Recovery at a Crossroads:
How countries spent Covid-19 funds in the Global South

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FINANCIAL TRANSPARENCY COALITION

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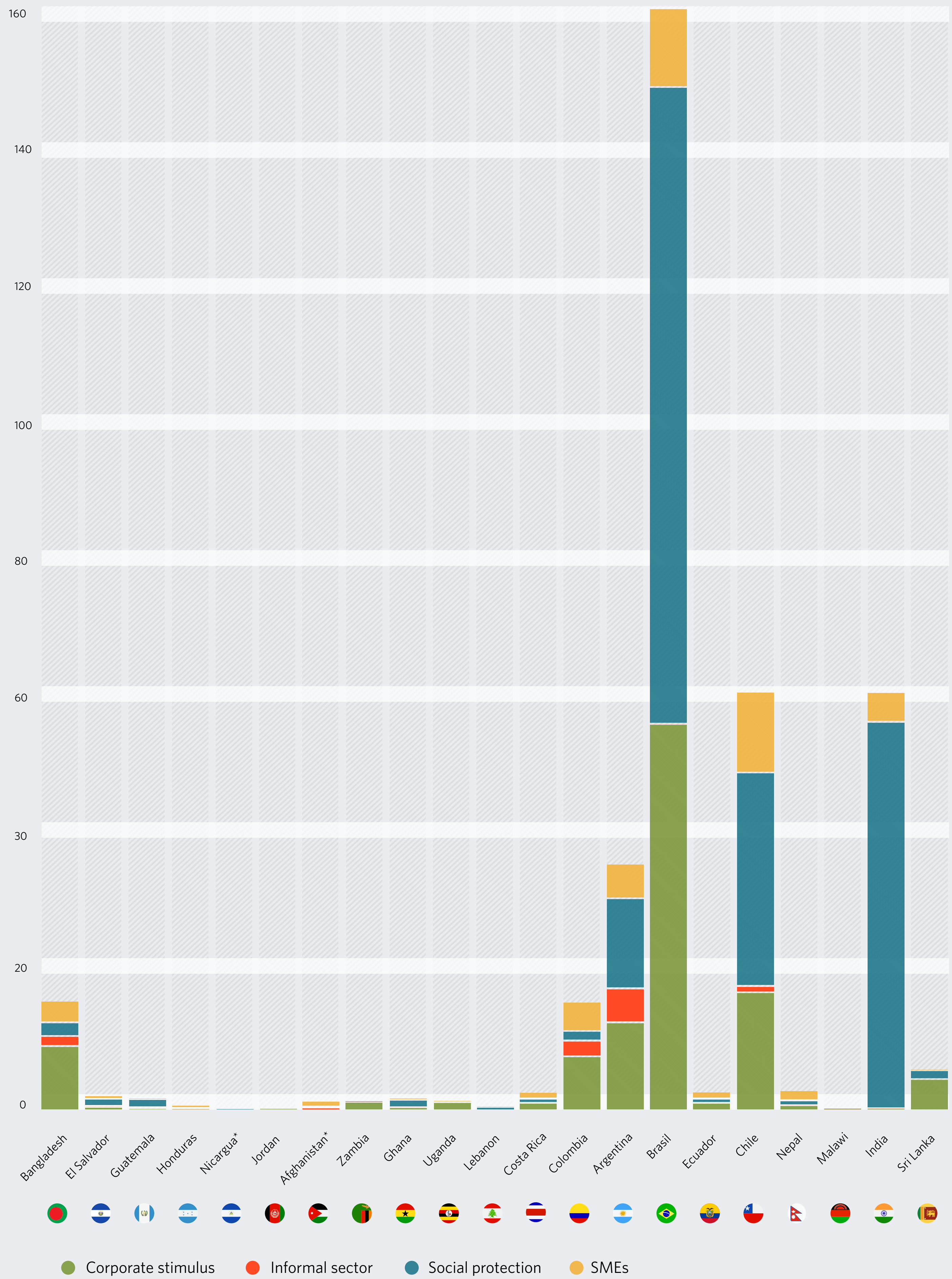

Executive Summary

In this report we call for a People's Recovery at a time of multiple crises. This means that a crisis response should be based on a human rights-based and sustainable development orientated recovery pathway which ensures that an adequate level of funding is made available both domestically and internationally, and that these funds are spent equitably, effectively and transparently primarily towards those who are the most impacted by the crisis – namely women, minorities and marginalised groups. The participation of citizens elected representatives and other rights holders in monitoring recovery packages and policies is also important in ensuring that recovery decisions are not taken behind closed doors. This report in itself is an exercise in citizen monitoring of recovery spending and policies, with view of enabling wider participation.

This report aims to assess the extent to which we are seeing such a People's Recovery or a recovery that primarily benefits larger corporates or the wealthy in society by looking first at the composition of COVID-19 recovery funding between four categories – social spending in social protection, funds benefiting large corporates, funds targeted towards Micro, Small and Medium-Sized Enterprises (MSME) and finally funds destined towards the informal sector.

We found that governments of 21 countries in the Global South studied in this report have, on average, provided stimulus measures across the board equivalent to only 2.4 percent of their GDPs in 2020-21, with funds directed toward large companies totalling approximately 40 percent of these funds. This is much lower than the estimated 28.4 percent on average in the high-income G20 countries, where a total of USD $14.8 trillion was spent on pandemic relief in comparison to the total of USD $370 billion spent in the 21 countries studied in here. Figure 1 below outlines COVID-19 recovery spending as a share of GDP for the 21 countries analysed in this report for the four different categories.

> We found that governments of 21 countries in the Global South studied in this report provided stimulus measures equivalent to only 2.4 percent of their GDPs in 2020-21, with 38% of funds directed toward large companies.

