when compared to OECD countries (2.0 per 1,000 population in LAC and 4.8 in OECD countries). Both indicators are strongly associated with these countries' level of economic development (measured as per capita GDP). Figure 8 shows the comparative dispersion of both groups of countries.

**Figure 8 | LAC compared to OECD countries: availability of physicians and hospital beds, 2019**

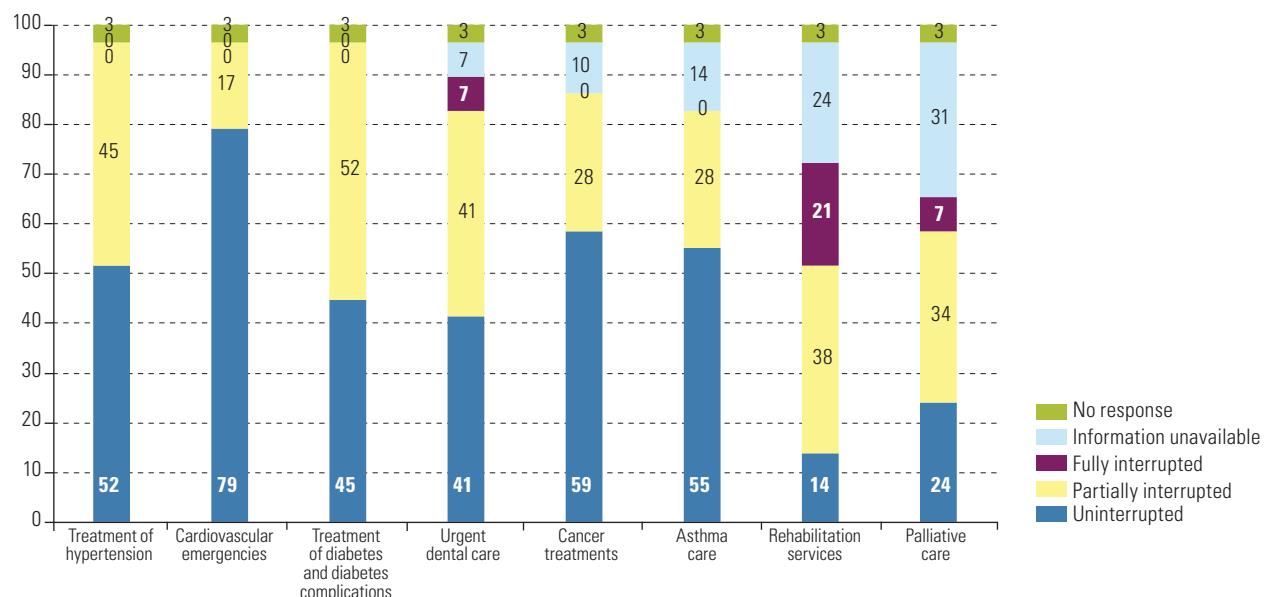


Source: Pan American Health Organization (PAHO), *Core Indicators 2019: Health Trends in the Americas*, Washington, D.C., 2019, and data from the Organization for Economic Cooperation and Development (OECD).

<sup>a</sup> OECD countries exclude LAC countries that are OECD members.

- Health systems also lack sufficient capacity to satisfactorily undertake intersectoral work to significantly mitigate the impact of the social determinants of health. This is largely due to deficiencies in implementation of the primary health care model and a lack of social protection networks in the territories where these determinants have a negative impact (PAHO, 2017).
- During the crisis caused by the COVID-19 pandemic, there has been a shift in care away from other diseases in the countries. Care for other diseases has been postponed or interrupted to some degree during this period—in particular, care for morbidities and programmatic and control activities related to noncommunicable and chronic diseases, especially the management of hypertension and diabetes (see figure 9) (PAHO, 2020c). This is a result of the need to reassign health workers and budgets and of the population's fear of infection. There has also been a documented reduction in access to sexual and reproductive health services, which are key to women's health and rights. This could result in unwanted pregnancies, lack of care for sexually transmitted infections, and a resulting increase in these infections (UNFPA, 2020). This same pattern is observed in other programs, such as those related to mental health, maternal and child health, and immunization. This indicates a double shift: on one hand, in the supply of services, given the need to redirect resources to care for COVID-19 cases; and on the other hand, in the demand for services, given changes in people's behavior, driven by their perceived risk of infection, to the degree that they choose to detect their health problems, determine their health needs, and define their own health-care-seeking behavior. This phenomenon is being evidenced by a significant increase in general mortality across countries.

