Addressing inequality in times of COVID-19

KEY MESSAGES:

• The direct and indirect effects of the COVID-19 pandemic are strongly conditioned by inequality between countries and inequality within countries. COVID-19 will likely worsen these inequalities.

• Higher- and middle-income countries, that have greater financial resources and stronger public health systems, have staggered under the impact of COVID-19, yet are managing to address the pandemic. Lower-income countries, with dramatically fewer financial resources and weaker provision of public health, social protection, sanitation and other public services, particularly in rural areas, will face greater difficulties addressing the health, social and economic consequences of the pandemic.

• Within countries, pervasive existing inequalities in access to income, assets, health, education, formal employment, equal opportunity, social protection, internet and public services will magnify the direct and indirect impacts of COVID-19. The most vulnerable includes poorer households and those dependent on informal employment, including casual day labour, seasonal migration or mobile livelihoods; small-scale producers; those without savings and with little recourse to insurance or alternative sources of income. For those with employment, many are low paid workers in essential services and highly exposed to the virus. Inequality within countries and within households is strongly linked to gender. Women face specific inequalities, as well as other marginalized population groups including indigenous peoples. These vulnerable groups are least able to adhere to containment restrictions and often lack the means to cushion the social and economic shock.

• Increased inequality from COVID-19 will have long-term consequences. Greater inequality reduces the impact of economic growth on poverty reduction, meaning that eventual economic recovery may have less impact on the poor and other marginalized groups, potentially leaving them worse off and facing greater inequality than before. If inequalities are not addressed, eventual economic recovery will have less impact on reducing poverty brought on by COVID-19.

• Rising inequality is not inevitable. National institutions, politics and policy can play key roles in both addressing existing inequalities and in reaching a more equitable response to the immediate and long-term impact of the COVID-19 pandemic. Addressing inequalities needs to be an explicit priority and viewed through a medium and long-term lens.
Addressing inequality in times of COVID-19

RECOMMENDATIONS

• High-income countries have quickly mobilized massive public resources in response to the health crisis and the subsequent severe economic contraction. High-income countries, International Financial Institutions (IFI) and regional economic bodies must mobilize adequate resources in support of lower-income countries in order to avoid similar or worse economic crises with negative long-term implications for agriculture, food security, nutrition, food systems and broader socio-economic development. International cooperation in all its forms (traditional North-South, South-South, Triangular and even South-North) and partnerships have a key role to play.

• Broad public participation in government planning and response is necessary, including producer organizations and other forms of collective action, in order to effectively address existing inequality and the needs of vulnerable populations as well as to minimize elite capture and urban bias.

• Existing inequalities need to be recognized in the public response – explicitly acknowledging the heightened health and economic vulnerabilities of specific socio-economic groups – and addressed with targeted measures. Policies need to take into account the constraints faced by specific marginalized groups in terms of containing and responding to both the direct and indirect impact of COVID-19 and the accompanying containment measures. While meeting immediate needs is the priority, planning needs to begin in terms of how to promote an inclusive and equitable process of economic recovery. Economic recovery programmes that do not address these inequalities run the risk of reinforcing and deepening inequalities into the future.

• In the spirit of the 2030 Agenda and Leaving No One Behind, emergency and recovery policy targeting health services, social protection, and livelihoods should focus on the most vulnerable first, as non-targeted responses tend to benefit the better-off and those living in urban areas. The most vulnerable include indigenous peoples, low castes and other marginalized groups; the elderly, women, youth and children; migrants, refugees and internally displaced persons; and the poorest of the poor, particularly those who depend on casual day labour, seasonal migration or mobile livelihoods, who have insufficient access to productive assets (including land and other natural resources), adequate housing, economic opportunities, savings, insurance or alternative sources of income.