While the largest COVID-19 recovery packages in this study were in Argentina and India in absolute terms. However, looking at proportional terms

Covid19 recovery spending as % of GDP

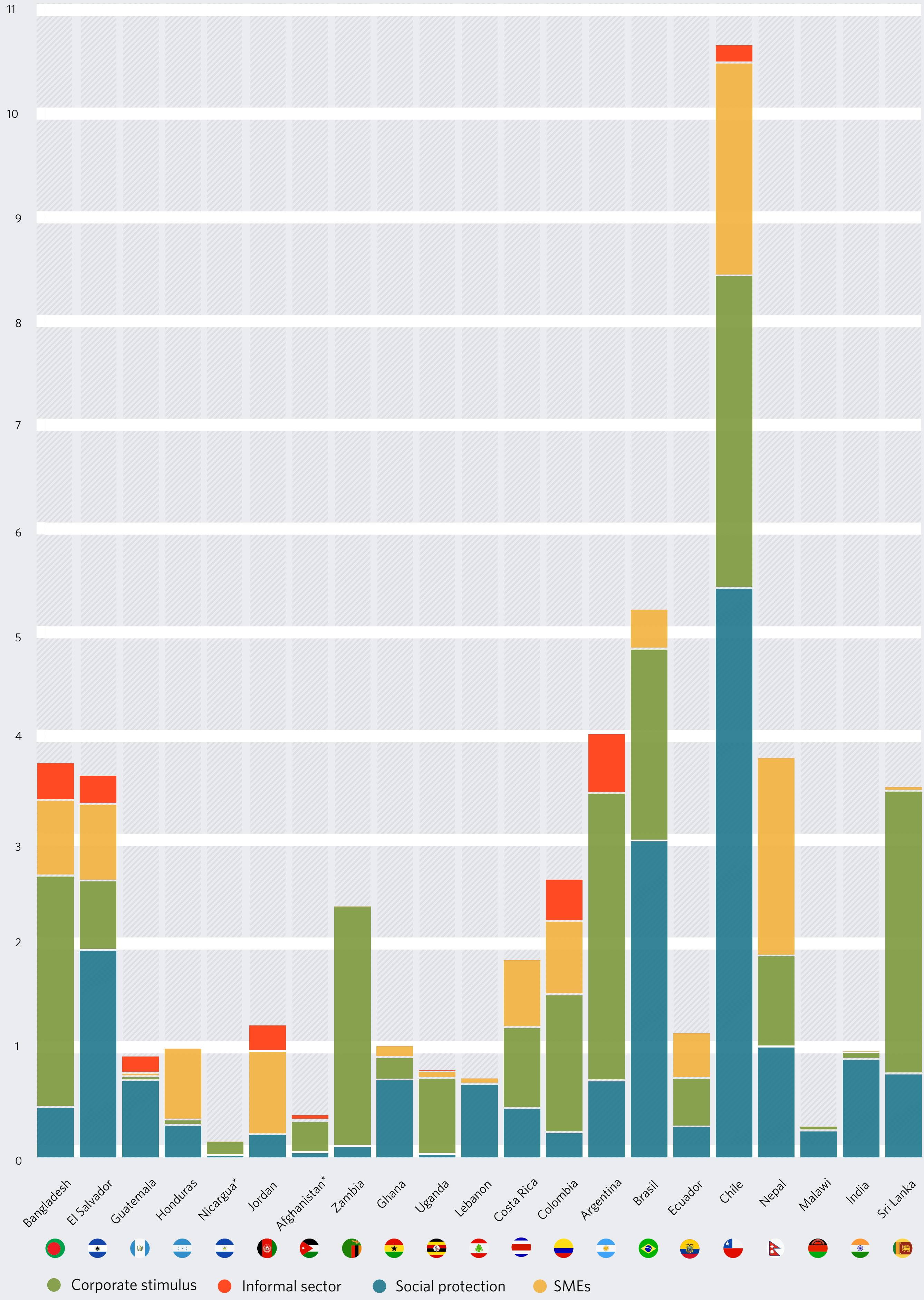

Figure 1: Covid19 recovery spending as % of GDP, per categories

only in the case of Chile did we see recovery spending above 10 percent of GDP at 10.62 percent of GDP, with Brazil reaching 5.23 percent of GDP, followed by Argentina at 4.4 percent of GDP. Meanwhile, at the other end of the spectrum we saw that in Nicaragua recovery packages totalled to 0.15 percent of GDP, Malawi recorded 0.30 percent of GDP, and Afghanistan 0.4 percent of GDP. This analysis can be a basis to understand the adequacy of the COVID-19 recovery spending in these countries.

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We also looked at the composition of COVID-19 spending between sectors, and we found vast variations between sectors where spending was allocated. Here also data gaps were significant, namely that we were often unable to estimate the true extent of spending towards large corporates since in many countries no data exists on the revenue foregone due to tax exemptions, tax waivers or tax cuts. Often also loans made to companies are not disclosed in terms of recipients, suggesting that the amount spent on large companies is larger than our own estimates. In the area of social protection spending, at times it is hard to categorise spending, and often funds were announced but not fully spent, or indeed reallocated before being spent in the intended programme. Figure 2 outlines COVID-19 recovery spending in proportional terms.

Here we can conclude that in the measure of distribution of COVID-19 recovery funds, a social protection-led response was evident in India, Lebanon, Malawi, Ghana, Guatemala, El Salvador, Brazil and Chile where more than 50% of the available funds were allocated to social protection. However, in some cases the total social protection funds was largely deemed to be inadequate such as in the cases of Malawi and Lebanon where total recovery totalled less than 1 percent of GDP in all. This means that even where the recovery spending was mostly allocated towards social protection it still falls short of what is needed to mitigate the impact of the crisis on people most affected by the crisis.

In terms of international financing, international institutions have largely failed to provide the response that is needed. we looked at debt relief, new IMF emergency lending and the impact and distribution of IMF's August 2021 issuance of USD $650 billion in Social Drawing Rights (SDRs) that mostly are kept in high-income countries due to unequal distribution of IMF quota and they are largely waiting to be channelled to low-income and middle-income countries with most G7 countries having pledged to channel 20% of their SDRs.

In terms of international financing, international institutions like the IMF have largely failed to provide the response that is needed.