**Figure 9 | Region of the Americas (28 countries)<sup>a</sup>: disruption of services associated with noncommunicable diseases during the COVID-19 pandemic  
(By percentage of countries affected)**

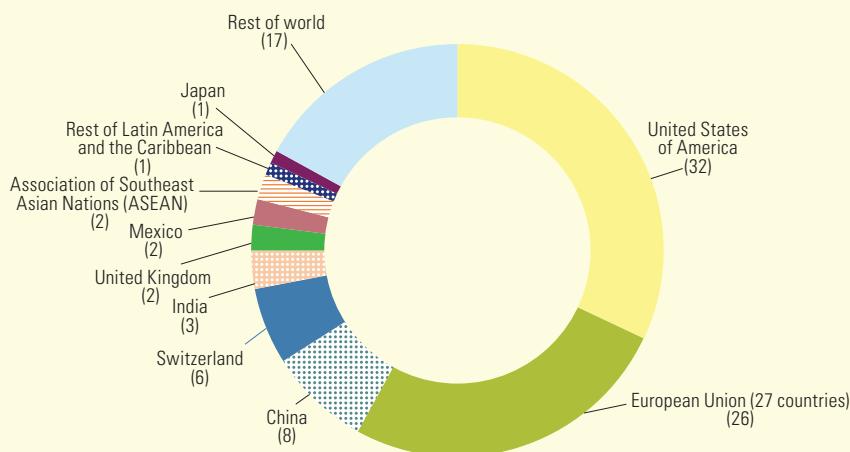


Source: Pan American Health Organization (PAHO), *Rapid Assessment of COVID-19 Impact on NCD Programs in the Region of the Americas*, Washington, D.C., 4 June 2020.

<sup>a</sup> The countries included are: Antigua and Barbuda, Argentina, Barbados, Bolivia (Plurinational State of), Brazil, Canada, Chile, Costa Rica, Cuba, Dominica, Dominican Republic, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, United States of America, Uruguay, and Venezuela (Bolivarian Republic of).

- Nevertheless, health systems are in transition in LAC countries and they are making efforts to strengthen them. The pandemic response should not stop these efforts, but should instead strengthen them. Health systems are the primary mechanism available for a sustained response to COVID-19 and to address its future consequences (United Nations, 2020). Indeed, together with public health measures and hospital-based diagnosis and treatment, the territorial deployment of the first level of care plays a key role in the effectiveness of the response and its sustainability over time.
- A further challenge within the framework of the pandemic has been that several manufacturing countries have put restrictions on the export of medical supplies in order to guarantee their own domestic supply. This has hindered access to products that are essential to fighting the pandemic in LAC, such as personal protective equipment, reagents for diagnostic kits, and mechanical ventilators. Indeed, less than 4% of imports of these products are from within the region itself (see figure 10).

**Figure 10 | Latin America and the Caribbean (17 countries)<sup>a</sup>: distribution of imports of essential products for the fight against COVID-19, by origin, 2018  
(In percentages)**



Source: Economic Commission for Latin America and the Caribbean (ECLAC), based on UN Comtrade - International Trade Statistics Database.

<sup>a</sup> The countries included are: Antigua and Barbuda, Argentina, Barbados, Belize, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guyana, Mexico, Nicaragua, Paraguay, and Peru.