• Social protection is a crucial immediate intervention. The predominance of informal employment among the poorest means they have less access to social protection. Social protection systems, even in low income and fragile countries, need to be expanded in terms of coverage and amount in response to COVID-19 in order to protect lives and livelihoods and ensure ongoing access to food and the resilience of food systems.

1. The context

The initial direct impact of COVID-19 is on health, in terms of morbidity and mortality, with quickly overburdened health care services, including those for non-COVID-19 related health problems. The indirect impact of COVID-19 through containment measures has been socially and economically devastating and will significantly set back efforts to achieve the 2030 Agenda, including SDGs 1, 2 and 10 on poverty, food security and inequality. The containment measures
include stay at home orders, physical distancing, closing of schools, prohibition of gatherings and closure of non-essential businesses and economic activities. Travel and transport restriction have disrupted economic activity, in terms of the movement of labour and primary, intermediate and final goods. Millions are out of work. Agricultural production has contracted, and food supply chains have been negatively affected. The sharp decline in demand and production from the most economically developed countries where contagion has hit hardest until now – China, the European Union and the United States of America (USA) – has caused a global recession.

Multiple forms of inequality

Income inequality between countries has reduced since 1980, driven by rapid economic growth and increasing incomes in Asia, especially China, combined with slower growth in Western Europe (World Inequality Lab, 2017). The benefits of this economic growth were not evenly distributed, as countries in Sub Saharan Africa (SSA) in particular have fallen behind. Income inequality within countries as measured by a weighted Gini coefficient has risen since 1990 by four percentage points to 40.8, driven in large part by increases in inequality in China, India, Indonesia and the USA. While income inequality continues to be highest in a number of countries in SSA and Latin America, it has fallen in some, particularly in Latin America (Hasell, 2018).

Starker than income inequality is the inequality in access to health care, schooling, public services, infrastructure and welfare outcomes. On average, low-income countries, compared to high-income countries have a much higher share of undernourished (27.7 percent to <2.5 percent), lower life expectancy at birth (63 years to 81), much lower access to basic sanitation (30 to 99 percent), 40 times greater rate of maternal mortality, 13 times greater rate of under 5 mortality, 14 times greater rate of child stunting, and 18 times greater rate of tuberculosis. The mortality rate attributed to unsafe sanitation in low-income countries is more than 40 times higher than in high-income countries. High-income countries have 10 times the number of both physicians and nurses and spend over 60 times as much per capita on health, yet individuals in low income countries spend three times as much on out of pocket expenses, as a share of total costs (World Bank, 2019).

Moreover, on average households in low-income countries have less access to electricity (41 percent to 100 percent-with 28 percent to 99 percent in rural areas), the internet (16 percent to 85 percent), and mobile phone subscriptions (66 per 100 to 127 per 100). The primary schooling net enrolment and completion rates are much lower in low-income countries (53 percent and 67 percent to 95 and 98 percent), as well as the secondary net enrolment rate (33 percent to 91 percent).

Within countries, inequality of wealth is linked to inequality in opportunity: political power; access and outcomes in human capital (health and education); productive assets such as land, livestock and forest resources, and the array of policies and public services necessary to increase the returns on those assets. Wealth is also linked to location – within urban and rural spaces, the wealthy have greater access to infrastructure and public (and private) services. Between urban and rural areas, inequality is stark; rural people and particularly the rural poor have dramatically less access to adequate sanitation, health services, education, internet, information, social protection and public infrastructure (FAO, 2020a).

Within country and intra-household inequality is also strongly linked to gender. Inequalities between women and men – both outside and within the same household – are well documented, particularly in terms of asset ownership and land rights (Deere & Doss, 2006),
Addressing inequality in times of COVID-19

access to inputs, technology and services (Peterman et al., 2014; Waddington et al., 2014; Doss & Morris, 2000; Doss, 2001), food security (Brown et al., 2019) and poverty (World Bank, 2018). Women also face additional constraints in terms of food security and agricultural livelihoods due to persistent discrimination, marginalization and social exclusion. Discriminatory gender norms and customs, compounded by women’s limited voice and agency, and factors such as gender-based violence and forced marriage, can also be important drivers of extreme poverty and inequality (FAO, 2019). Gender inequality, and especially women’s work burden, can lead to negative coping strategies affecting children and youth in the household (FAO, IFAD & UNIDO, 2016).