In terms of the World Bank, their pledge of USD $160 billion of COVID-19 recovery financing for their pandemic response without a clear timeframe. It was mostly made up of existing funds that were spent earlier than planned, as opposed to new funds. This frontloading contributed to a slightly increased funding in 2020, but the composition of World Bank funding still favoured the private sector as the institution did not change its funding priorities and windows significantly during the crisis.

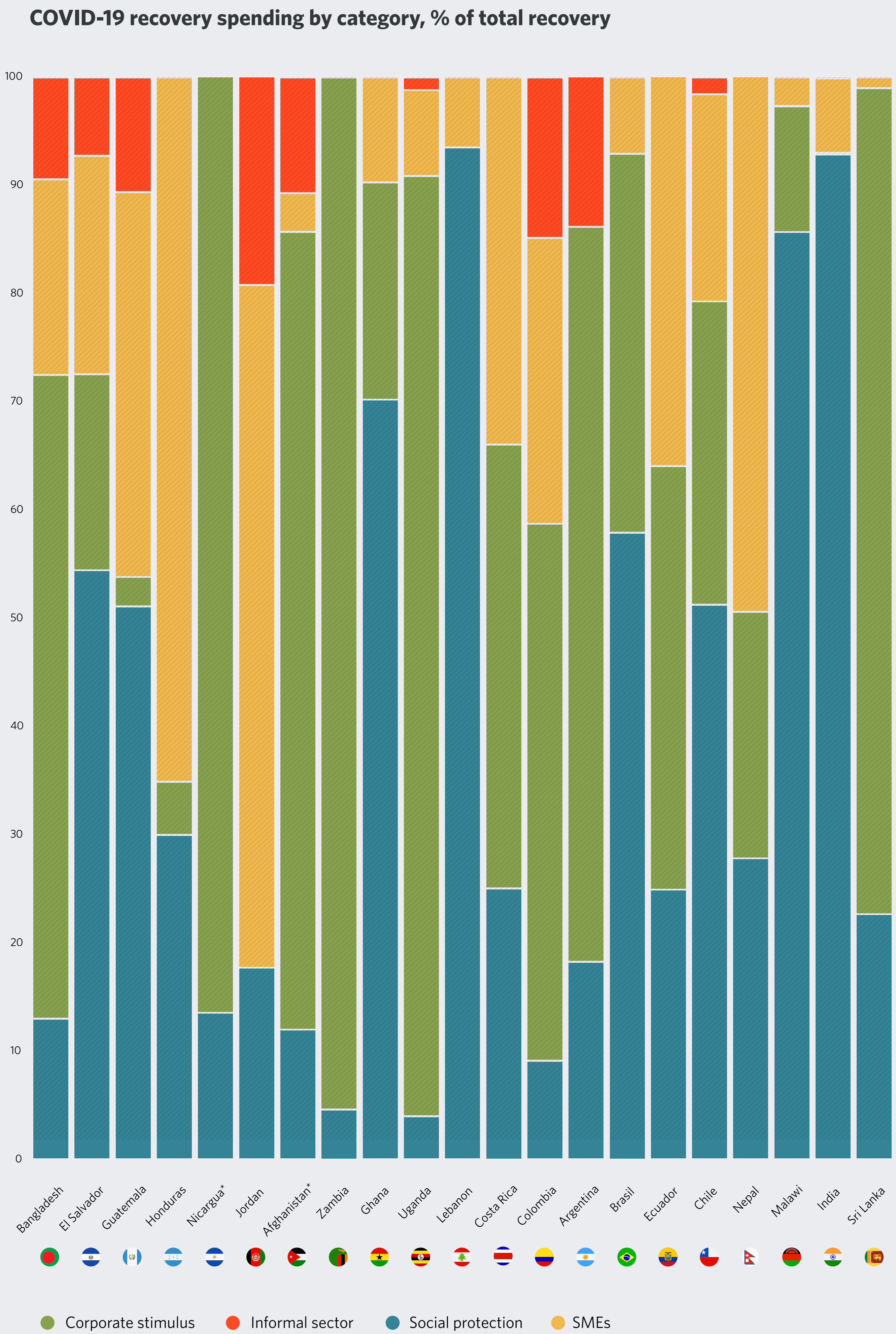

Figure 2: COVID-19 recovery spending by category, % of total recovery

As a result of an inadequate crisis response in both the overall size of fiscal spending and its composition, we face the prospect of between 75 million and 95 million additional people falling into extreme poverty in comparison with pre-Covid-19 levels due to the impact of the pandemic and the cost-of-living crisis fuelled by the war in Ukraine. This is affecting especially the most vulnerable countries were we see compounding crises made worse by extreme weather conditions as show in Pakistan's recent floods and other events, pushing more people into poverty, gender inequality and hunger even before they recover from the economic consequences of COVID-19.

Women have especially borne the brunt of these multiple crises, but only in Guatemala, Honduras, Bangladesh, Brazil and Costa Rica did we have partial gender disaggregated data on the COVID-19 grants made available to analyse the support they received. Drawing on gender disaggregation and gender-focused macroeconomic analysis of care and domestic work pattens, we can say that while the crisis hit women much harder in terms of COVID-19 pandemic has had a huge impact on women's employment, working hours and increases in unpaid domestic and care work duties. However, recovery funds and their composition further deepen rather than correct these inequalities in terms of the composition of funding and their gendered impacts. We find that women received half the funds than men received as most funds towards corporates and also MSMEs are predominantly going towards men (representing over 59 percent of funds), while funds towards social protection we more female recipients than men (37 percent of funds) in light of partial gender disaggregated data. We also assume that informal sector support is going equally to men and women, depending on the professions supported.

Lastly, there is a concern over the transparency of the spending of recovery funds. In many cases it is hard for citizens, journalists or parliamentarians among other actors to track the funds, both at the international level of funding agreements from IFIs, but also at the national level in terms of the gaps between big recovery package announcements and actual spending and execution of budgetary funds, together with the gendered impacts and distribution of funds made available. Doing this monitoring work should be made easier through public transparency of funds being used, and also public transparency over the owners of businesses and corporations, so we know who ultimately benefits from the funds destined to the private sector, and whether companies pay their fair share in taxes or not.