#### IV. Principles for the convergence between health and the economy: without health, the economy will not advance

- It is impossible to consider reactivating the economy without first achieving control of the pandemic. At the same time, when the economy starts to reactivate, the likelihood of transmission will increase. It is for this reason that complementarity between health policies and economic (fiscal, social, production) policies is crucial to tackling the pandemic and initiating an economic reactivation process.
- The interdependence between health and the economy is not a new concept, but the pandemic has very clearly demonstrated this relationship. This interdependence represents a structural challenge for LAC countries since it requires the implementation of long-term policies that generate virtuous dynamics of health and growth. Sustainable economic growth is a central component of people's health and overall well-being. At the same time, the protection and promotion of the population's health should be the basis for a strategic initiative aimed at long-term growth and development. The following seven principles can guide policies from the perspective of confronting the pandemic with convergence between health and the economy:
  - (i) **Life, health, and well-being are fundamental and constitute prerequisites for reactivating the economy.** From a human rights perspective, health protection is an ethical imperative. Nevertheless, it is also a practical imperative, given that when life is protected, societies' productive capacity is strengthened. To this end, it is necessary for health-related control and mitigation policies to align with economic policy, so that they pursue the same goals of preserving life and well-being of the population.
  - (ii) **The reduction of inequalities is a linchpin for policies during all phases.** In the current context, the high levels of inequality that impact LAC in various ways and that corrode its social fabric hinder government responses aimed at containing the spread of the virus. These inequalities represent a serious threat to the likelihood that the region's countries will be able to flatten their transmission curves and advance toward the reactivation stage. Everything that is done during and after this crisis should center on establishing more egalitarian, inclusive societies that will be more resilient to future crises.
  - (iii) **Social protection is a critical tool for tackling the pandemic.** Poverty and inequality, which profoundly define the social conditions throughout LAC, are accentuated in the context of the pandemic, making it essential to consider active social protection policies that include health care policies. Furthermore, there is growing recognition of how social protection

contributes to guaranteeing the right to health and making progress toward universal health (PAHO, 2019a). Social protection should be a fundamental part of tackling the pandemic. This involves offering promotion and prevention activities in the areas of health and nutrition, overcoming access barriers experienced by specific populations, strengthening coherence between policies and, fundamentally, fighting against poverty, inequality, and exclusion.

**(iv) Prioritizing health and strengthening health systems based on the primary health care approach provides the necessary foundation for the control, reactivation, and rebuilding phases.**

The agenda to transform health systems toward universal access to health and universal health coverage (Báscolo, Houghton, Del Riego, 2018) should be considered an essential priority. Universal health not only increases the capacity to respond to the population's health needs—with greater equity, efficiency, quality, and resiliency to the uncertainty and challenges of the pandemic—but also contributes to economic reactivation and helps society prepare for future crises and mitigate them more quickly. In order to strengthen health systems' response capacity and make them more resilient, greater public investment is required. This is a necessary condition for essential health services to be sustainable and serve the population's comprehensive needs.

Today, the transformation of health systems must take into account the accelerated digitalization processes in which countries are immersed. Digital transformation impacts all sectors, political-administrative levels, and social arenas in all countries of the region, to a greater or lesser extent, and is a key component of health systems strengthening and integrated care during the COVID-19 emergency.

**(v) Strengthening the steering role of government is a *sine qua non* for rebuilding.**

It is imperative to strengthen the interaction and agreements between government, civil society, and the private sector to formulate strategies with multiple actors and support from broad sectors of society. When tackling the pandemic, it is essential to promote a spirit of cooperation and solidarity among different groups in society. In an uncertain environment like the COVID-19 global public health crisis, adequate institutional funding, effectiveness, transparency, and accountability are essential to the success of measures that aim to prevent viral spread, preserve safety, and rebuild the economy.

**(vi) Dialogue and social participation are required for a comprehensive convergence between health and the economy.**

To confront the pandemic, it is necessary to have spaces for social participation and coordination among different governmental and civil society actors. These participatory, intersectoral governance mechanisms should guarantee an integrated approach to addressing problems, as well as developing harmonized technical proposals that strengthen dialogue between the health and finance sectors and the other public sectors and social actors that provide needed social and political legitimacy. The participation of social actors and government agencies from different institutional sectors should facilitate a territorial approach that addresses the population's different needs, with coordination between the levels of government.

**(vii) Health promotion should be based on empirical measures during all phases of the pandemic response.**

Measures focused on the reactivation of the economy depend to a large extent on the complementarity of actions in the health and public finance sectors. During the process of decision-making (based on available data), there should be a careful balance between health risks and socioeconomic risks. When prioritizing the reactivation of economic activities, the principles of essentiality, graduality, and flexibility should be respected in a context of dynamic public health action. There should be an exhaustive analysis of transmission/infection risks and economic impact, disaggregated by sector, as well as an evaluation of the health system's response capacity. In this context, it is vital for each country to clearly understand its competencies with regard to the speed, scale, and equity of its response to the eventual resurgence of cases during gradual reactivation.

## V. Control, reactivation, and rebuilding policies

- In the past months, the pandemic has provided a clear lesson on the need to link economic and health policies. However, it is complex to outline policy recommendations to tackle the challenges of the different phases of recovery, which do not necessarily follow a linear path. The

high levels of heterogeneity and uncertainty that characterize the epidemiological, social, and economic conditions of this process require the development of different responses adapted to each situation. The text below presents options to consider in light of the different capacities, conditions, and challenges in LAC. It is evident that each country should act within the maximum range of its possibilities so that this health crisis, which is already having serious social and economic impacts, does not also become a larger food and humanitarian crisis.