Inequality is also characterized by social marginalization and exclusion. Social exclusion manifests primarily through unequal access to resources, limited political participation and voice, and the denial of opportunities (UNDESA, 2016). Significant barriers contribute to this inequality: social, cultural and psychological structures; weak institutions; discrimination based on gender and ethnicity; and lack of self-esteem (FAO, 2019). Weak or fragile social networks increase vulnerability in times of crisis, as informal mutual mechanisms are unable to provide support.

About one-third of the rural extreme poor is made up of indigenous, tribal and caste groups (Hall & Patrinos, 2014), who are often highly disadvantaged due to significant inequalities, ranging from early childhood development, social discrimination, violence, assimilation policies in the education and health systems, and the dispossession of land and denial of land rights (UNDESA, 2016; UNDESA, 2020). People with disabilities living in poverty in rural areas suffer from social exclusion and economic discrimination; they also lack access to programmes that facilitate economic inclusion (FAO, 2019; UNDESA, 2020). Pastoral livelihoods have been severely undermined by decades of marginalization from policy and investment decision-making processes, violence and displacement, as well as insecure tenure rights and access.

A key dimension of inequality is the formality of employment (FAO, 2020b). The economic activities of the poor in developing countries, and particularly in rural areas, whether in self-employment or in wage labour, are primarily informal. In agriculture and rural areas, more than 80 percent of the self-employed are informal, and in developing countries more than 90 percent of workers in the agricultural sector are informal (ILO, 2018). For the most part, informal workers are excluded from employment related social protection, including insurance or employment guarantees, if they exist. Casual day laborers are among the poorest of the poor in most of the developing world, and they will be the hardest hit in terms of lost income. Those in settings of protracted crisis and/or forced displacement face additional constraints in terms of accessing social and productive opportunities.

Seasonal migration and national and international remittances are important elements of livelihoods in both urban and rural areas. Most rural inhabitants, and particularly the rural poor, even when having relatively secure access to land, livestock and/or forest or fishing natural resources, rely on diversified sources of income, including wage labour and non-agricultural activities, to survive. The curtailing of local wage labour, seasonal migration and remittances will constitute a severe income shock for the poor in both urban and rural areas of many developing countries.

**Inequality is influenced by policy**

Inequality is not inevitable, and rising inequality is not an inescapable outcome of the COVID-19 crisis. National institutions, politics and policy play a key role, which varies from country to country (Hasell, 2018; World Inequality Lab, 2017). Universal policies (education, health, etc.)
are often implemented with the goal of ensuring equality of access, but almost always get to the poorest, rural areas last, and with worst quality, compounding historic inequalities. Elite capture is often a concern. Moreover, the poorest and most marginalized people usually face monetary or other barriers to access to universal programmes, which need to be addressed in order to make universality effective.

How inequality will condition impact

The direct and indirect effects of the COVID-19 pandemic are strongly conditioned by inequality between countries and inequality within countries. COVID-19 will likely worsen inequalities both between and within countries.

Higher-income countries with ample financial resources and stronger public health systems have staggered under the impact of COVID-19, yet are managing to address the pandemic. Lower-income countries, with dramatically fewer financial resources and weak provision of public health, sanitation and other public services (particularly in rural areas) and worse health status, will have a much more difficult time addressing the health, social and economic consequences of the pandemic. Increased inequality from COVID-19 will have long-term consequences. If COVID-19 leads to an increase in each country's GINI by 2 percent, a plausible figure, then the impact of COVID-19 on the number of poor is estimated to increase an additional 35 to 65 percent (Loayza, 2020). Inequality reduces the impact of economic growth on poverty reduction (Olinto et al., 2014; UNDESA, 2020), meaning that eventual economic recovery may have less impact on the poor, potentially leaving them worse-off, and facing greater inequality, than before.