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Key Recommendations

- **Governments should create new corporate windfall, wealth, high-incomes and solidarity taxes** that benefit from the multiple crises.
- **Countries should support the African Union call for a UN Tax Body** coupled with a minimum corporate tax of 25 percent.
- **Governments should implement public registries of beneficial owners of all companies and trusts,** and work towards creating wider asset registries to know who owns what in society and to fight against corruption.
- **Governments should mandate public country-by-country reporting to know how much corporates are paying taxes in each country and territory,** and to also report how much tax exemptions or waivers they receive to understand the fiscal cost of tax exemptions.
- **Governments should implement adequate universal social protection systems without delay**, along with other public services, working to slow and reduce the rising levels of poverty with greater social protection spending.
- **International Financial Institutions (IFIs), such as the IMF and World Bank, should not impose austerity conditions, regressive tax and social protection measures** in their loan conditionalities or grant programmes that undermine progressive policies by national governments, but rather support them with technical advice and sharing best practices.
- **The race to the bottom on tax rates and austerity policies should end**, and reports measuring business environments and global competitiveness should not reward countries cutting corporate taxes, employer social contributions.
- **Effective accountability and tracking mechanisms should be introduced to provide transparency on the disbursement of Covid-19 bailout funds**, including effective and transparent tracking of the disbursements and agreements by the IMF, the World Bank, and other multilateral development banks.
- **Unused IMF Special Drawing Rights (SDRs) should be channelled** in high-income countries towards countries that need them the most in the global South.
- **Effective gender disaggregated data, and gender analysis of key macroeconomic data should be introduced** to understand the likely beneficiaries of different types of fiscal interventions.

Governments should create new corporate windfall, wealth, high-incomes and solidarity taxes and other progressive measures to ensure a people's recovery instead of austerity

1. Recovery by International Financial Institutions (IFIs)

1.1. International Recovery financing for developing countries nowhere near enough

Before 2020, many developing countries were already facing significant debt levels, with debt payments eating away at their ability to adequately finance critical social spending needs, with already 64 countries in 2020 spending more in debt repayments than in healthcare.[1] Currently, Debt Justice estimates that 54 countries are in a debt crisis[2], including Malawi, Ghana, Argentina, Zambia, Sri Lanka, Costa Rica, El Salvador and Colombia studied in this report. Their debt servicing payments place a severe constraint on public expenditure.

Accordingly, in the Spring of 2020, the UN called for a coronavirus crisis package of USD $2.5 trillion, based on the estimated needs of developing countries.[3] Among the UN's suggestions for reaching this package were a USD $1 trillion liquidity injection through an allocation of Special Drawing Rights (SDRs) which are akin to an international reserve currency maintained by the IMF; debt cancellation worth USD $1 trillion; and significant net official development assistance (ODA) transfers especially through grants, worth an additional USD $500 billion.

Now, over two-and-a-half years later, we can take stock of whether these calls were heeded and how much financing was actually made available globally to support developing countries in the response to the pandemic.

1.2. Special Drawing Rights

In August 2021, a Special Drawing Rights allocation equivalent to about USD $650 billion was created in response to the pandemic crisis. This financing came more than a year into the pandemic because the US administration initially unilaterally blocked this from happening.[4]

Because of the way in which the IMF governance system works that rewards the size and openness of economies, only 42 percent (USD $274 billion) of the total allocation went to Global South countries, while less than 4 percent (USD $21 billion) of the allocation went to low-income countries that were most in need.[5] The 21 countries analysed in this report collectively received only about 8 percent of the total SDR allocation, despite this including a number of major emerging economies such as India, Brazil, and Argentina.

The SDR issuance was an important source of financing for developing countries during the recovery, especially for some of the smallest economies, like Sierra Leone and Zambia, where the allocation made up more than 6 percent of GDP. However overall, the SDR allocation was nowhere near big enough to adequately meet the needs of most countries and ensure a people's recovery.

1.3. Debt relief

In terms of debt relief, three notable initiatives were taken during the pandemic.

First, the IMF offered some grants for debt relief through its Catastrophe Containment and Relief Trust (CCRT). Only the world's poorest and most vulnerable countries can use the CCRT and it only applies to debt owed to the IMF itself. For debt payments falling due between April 2020 and April 2022, the CCRT provided USD $965.29 million.[6] The reach of CCRT was insufficient to the needs for debt relief, partly because it depends on donors topping up the CCRT fund with aid funds.

Second, the G20 set up a Debt Service Suspension Initiative (DSSI) in May 2020, offering temporary debt suspensions. Under this initiative, in total, USD $12.9 billion in debt-service payments[7] were temporarily suspended for 48 mainly low-income countries, before it closed in December 2021.[8] Middle-income countries were not DSSI eligible, even though many of them also face a debt crisis, including Ecuador and Sri Lanka.

Finally, in November 2020, the G20 created a Common Framework for Debt Treatments, designed to go beyond the DSSI to deal with complex debt restructurings and, only in the most difficult cases, allow for debt cancellations. To date, only three countries have applied to the Common Framework and no debt relief has been successfully delivered under the programme so far.

in addition, private creditors, who make up an increasing proportion of creditors to developing countries, and the World Bank, have notably failed to offer any substantial debt relief to date. Low-income countries own the multilateral institutions around USD $12.4bn in debt, most of it to the World Bank[9]. Meanwhile, the World Bank does recommend bilateral and private creditors to step up efforts for debt relief in terms of helping pandemic relief efforts.[10] At the same time, commentators have warned that the IMF's overly optimistic growth projections for emerging economies likely contributed to complacency and hampered a more ambitious response to the crisis.[11]

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1.4. Lending and grants by IFIs

The majority of other types of financing made available during this time came through loans via international finance institutions and multilateral development banks, rather than grants. Given debt levels were already very high before the pandemic, this type of response was wholly inappropriate. For 21 countries included in this report, public and publicly guaranteed sector debt increased by 8.79 percent on average between 2019 and 2020, and for some by more than 20 percent.