## A. Consolidation of a national plan and intersectoral consensus

- Given the systemic nature of the current crisis, the response to the pandemic should include the participation of technical stakeholders representing not only the health field but also other social and economic arenas. Spaces created by governments for decision-making and coordination should have institutional mechanisms to facilitate the inclusion of civil society and social participation. This is an essential strategy to guarantee the viability and feasibility of the measures adopted within the framework of pandemic response. It encompasses national-level participatory response committees and the deployment of community action at the first level of care, depending on the strategy for containing and overcoming the crisis.
- Within this framework, although it is necessary to respect the leadership of the sectoral authorities, it is also essential to have intersectoral coordination to guarantee the synergy and coherence of public policies, as well as coordination and flexibility to adapt responses to each local reality. The ideal structure would be decentralized, bottom-up management with subnational implementation (by region, state, municipality, or health network, among others). Focusing on community action and community health could facilitate early reactivation of local economies. Such coordination requires the alignment of national social, economic, and health policies with a territorial approach that considers local populations' heterogeneous conditions in a disaggregated manner.

## B. Guidance by phase: control, recovery, and rebuilding activities

- LAC countries share preexisting structural challenges, including high levels of poverty and inequality, labor informality, institutional deficiencies, and low levels of social cohesion, which exacerbate the impact of COVID-19 and make it difficult to tackle this crisis in the short, medium, and long term. These characteristics differentiate LAC countries from more developed economies and they should be taken into consideration when evaluating the strategies implemented in the pandemic. Pandemic response should be viewed as a dynamic process. The parameters for deciding whether or not to advance to the next phase—or return to a previous phase—should be established through continuous monitoring and assessment of the health situation.
- In any case, given the goal of both pandemic control activities and the recovery and rebuilding phases, it is essential for public investment in health to increase to at least 6% of national GDP. This will make it possible to strengthen health systems, expand the supply of quality services, immediately step up action to address unmet health needs, reduce inequities, and increase financial protection. This will prioritize an effective first level of care that can perform a catalytic role in the integration of health services networks, including specialized services for the acute phases of COVID-19.

### 1. Epidemic control phase

- It is not possible to open the economy without first controlling the transmission curve. It is essential to flatten the curve and control the disease with public health measures such as case detection, physical distancing, tracing and isolation of cases and contacts, and stepped-up testing. This last measure is crucial to achieving the optimal balance between disease prevention and economic improvement.
- Public health measures to flatten the curve should go hand in hand with social protection measures that support basic levels of population well-being. It is important to guarantee that households have access to income, food, and basic services, particularly for the most vulnerable groups. Significant effort is needed to generate fiscal space to strengthen health sector activities and social protection and to preserve the economy's production capacity. In the health sphere,

it is necessary to accelerate investment in physical infrastructure and the availability of medical supplies and to promote tax-related changes to reduce the costs associated with the importation and sale of these supplies.