Within both high- and low-income countries, pervasive existing inequality in access to income, assets, and public services will condition the direct and indirect impacts of COVID-19. Inequality will magnify the impact on urban and rural individuals and households that poorer and more vulnerable, leading to even greater inequality. The inequality in impact within higher-income countries during the COVID-19 outbreak has been widely reported in the mainstream press. The constraints in accessing health services and public health information faced by the rural poor will be intensified. Indeed, people with health conditions are more likely to be infected by the virus, and the poor have worse health outcomes and diets that undermine the body’s immunities to illness. The income shock will affect the food security and nutrition of the poorest; as food prices rise and incomes fall, poor households fall back on the consumption of staples, and reduce consumption of meat, dairy and fruits and vegetables. This was found in the Rozelle et al. (2020) study in rural areas outside Wuhan.

One key dimension of inequality is the ability to manage shocks. A defining characteristic of poor households is lack of a cushion with which to weather a crisis. The poor in rural areas typically face multiple market failures and have little or no access to formal insurance, credit and risk management mechanisms. The poor typically have difficulties in accessing liquidity, which is exacerbated by lost casual wage labour opportunities and the closure of informal markets. The repercussions of physical distancing combined with the covariate nature – that everyone is experiencing – of the crisis will likely overwhelm and/or reduce the rural poor’s access to traditional community networks and institutions of social reciprocity, that have historically provided a safety net in times of crisis. Studies carried out after previous pandemics show that infectious diseases can influence economic development by creating a “disease-driven poverty trap” characterized by a combination of the causal effects of health on poverty and poverty on health (Bonds et al., 2009)
Implementing adequate social protection measures in response to COVID-19 is critical to providing this cushion. Social protection can ensure critical access to health care, provide incentives for compliance with confinement measures, and support income protection for those affected to bounce back from economic and health-related shocks. Low-income and fragile economies tend to have less developed social protection systems, with limited social insurance coverage and patchy social assistance programmes in place, with low institutional capacity and financial constraints that limit universal expansion. For those that do have social protection programmes, operations may be disrupted by the pandemic, either because of lack of personnel, school closures or prohibition of public gatherings (which would affect in-kind or physical cash delivery at pay points). Programmes that are linked to health or education conditionalities can also pose additional barriers to access essential income if these are not removed or relaxed. School feeding, one of the most common social protection instruments in rural areas, has been curtailed, leaving hundreds of millions of schoolchildren without their daily school meal, and vulnerable to child labour to compensate the loss of income.

Women, and particularly rural women, are bearing a disproportionate burden of the COVID-19 crisis across a number of dimensions, compounding the inequality they already face. Women are on the front line of the defence against COVID-19, representing the majority of health workers around the world, almost 70 percent globally and over 80 percent of nurses in most regions. Due to prevailing social norms in most parts of the world, and particularly in rural areas, women are expected to bear the brunt of the increased burden of care of the sick, the elderly and school-aged children who have been sent home – over 1.5 billion across the globe. The combination of increased care responsibilities and economic crisis may reduce female participation in the labour force, and globally women are a disproportionately large share of service workers. As has been shown in previous crises, COVID-19 will likely lead to a redirection of health resources away from reproductive/women’s health, and school closures will lead to an increase in teenage pregnancy and risky behaviour – both phenomena with negative long term social and economic effects on women. The crisis is also leading to an increase in intimate partner violence in many countries.

Indigenous peoples, low caste groups, ethnic minorities and refugees, with their historic economic, social and political marginalization, are more vulnerable to the direct and indirect impacts of COVID-19. Pastoralists and indigenous peoples, whose access-rights to resources are customary and depend on collective rights to communal lands and resources, may suffer higher levels of insecurity, which can in turn lead to land-related conflicts. Violence and threats of forced displacement of indigenous peoples and others with insecure land tenure have been reported in the mainstream press.