In terms of how much was made available this way, as of March 2022, the IMF had lent USD $170 billion through various types of loan programmes to 90 countries since the start of the pandemic.[12] Almost USD $34.68 billion of this financing went to 13 countries included in this People's Recovery Tracker in 2020 and 2021. For comparison, in 2018, the IMF approved a USD $57 billion loan programme to just one country – Argentina – equivalent to one-third of all its pandemic response lending. As IMF financing is completely fungible and majority of this financing came through its emergency programmes that were paid up front without programme monitoring, international level data is scarce about how this financing was used.

The World Bank on the other hand claimed it would direct USD $160 billion to help its client countries fight the health, social and economic impacts of the pandemic, focusing on the rapid disbursement of its loans in mid-2020.[13] This approach raised concerns about "the extent to which World Bank programmes have been adequately adapted to reflect the pandemic, with fears that pre-existing projects and programmes already in the World Bank's pipeline have merely been frontloaded."[14] The People's Recovery Tracker analysis of World Bank financing to 21 countries between 2020 and 2022 reveals that out of 241 development projects, only 82, or 34 percent, were explicitly designed to focus on the pandemic and the recovery, representing USD $18 billion.

Other multilateral development banks made much smaller Covid packages available through non-concessional and concessional lending, as well as some grants, including the Inter-American Development Bank (USD $21.6 billion in 2020), the Asian Development Bank (USD $20.8 billion and the African Development Bank (USD $4.1 billion).[15]

As Overseas Development Assistance (ODA) data includes debt relief and some financing provided to multilateral development banks, ODA data partially overlaps with the figures above. In comparison to the UN call for USD $500 billion in ODA, it is nonetheless useful to note USD $161 billion was transferred in ODA in 2020, and USD $178.9 billion in 2021. In relative terms, ODA remained at 0.33 percent of Gross National Income (GNI), far below the 50-year-old promise of channelling 0.7 percent of GNI to those countries most in need, while USD $16.2 billion of the 2021 figures should be considered inflated, according to Eurodad. [16]

Taken all together, the international financial response to the pandemic was therefore deeply inadequate and fundamentally unfit for purpose, falling far below the UN's calls for a USD $2.5 trillion response.

These policy decisions also came on top of other self-serving policy decisions taken by the world's wealthiest countries, such as COVID-19 vaccine hoarding and refusing to support trade policies that could have unlocked a much greater supply of vaccines much sooner.[17]

As a result of these failures on the global stage, the menu of policy options available to national governments in the Global South to enact People's Recoveries has been severely constrained, meaning that the decisions of national policymakers on how to raise and spend resources for a People's Recovery have never been more important.

Taken all together, the international financial response to the pandemic has been deeply inadequate and fundamentally unfit for purpose, falling far below the UN's calls for a USD$2.5 trillion response.

1.5. Fiscal Conditionality

In some cases,, especially in low-income countries, policy decisions about how much governments should spend overall are often heavily influenced or even conditioned by the availability of international financing to fund budget expenditures.

Most notable among these is the IMF, which attaches restrictive fiscal policy conditionality to the majority of its regular loan programmes. A recent study found that 84 percent of IMF loan agreements included austerity expectations in the near term, often after the immediate phase of the crisis is over.[18] This is despite a clear emphasis by IMF Headquarter staff on progressive fiscal policies,[19] using fiscal policies to tackle inequality,[20] and expanding social protection.[21]

Out of the 21 countries analysed under the People's Recovery Tracker, eight countries, including Kenya, Ecuador and Jordan, took on new regular (non-emergency) financing from the IMF since 2020 that comes with such fiscal conditionality. At least three more, Bangladesh, Malawi and Zambia, are currently in negotiations with the IMF, while others, like Argentina, were already in IMF loan programmes before the pandemic.

While, technically, the emergency loans the IMF provided to countries did not include formal policy conditions, governments were nonetheless required to provide a letter of intent that outlined their policy intentions to the IMF. In doing so, there was an unmistakable expectation of countries to commit to reducing spending over the next five years. Out of the 16 countries included in the People's Recovery Tracker that received emergency financing from the IMF during the pandemic, all of them made commitments to the IMF to implement such fiscal consolidation measures, supported by IMF staff.

After its discredited Doing Business Report was discontinued, which was widely criticised for its anti-tax, anti-labour and deregulatory biases, a new Business Enabling Environment project has stepped in its place. While minor changes to the revamped report's methodology are visible, it still places undue emphasis on lower corporate taxes and lower social protection measures as ingredients of a favourable business environment – while failing to provide evidence on how these measures would supposedly drive business, create economic growth, and thereby supposedly support sustainable development - which is ultimately the World Bank's mandate[22].

Ultimately, despite IFI rhetoric about supporting the most vulnerable during the pandemic, the results of the People's Recovery Tracker demonstrate that IFI lending put corporations before people, while saddling countries with even more debt.

2. Where did the Recovery Funds Go?

2.1. Large corporations

In 2020 and 2021, the People's Recovery Tracker analysed 21 countries and we found that a total of 38 percent of all funds went towards large private sector companies. In one notable example in Sri Lanka, a pre-crisis decision to eliminate seven different types of taxes including Pay as You Earn (PAYE) income tax, capital gains taxes on shares, and cut many taxes including Value-Added Tax (VAT) led to a dramatic fall in the number of tax payers from 1,550,000 registered entities in 2019 to 1,036,000 by 2020, and to 412,000 in 2021. This also led to an estimated tax collection loss of USD $2.2 billion in tax revenues due to these tax cuts that mainly benefited larger corporations and also wealthy individuals.[23] This reckless policy was decided on the basis of a belief that tax cuts stimulate economic growth despite evidence to the contrary[24]. This is despite the fact that up to 68 percent of the workforce is in the informal sector, including 1.7 million women many of whom, as a result of the pandemic, were forced to leave the formal and informal labour markets altogether. There was a successful social protection measure in April and May 2020 during the height of the pandemic to reach those suffering job losses with monthly cash transfers of 5,000 rupees (about USD $26 in 2020). However, this support did not continue beyond the immediate early pandemic months.