- Implementation of a basic emergency income, an amount equivalent to the poverty line, for a six-month period, is justified for the entire population living in poverty in 2020 (an estimated 231 million people in LAC). This would represent an additional cost of 2.0% of GDP. This income would make it possible for recipients to sustain consumption and satisfy basic needs, positively impacting adherence to social distancing and quarantine measures (ECLAC, 2020a).
- As a complement to the basic emergency income, an anti-hunger grant is needed to ensure that the pandemic does not also give rise to a food crisis. This grant could take the form of cash transfers, food baskets, or food vouchers for the entire population living in extreme poverty during a six-month period (ECLAC/FAO, 2020). The provision of anti-hunger grants, with a value set at 70% of the extreme poverty line, to people living in extreme poverty for six months would cost 0.52% of GDP.
- It is also crucial to ensure that the food supply chain continues to function. Special financing should be provided to food companies and non-reimbursable incentives (seeds, fertilizers, etc.) should be offered to promote self-consumption in the most vulnerable rural sectors. The continuity and quality of basic electric energy, gas, water, sanitation, telephone, and internet services should also be preserved and guaranteed, through subsidies and other strategies (such as suspending shut-offs due to nonpayment) focused on households living in poverty and extreme poverty.
- The control phase requires measures to reconfigure and strengthen essential health services, through a model based on the primary health care approach, at the level of the community and territory. By focusing mass testing measures on specific territories, it is possible to target the response while also planning for economic reactivation in zones with lower transmission risk. This approach should be accompanied by specific capacities, benefits, and measures that target the most vulnerable population's needs, especially in cities where it is essential to facilitate compliance with social distancing and confinement measures. Within this framework, it is also necessary to strengthen the health sector's information systems and accelerate digital transformation with measures that improve access to health services, the reporting and monitoring of cases and contacts, and the capacity for analytic and predictive decision-making in local settings.
- The response to the pandemic has revealed the importance of governments being able to ensure that public health measures are integrated with primary health care strategies, using data and information produced in each setting and strengthening the response capacity of the first level of care. This requires measures to strengthen the response and ensure that interdisciplinary teams in health units are available and have the appropriate safety conditions (personal protective equipment (PPE)) and the supplies and technology needed to increase the identification of cases; strengthen health surveillance at the community level; carry out monitoring, triage, and referrals; provide quality outpatient clinical care; and allow for isolation at home or at alternative facilities (PAHO, 2020a and 2020b).
- From this perspective, health intelligence capacity is crucial to achieving a dynamic redefinition of health services networks, taking into consideration the key role of the first level of care and the capacity of hospitals and intensive care units, based on specific needs and contexts. Strengthened health promotion, effective communication, and social participation in the governance of health services networks will help to more effectively tackle the challenges associated with this pandemic and reduce avoidable mortality.
- Nevertheless, during this period of the health crisis response, there have been challenges associated with reduced routine patient flow due to social isolation measures or perceived lack of safety; lack of care due to facility closures or personnel shortages (due to personnel being reassigned from the first level of care to the hospital-level response); shortages of PPE and the sizable number of health professionals with COVID-19 infection; and the lack of guidance, coordination, and communication between and among the central level and the other levels of care.
- This phase requires rapid adaptation and the availability of human resources, infrastructure, and supplies for health services to respond to the population's health needs, as well as sufficient economic resources that can be used quickly and flexibly (PAHO, 2020c), and increased use

of digital tools to guarantee access to health services. Within this framework, it is essential to protect health workers, both from a perspective of workers' rights and in light of their critical role in the response to the current challenges.

- The reallocation of resources and targeting of care to control and respond to the pandemic should not compromise continuity of services and care for other complex and high-risk diseases, chronic diseases, sexual and reproductive health, pre- and postnatal care, mental health, and regular prevention programs, including immunization.
- It is essential to eliminate or considerably mitigate health access barriers faced by vulnerable populations, in particular economic, cultural, geographic, supply capacity, or other barriers that complicate service delivery. Services to diagnose and treat COVID-19 and its comorbidities should be free of charge (PAHO, 2020c).
- It is necessary to respect the individual and collective rights of indigenous populations through actions that consider different cultural and socio-territorial contexts. It is urgent to prevent the entry of the virus into these populations' territories and to establish contact with the institutions that represent indigenous populations in order to assess their needs and demands in pandemic prevention and response. Similarly, in accordance with a human rights approach, migrants cannot be left behind and must receive care. They may also require special support for housing, subsistence, information, and transportation to their countries of origin, when this is desired and feasible.
- It is necessary to preserve countries' production capacity. Conditions should be created to facilitate economic reactivation through mechanisms that protect employment and companies, such as specific subsidies to co-finance company payrolls and measures to increase companies' liquidity, in particular small and medium-sized enterprises (SMEs).
- To guarantee safe reactivation, it is necessary to define standards and procedures to minimize infection risk. These should include, among others: the use of PPE; worker cohabitation and workplace disinfection practices; standards for the provider-client relationship; mechanisms for physical distancing between people; and, whenever possible, telecommuting. Formulation of these measures requires close public-private collaboration. Although the general guidelines should be defined by national health authorities—which should also oversee monitoring—it is essential for detailed designs to integrate the knowledge that business organizations and workers have regarding their sectoral and territorial specificities. Measures aimed at boosting productivity should include the investments needed for companies to implement these protocols, at least in the case of SMEs.