Migration has historically played an important role in reducing regional inequalities (across and within countries), as people and families move to find better opportunities through seasonal, temporary and permanent migration. International, interregional and national migration has been severely curtailed with COVID-19, and migration patterns will likely change, bringing an uncertain future for those who have depended on labour mobility. The same is true for refugees in many areas affected by COVID-19.

The informal nature of work, the lack of proper health and sanitation services, the digital divide and the lack of any kind of risk management mechanism or cushion means that it is harder for the urban and rural poor to adhere to the containment measures advocated by the World Health Organization (WHO) and governments, and to deal with their economic consequences. It is literally a question of life or death – which means containment may be less effective in areas with a higher density of poverty. Social protection and other assistance measures are needed to
make containment measures more effective, and to ensure the nature of safe work in different urban and rural contexts is explicitly addressed.

2. Policy Recommendations

Immediate support to the most vulnerable

In the spirit of the 2030 Agenda and Leaving No One Behind, emergency response and longer-term recovery focus on the most vulnerable first, as non-targeted response initiatives tend to benefit the better-off, and those living in urban areas. Policies need to take into account the constraints faced by vulnerable groups in terms of containing and responding to the direct and indirect short-term impact of COVID-19.

Moving towards a process of inclusive economic recovery

While urgent humanitarian needs must be addressed first, attention needs to be given to the process of economic recovery. The structural inequalities identified above will need to be addressed first and explicitly in order to assure that the process of economic recovery is inclusive. The differential health, social and economic impact of COVID-19 has exposed the tremendous inequalities between high- and low-income countries, and within all countries. The post-COVID-19 economic reset is a unique opportunity to address these inequalities. Economic recovery programmes that do not address these inequalities run the risk of reinforcing and deepening inequalities into the future.

Addressing these structural inequalities means starting with ensuring equality of opportunity in terms of access to health, education, sanitation and other fundamental basic services. In rural areas, equality of opportunity requires explicit policies and earmarked resources prioritized for informal workers, small-scale producers and Small and Medium Enterprises (SME) along the value chains within food systems and the broader economy. A focus on social protection and the appropriate extension and advisory services and rural institutions is needed to make this possible. Equality of opportunity requires addressing the specific barriers that constrain the poor and marginalized from participating in and benefiting from the recovery and agricultural and rural transformation more broadly, including access to and control over productive assets, and in particular natural resources. Equality of opportunity requires addressing power imbalances. The voices of producer organizations and the rural poor and marginalized groups need to be a part of the policy discussions and the development of strategic plans for response and recovery at the national, regional and local level.

Social protection

Access to predictable social assistance, in the form of cash or in-kind transfers, as well as health insurance and specific labour-related guarantees, is key to mitigating the health and economic impacts of the pandemic and facilitating a more inclusive long-term process of recovery. Moreover, social protection enables compliance with confinement measures. The needs and specificities of urban and rural populations and livelihoods, – in particular vulnerable groups such as women and girls, indigenous peoples, people with disabilities, elderly, migrants and seasonal workers – need to be accounted for when designing and operationalizing new or expanded measures. Investing in social protection systems at scale, as well as protecting these investments in periods of economic recession, is a key redistribution measure to address inequalities, as recognized by the Agenda 2030 (Target 10.4) Specific recommendations can be found in the policy brief on social protection (FAO, 2020c), the Food and Agriculture Organization of the United Nations and African Union brief (FAO & African Union, 2020), and
the joint statement by the Social Protection Interagency Cooperation Board (ILO & SPIAC-B, 2020).