In 2020 and 2021, the People's Recovery Tracker analysed 21 countries and found that a total of 38 percent of all funds went towards large private sector companies.

In Bangladesh, on the other hand, dependence on monetary tools instead of fiscal tools points to the limited fiscal space available to the government during the pandemic. Of the 28 packages announced by August 2021, 13 are related to credit supports which account for a total of 87.29 percent of the total allocation for recovery packages. In terms of the expenditure, nearly 87.40 percent went to service these loan programmes supports. Through these supports, the Government of Bangladesh offered cheaper credits alongside monetary easing to facilitate the economic recovery process, supported by state guarantees. These hardly reached many Micro, Small or Medium-Sized Enterprises (MSMEs). In a survey by the World Bank's International Financial Corporation (IFC), 76 percent of MSMEs had not heard of these credit lines, and of those aware of this, the overwhelming majority said hurdles related to eligibility meant that they were effectively cut out of them[25].

A similar story was found in Lebanon, where the Banque Du Liban as the central bank made available 5-year interest free loans to businesses of an undisclosed sum total announced in a government circular, but there is no data about who received such loans. Meantime, fiscal support packages in Bangladesh only amounted to 12.7 percent of the total packages, or 0.68 percent of GDP, falling well under the regional recommendation by UN ESCAP to aim for 11 percent of GDP worth in fiscal packages to counter the rising poverty and inequality brought about the pandemic[26].

In Zambia the recovery also favoured large corporations as measures included suspending import duties on mineral concentrate and export duties on precious metals to support the mining sector, while import and export duties were also suspended for a period of time. These all resulted in revenue losses, but the tax exemptions were not costed. Furthermore, the private sector received a substantial amount of loans via a Targeted Medium-Term Refinancing Facility worth USD $690.5 million. Financing of recovery expenditure included the issuance of a COVID-19 Bond, aimed at paying pensions arrears (worth USD $27.3 million), and Value-Added Tax refund to businesses (including in the mining sector) with a total value of over USD $400 million. Meanwhile, an emergency social cash transfer programme had a total fiscal expenditure of USD $26.6 million, substantially less than help offered to the large private sector.

In Brazil, this and other COVID-19 packages were financed mainly via domestic currency borrowing made in part possible by large reserves held by the Brazilian central bank who saw their foreign currency holdings appreciate during the pandemic, and this provided with much needed fiscal space to borrow more in domestic currency without running a large fiscal deficit. However, the deficit did break the so-called 'spending ceiling' which during the pandemic was suspended in 2020 to allow for greater deficit spending than what the laws governing deficits normally allows.

Part of the reason why we see such significant corporate relief packages is that countries at the national policy level tend to wish to profile themselves as attractive in terms of their so-called investment climate or business environment measured by reports such as the World Bank's Doing Business Report (DBR), which was suspended in 2020 and discontinued in 2021. However, the DBR was quickly revived under similarly titled report called the Business Enabling Environment (BEE) Project that still contains the troubling indicators on low-tax[27], low employee social protection and low labour regulation as counting towards a better BEE, even though these contested findings are no longer included in the global score. This constitutes an indirect emphasis on a corporate recovery, where lower corporate taxes and lesser social protection for workers is via such rankings established as a desirable policy pathway. As the indicators are now suspended, old commitments to improve DBR scores are no longer as valid policy goals, so we will need to wait how the BEE scores and rankings create commitments for countries to improve their rankings, and how the World Bank may welcome such changes in the future. In the DBR database regressive policy changes in cutting taxes and social protection in their tracker of BEE changes in the future.

Honduras, Ecuador, Guatemala, Jordan, Costa Rica and Nepal had significant amounts of MSME spending, in the hope that this sector would be thus shielded from job losses, losses in incomes and bankruptcies.

2.2. Small and Medium-sized Enterprises

Some recovery packages allocated the highest amount of expenditure on MSME sector in hope that this sector would be thus shielded from job losses, losses in incomes and bankruptcies. Honduras, Ecuador, Guatemala, Jordan, Costa Rica and Nepal had significant amounts of MSME spending.

In the case of Nepal both loans and tax cuts were targeted at the MSME sector. Charging a maximum premium of two point percent in the base interest rate in the credit of up to Rs 10 million to be taken by the SMEs helped increase access of these businesses to bank loans million had a 50 percent tax reduction. The tourism sector (e.g. airlines, transportations, hotels, travel agencies, and trekking companies) received a 20 percent reduction. This SME tax expenditure was estimated to benefit around NPR 3.5 billion (USD 29.66 million).

In addition to fiscal measures, there were large volumes of loans that are recorded for in the SME section of the recovery spending. SMEs with taxable financial transactions of NPR2 million enjoyed a 75 percent income tax reduction. The Nepal Rastra Bank announced that banks will defer loan repayments due in April and May until mid-July 2020. The size of the Refinance Fund was increased to provide subsidized funding for banks willing to lend at a concessional rate to priority sectors including small and mid-size enterprises affected by the pandemic. Additionally, The Nepal Government also set aside NPR50 billion to support SMEs with a particular focus on the tourism sector, including soft loans, rebates on income tax as well as electricity waivers for hotels and restaurants. Many of these SME measures may have also helped larger enterprises, as many SMEs fail to meet the eligibility criteria.

In the case of Jordan, the government enforced a subsidized lending schemes to support SMEs. The Central Bank of Jordan (CBJ) implemented a JD 700 million (USD $987) million subsidized lending scheme for SMEs. If SMEs use the credit to pay employee salaries, the government subsidizes the loan by paying the interest cost. Most enterprises (90 per cent) confirmed that they did not benefit from government support. While nearly one-quarter (22 per cent) of medium and large companies confirmed they received support, only 7 per cent of micro and 13 per cent of small enterprises confirmed receiving support.

This suggests that government support measures were more tailored to the medium and large enterprises than to micro and small enterprises. In March 2021 the Central Bank of Jordan expanded the size of its subsidized lending scheme for SMEs by JD 200 million

(USD $282 million). In November 2021, the CBJ extended the scheme by six months (to June 2022) and also raised the borrowing limits for certain sectors (i.e., tourism and trade) to increase take-up.