## 2. Economic reactivation phase

- Once the rate of viral spread stabilizes at a level that the health services can manage, it is possible to initiate a reopening process, simultaneously implementing less strict measures or a smaller number of measures. The experience of European countries suggests that the process of lifting measures is, in many ways, more complex than the process of imposing and adjusting them. Therefore, this process should be gradual, prioritized, and planned (PAHO, 2020d). Additionally, in LAC, the process has unique characteristics, given the conditions outlined in the previous sections.
- Economic reactivation should be understood from the perspective of great uncertainty, far removed from the concept of a linear recovery that overcomes a one-time event. Rather, during the reactivation phase, which begins when society has controlled the spread of the virus, it is foreseeable that there will be advances and setbacks and that case numbers and deaths will increase. To cope with the profound economic and social crisis that will continue after controlling the pandemic, it is necessary to link short-term strategies such as basic emergency income with other medium- and long-term strategies.
- Factors such as controlled community transmission, effective capacity to monitor new cases, availability of tests, follow-up of contacts, and continuous monitoring are indispensable. Phased reactivation can only begin when community transmission has already been controlled ( $R_t < 1$ ) and it should take into account the capacity of the disease surveillance system and the availability of medical supplies (materials, human resources, installed capacity, and hospital capacity), while fully integrating the first level of care. Eventual reactivation should be organized based on an analysis of the conditions in each geographic area of each territory, following differentiated guidelines that consider the at-risk population, and strengthening digital tools to maintain and increase access to essential health services.

- To confront the pandemic's profound impact on poverty levels and inequality, governments should move beyond basic emergency income to guarantee permanent cash transfers targeted at not only people living in poverty, but also broad strata of the population who are highly vulnerable to falling into poverty, such as non-poor low-income and lower-middle income people. This would make it possible to advance gradually toward a universal basic income, with amounts that are congruent with the goal of eradicating poverty and improving income distribution, according to each country's situation (ECLAC, 2020b).
- The crisis may deepen unrest, mistrust, and disaffection with democracy, which poses a serious risk to social cohesion. In the medium-term, it is urgent to advance toward a social pact centered on the well-being and rights of people in different stages of the life course and based on a logic of collective protection and equality to tackle the impact of the crisis. This would include collective responses to costs and financing, which require new fiscal pacts (ECLAC, 2020b).
- A new social pact for sustainability, which includes the health, social, fiscal, productive, and environmental areas, can lay the foundation for creating conditions of well-being supported by digital technologies and conducive to reactivation with equality and sustainability.
- With regard to the productive sector, public health actions and measures should consider the specific features of the affected services and businesses and prioritize the protection of workers, consumers, and people in general. For example, it may be necessary to classify industries according to how essential their services are (including their potential to stimulate the economy), their economic impact, and the risk of infection or transmission they represent.
- During the reactivation phase, it is necessary to support the 2.7 million companies that will close due to the crisis. This can be accomplished through subsidies for the 2.6 million small businesses affected, US\$300–\$500/month for self-employed workers for a six-month period, and soft loans and grace periods for medium-sized companies. Bailouts of large companies should be contingent on maintaining payrolls, not investing in tax havens or redistributing earnings among shareholders.
- It is important for international financial institutions to continue to facilitate low-cost and easily accessible credit lines, review the conditions put on emergency financing, and increase the flexibility of policies on concessional loans and graduation for middle-income countries (ECLAC, 2020c). Forgiveness and relief of existing debt service is also fundamental, including for the region's middle-income countries that require it, since this would considerably increase their fiscal space to implement policies during the reactivation phase.

### **3. Rebuilding phase: rebuilding better and more equitably**

- During the rebuilding phase, it is necessary to implement a set of longer-term, more in-depth measures that seek to maximize both the population's health and the likelihood of economic and social recovery. These involve promoting greater economic formality, strengthening social protection systems, and addressing the vulnerabilities of specific populations and territories with a rights and gender approach. During this phase, as in the previous phases, health, economy, and social protection should go hand in hand. The actions taken during this phase can prevent future pandemics or at least move LAC countries toward better conditions for tackling pandemics. They will also make it possible for the region to return to the path of sustainable development, which is fundamental.
- One lesson underscored by the pandemic is the need to guarantee the right to health. To rebuild more inclusive, resilient societies following COVID-19, it is necessary to view health as a public good. Health should not be commercialized; governments should guarantee health by generating the fiscal space to finance it (PAHO, 2018). It is urgent to expand universal access to health and strengthen health systems, focusing on primary health care and prioritizing vulnerable populations. To avoid increased inequality and the subsequent fragmentation of health systems, expanded health systems coverage should be financed through general taxation, rather than income taxes alone (Yazbeck et al., 2020).
- It is fundamental to view the health sector not only as a government sector, but also as a dynamic economic sector that has an expansive effect on the rest of the economy. In other words, it is possible for increased, improved financing of the health system to catalyze virtuous synergies between health and the overall economy, provided that this is accompanied by improvements in health workers' income and employment conditions and by increased services to respond to the population's unmet needs.