**Seasonal, migrant and informal workers and refugees**

Seasonal, migrant and informal workers are on the front line of agricultural work and the rural economy, and food security depends on their ability to harvest goods safely, and to travel in many cases. Addressing inequality means formalizing employment and assuring decent working conditions. Public action – informed by rapid assessments – in coordination with the private sector is necessary to ensure their access to public services and social protection systems, as well as ensure their work environments are safe to limit the transmission of the virus. Facilitating and/or regulating the transit of these workers may be key in preventing the spread of the virus, protecting livelihoods, and ensuring food security. Considerations should be made for safe transportation, protective gear, and ensuring their access to information. Specific recommendations can be found in the policy briefs on migrant workers and informal workers (FAO, 2020d; FAO 2020b).

Refugees and internally displaced persons are among the most vulnerable and marginalized populations. Refugees are often located in high-density camps that serve as fertile terrain for the spread of a virus. Most refugee camps lack key sanitary infrastructure and access to basic services and livelihoods.

**Gender**

Given the disproportionate impact of the pandemic on women and existing gender-based inequalities, women’s views, voices and leadership should be integrated in the COVID-19 response to ensure that their needs and priorities – as guardians of household food security, producers, traders, care providers, wage workers and entrepreneurs – are adequately addressed. Policy response and mitigation strategies should be based on sound gender analysis and sex-disaggregated data and should be designed and implemented with the engagement of rural women and their organizations. Governments must adopt measures to address gender-based violence. This includes identifying the most vulnerable men, women, boys and girls and developing measures to reduce exposure to risk and to increase access to support services. Ensuring that survivors have access to adequate reporting (if desired) and resources by establishing links with appropriate psychosocial and health services, is also crucial. Consult the policy brief on the Gendered impacts of COVID-19 and equitable policy responses in agriculture, food security and nutrition provides for more further recommendations (FAO, 2020e).

**Indigenous peoples**

The COVID-19 response should include specific measures that ensure the respect of indigenous peoples’ rights and take an intercultural approach. Based on the UN Declaration of Indigenous Peoples Rights, governments should include indigenous peoples’ representatives, leaders and traditional authorities in emergency and health response committees, both during the outbreak and in the aftermath. Any policy, programme or intervention that affects indigenous peoples should first obtain their Free, Prior and Informed Consent. Relevant COVID-19 containment information and materials should be translated and disseminated in indigenous languages. Special care needs to be taken so that COVID-19 is not used as a pretext to dispossess indigenous peoples and others with collective rights over natural resources and/or insecure property rights.
3. The Role of FAO

FAO is providing technical, policy, programmatic and emergency assistance to address the short term immediate needs (FAO, 2020f) resulting from the COVID-19 crisis in terms of sustainable rural livelihoods and functioning food systems (FAO, 2020g), particularly in conflict situations (FAO, 2020h), as well as promoting an inclusive process of economic recovery that Leaves No One Behind (FAO, 2019) in the medium and long term. This includes the formulation and implementation of policies, programmes and interventions for inclusive rural livelihoods and rural transformation, including social protection and empowerment, with particular focus on small-scale producers (FAO, 2020i), rural women, migrants, informal workers and indigenous peoples. FAO facilitates partnerships and international cooperation in all its forms (traditional North-South, South-South, Triangular and even South-North), which have a key role to play in the exchange of experiences, good practices, knowledge, technologies and resources.

The Hand in Hand Initiative is a new initiative focusing on the eradication of poverty (SDG 1) and ending hunger in all forms (SDG 2) with a strong inclusive food systems approach. The Initiative promotes a territorial approach to agricultural development and accelerating inclusive and sustainable agricultural transformation by targeting the territories with the highest potential for crop, livestock, fisheries and/or forestry production and the largest number of poor. This approach is based on coordination across efforts by government, development partners, private sector and civil society. The Hand in Hand Initiative aims to foster coherence and coordination across international agencies to enhance investment effectiveness in the context of the COVID-19 crisis, in the short and long term.

4. References


Addressing inequality in times of COVID-19


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