In the case of Colombia we also saw a large expansion of loans made available to MSMEs as the government transferred funds to the Fondo Nacional de Garantías (FNG), the national loan guarantee fund, to enable new loans made available to MSME enterprises, and self-employed individuals. The programme was called Unidos por Colombia, or United for Colombia, with funds up to USD $5.44 million available, 72% to working capital, 3.66% to self-employed, 5.48% to microfinance, 2.98% to large enterprises and 1% to livelihoods.

The FNG also established credit programmes for employers to protect jobs, through a 90% guarantee of loans to pay salaries of USD $3.2 billion, working capital loans of USD $ 812 million, or up to USD $600,000 per company, with a coverage of 80%, and finally to self-employed persons a fund of USD $270 million. While these were existing programmes, the capitalisations were relatively large as was the coverage.

2.3. Social Protection Programmes

There were significant regional variations in terms of the type of social protection programmes instituted, we saw for instance that in Argentina there was the programme called 'Ingreso Familiar de Emergencia (IFE)' (Emergency Family Income) which consisted of three payments of USD $141 between May to October 2020 to households registered for unemployment assistance. The household payment was made to a single member of the household, preferentially a female member (55.7 percent of recipients). It reached 9 million individuals, one in five persons in Argentina with 90 percent coverage in the bottom 3 deciles of the income distribution, with a fiscal cost of USD $3.7 billion, in part financed by a wealth tax on the richest households in the country collecting USD $2.3 billion in tax revenue in 2020.

In Brazil, a programme called 'Asistencia de Emergencia (AE)' or Emergency Assistance was instituted, with the widest coverage of all the countries analysed in this study. The payment was of USD $114 per month for five times, with 65.9 million beneficiaries, distributing USD $57 billion in assistance to unemployed and informal sector employees registered at any existing social protection programme, including Bolsa Familia or Family Grant that targets the poorest households in Brazil. The programme was possible due to a social protection registry called 'Cadastro Único', or single registry, where all persons who receive social protection payments are registered. In 2021, this was replaced

There were significant regional variations in terms of the type of social protection programmes instituted. Argentina for instance introduced a programme called 'Ingreso Familiar de Emergencia (IFE)' (Emergency Family Income), providing three payments of USD $141 between May to October 2020 to households registered for unemployment assistance, reaching 9 million people.

by another programme called 'Auxilio Brasil', with a smaller payment.

In Chile, there was a programme called 'Ingreso Familiar de Emergencia (IFE)' with a significant coverage, benefiting 4.5 million people, or 23.7 percent of the Chilean population. It consisted of six payments of a total of USD $575, as income transfers to households listed in the registry of social protection beneficiaries. Initially applying to households without formal incomes or low formal incomes, it extended to 90 percent of households deemed vulnerable in the registry.

In April 2021, a wider IFE payment was instituted, towards 80 percent of the most vulnerable in the registry, of a payment of USD $143 per person, from June 2021 a programme called Universal IFE was created, in place until November 2021 with a payment related to the number of dependents in each household. From May 2020 to November 2021, this covered 16.7 million people, and had a fiscal cost of USD $25.3 billion.

In Ecuador, despite an ongoing debt crisis in the country, there was a programme called Family Protection Grant (Bono de Protección Familiar), a payment of USD $60 per month from April to May 2020 in its first phase, then a single payment of USD $120 in either May or June, to the most vulnerable people who do not receive other grants. In another phase, vulnerable residents in the islands of Galapagos received additional grants. The grant scheme estimated a reach of 71 percent of people under the national poverty line, complementing existing social protection programmes such as old age pensions, disability assistance and anti-poverty programmes. It had a modest effect in mitigating the impacts of the pandemic, due to the grants being insufficient in time and amount in relation to income losses.

In Ghana, a cash transfer programme of social protection was put in place called Livelihood Empowerment Against Poverty (LEAP) programme reaching over 400,000 most vulnerable individuals in a targeted cash transfer programme, programmes involving Faith-Based Organisations reached over 2,7 million vulnerable persons via public food distribution programmes. Other social protection measures included subsidised power consumption for one million vulnerable customers. These programmes in Ghana were not enough to mitigate the loss of income reported with 68.2 percent of respondents surveyed in a COVID-19 Business Tracker, or 42,000 persons laid off during the lockdown period in 2020, while 770,000 seeing wages decreasing.

3. Who was left behind in Recovery financing?

The economic impacts of the pandemic and subsequent decisions taken by economic policymakers in the recovery have disproportionately impacted women and exacerbated gender inequalities, setting back progress on women's rights for decades.[28] Economic lockdowns particularly hit industries in which more women work leading to substantial losses of livelihoods, while inadequately financed health responses and school closures shifted unpaid care burdens especially to women.[29]

In Jordan, for example, female labour force participation rates dropped by 13-14 percent during the pandemic. Meanwhile during the pandemic the domestic and care work burden of women has increased even further during the pandemic. Approximately 50% of women reported increased domestic chores post-pandemic, compared to approximately 35% of men.

The main policy measure that could correct these rising gender inequalities were social protection measures that are designed in such a way that they target sectors and areas where women participate in the economy, or in terms of the selection of recipients on individual basis or as representatives of households. For instance, in Guatemala, for the social protection programme *Bono Familia*, or family grant, 54.9 percent of the recipients were women, while 45.1 percent were men. The grant reached a total of 2,9 million households, over half of the total population in 2020. The gender disaggregated data in the area of food distribution baskets showed that a total of 86 percent of the recipients were women, largely due to a greater unpaid care and domestic work role that women play within households. In Costa Rica, we saw that also a programme for wage support called a protection subsidy reach a gender balance in favour of women as 53.7 percent of all recipients were female. The recipients were selected on the basis of workers facing lay-offs, reduced hours, or reduced income as self-employed, showing that the labour market impacts were impacting more women than men.