- It is also important to strengthen information systems, digital transformation of health support systems, and production of empirical data in order to improve access, quality, response capacity, disease surveillance, and outbreak response. Continuous monitoring of new foci and attention to the appropriate inclusion of populations in marginalized conditions—where communication and the implementation of hygiene measures may be limited—will help provide an effective response, controlling the spread of the virus in the community and safely coordinating economic reopening.
- Health system reforms should help strengthen the exercise of public health functions, combining prevention activities (such as surveillance, strengthened diagnostic capacity, and health promotion to address risk factors and environmental and social determinants) through the development of health systems based on the primary health care strategy, with a highly resolute first level of care, integrated within health care networks. The renewed PAHO agenda on essential public health functions facilitates a better understanding of the current challenges while considering the social determinants of health, equity, and an integrated approach to individual and collective services.
- It is crucial to consolidate comprehensive and universal social protection systems, based on a rights and gender approach that is sensitive to differences, including care policies and mechanisms that address the specific barriers and needs of diverse population groups. These social protection systems should be coordinated with health systems to facilitate synergistic relationships. Within this framework, the social protection system is a government response that influences the determinants of population health, especially for groups in conditions of greatest vulnerability.
- Economic policy should contribute to rebuilding through progressive fiscal policy and public spending that is efficient, effective, and equitable, and that prioritizes the needs of the region's societies. To achieve this, it is essential to address structural weaknesses in tax systems. Key aspects on the income side are the low tax burden and the regressive tax structure in LAC. Taxation of income and profits—especially for individuals—and of property is exceptionally weak, which not only limits the amounts collected, but also the tax system's redistributive power. One of the main challenges for internal resource mobilization in the region is tax evasion and illicit financial flows. According to ECLAC estimates, tax noncompliance in Latin America reached US\$325 billion in 2018, equivalent to 6.1% of GDP. It is also estimated that price manipulation in international trade cost the region US\$85 billion (1.6% of regional GDP) due to illicit financial flows. It is also necessary to increase public expenditure to improve its effectiveness and efficiency. It is worth noting that in the current context, several countries have created fiscal transparency portals for pandemic-related expenditures.
- With a view to confronting future health crises under better conditions, LAC should reduce its dependency on imported medical products. The region should develop a strategy to strengthen its capacity to produce pharmaceutical products and medical supplies and equipment. To achieve this, it is necessary to join forces across the public, business and academic sectors within the framework of science, technology, and industrial policy all focused on this mission. If there is progress toward an integrated regional market, this could create the scale needed to make newly promoted industries viable, while promoting production networks and the sharing of research among the different countries and subregions (ECLAC, 2020e).
- It is necessary to promote social inclusion through access to a quality education system, access to basic services, and expanded access to information and communications technologies, in particular the internet.
- The opportunity to invest in a green recovery must not be overlooked. In this regard, industrial policies should be adopted to boost sustainability during the rebuilding stage. It is necessary to rebuild with greater environmental sustainability to combat climate change, taking into account ecosystem health. These considerations will reduce the risk of future pandemics of zoonotic origin and other negative effects of the current production system (such as pollution). They will also lead to innovation, improve the coherence of intersectoral policies, reduce greenhouse gas effects, increase well-being, and support advances toward more just, resilient societies with improved human health.
- Interregional solidarity should be strengthened through improved regional frameworks and financing mechanisms to address the immediate shocks caused by the COVID-19 pandemic and pave the way to long-term economic recovery. Regional and subregional financial institutions, along with other sources of financing, are essential to achieving this goal (ECLAC et al., 2020).

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Specialists from both organizations contributed to the preparation of this publication.

ECLAC: Simone Cecchini, Jorge Rodríguez, Paulo Saad, Zulma Sosa, Daniel Titelman and Heidi Ullmann.

PAHO: Jarbas Barbosa da Silva Jr., James Fitzgerald, Sebastián García Saiso, Camilo Cid Pedraza and Ernesto Báscolo.

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