However, when social protection measures were designed to target formal sector workers for loss of income then the gender balance was reversed, and we saw the Temporary

Economic Assistance Programme for People and Families reaching 88,500 people reaching 56.7 percent men and 43.3 percent women. Similarly, gender disaggregated data in Honduras concerning a programme for Assistance Project for Independent or Self-Employed Workers found that only 45.2 percent of the recipients were women. Some wage subsidy programmes did show women benefiting more than men. For instance, In Bangladesh, for example, a wage subsidy social protection measure to support workers of the export-oriented manufacturing industry was introduced, in which 53 percent of workers are women due to high female labour force participation in the garment sector.

There is strong and growing evidence that "social protection can improve outcomes for women in terms of education and learning, health and nutrition; protection from age- and gender-based violence, exploitation and neglect; and economic empowerment."[30] Women were at the intersections of multiple vulnerabilities and shocks, social protection systems were first among the line of defence for women's rights.

Overall, we concluded that women received half less money than men in the countries we analysed. Women's disproportionate reliance on social protection measures means that the limited support to social protection in the recovery which received less support than for example big companies, ultimately likely increased gender inequalities and left women behind to bear the brunt of the crises.

At the same time, we found that very few national corporate stimulus measures included gender analysis into their design. Only in Bangladesh did we find a record of a 2021 disaggregated data concerning a programme for SME assistance, for which only 6.2 percent of beneficiaries were women. There is no reason to think this is unusual, as business ownership especially in larger enterprises is dominated by men.

4. Conclusion

Many attribute the rising poverty and inequality during the COVID-19 pandemic to the pandemic itself, and the lockdown policies having an impact in lower growth which automatically leads to higher poverty. However, such analysis does not see the proactive role of the state and the multilateral institutions in terms of altering the market distribution of income and wealth, and regulating markets in order to achieve socially and environmentally desirable outcomes.

It is indeed the role of states to uphold human rights in a crisis like COVID-19, and make progressive policy choices that help to deliver a People's Recovery. We now call urgently the following measures to correct the recovery pathway towards a people-friendly recovery.

We call to implement without delay windfall taxes on excess corporate profits, and wealth taxes on the wealthy, and distribute the proceeds of these taxes to those most impacted by the crises, especially women and marginalised persons, so that they can recover from the crisis that to them is longer and deeper. Long-term this should lead to progressive tax reforms, that are allocated to rebuilding public services and the wider social contract within countries to reach at least the 10 percent of GDP target for recovery funding at the national level, and continue higher levels of public funding for a longer period of a just transition in midst of multiple crisis.

We call on international solidarity, to redouble efforts at the International Financial Institutions (IFIs), the United Nations, the G20 and other institutions to take urgent action to relieve debt burdens via debt restructuring made available to more countries that need it, making more concessional lending available without undue conditionalities, channelling Special Drawing Rights (SDRs) of high-income countries to those countries in the global South that need it the most without undue conditionality beyond safeguards on human rights, transparency and accountability, and plan a new issuance of Special Drawing Rights to meet the overall target set by UNCTAD in reaching USD $2.5trillion in COVID-19 financing.

We finally call to improve transparency and accountability that have suffered a severe blow during the crisis in terms of funds hidden in offshore tax havens to combat Illicit Financial

Flows and tax abuses, while companies operating in such tax havens should be barred from engaging in public procurement contracts. We call on all ownership to be made on public beneficial ownership registries including trusts and other legal entities, and we call on all companies to report publicly on a country-by-country basis their financial data, including profits, taxes paid, tax exemptions to understand their contribution to society. Extractive, fishing and natural resource dependent sectors should come under greater scrutiny.

Annex 1: Methodology

The FTC COVID-19 People's Recovery Tracker quantifies selected categories of fiscal responses to COVID-19 to enable a cross-country comparison; also, to compare financial support provided to corporates, as separate from support to MSMEs, informal sector and different social protection and safeguard measures directly to individuals. Our aim was to illustrate how funds provided to corporates, including through tax cuts and concessional loans, could have been potentially used in alternative ways for a more people-centred response, like measures directed towards achieving social justice, poverty alleviation and gender equality. The categories of supporting companies, MSMEs, informal sector and individuals therefore were somewhat similar in terms of wording to make them more comparable.

We used data from 21 countries, across three continents, namely Kenya, Sierra Leone, South Africa, El Salvador, Honduras, Nicaragua, Bangladesh, Nepal, and India. The data we collected relates to the period of policies directed towards the COVID-19 recovery. Our reference period was from the February 1, 2020 to December 31, 2021, or in some cases, March 31, 2022 depending on the end of the fiscal year.

Wherever possible, primary sources (i.e. national budget documents) were used, complemented by official secondary sources. Secondary sources were used to analyse social protection data. More data was available from secondary data including from ILO, UNICEF, and UN Women. While the IMF and OECD collect some (albeit incomplete) data on reporting tax measures, they are inadequate for costing the measures in terms of tax expenditures especially in case of tax cuts. KPMG, PWC, and other accountancy and law firms provide data on certain tax measures, however, their pages do not cost tax-related measures or analyse beneficiaries. The World Bank completed a study on analysing tax related measures in Kenya, which was helpful. Elsewhere, tax measures during the COVID-19 pandemic are largely not costed, and noted as being therefore missing and down to further research.

The data is designed to quantify and compare all new spending adjustments (whether novel measures or the expansion of existing measures), as long as they were formulated explicitly to tackle the pandemic's impact and implemented during our reference period.

We completed this in relation to four major sectors: 1) support to the formal private sector including tax, grant and loan measures; 2) support to micro, small and medium-sized enterprises in the form of again grants and loans; 3) support to the informal sector in terms of different modes of support observed; and finally; 4) social protection measures from income support, to job protection support, to basic services and financial services in restructuring personal loans. These sectors do not fit neatly into are not exhaustive, where this was not the case a category of other was introduced (for example, in South Africa), while in India we could not differentiate between larger corporates and SMEs due to the change in definition of the MSME during the pandemic. Despite the challenges, we found that this categorisation is sufficiently encompassing of most government responses to the COVID-19 Pandemic, and it provided the basis for comparison.

There are various limitations associated with the methods and reporting used. Most importantly, the COVID-19 Pandemic is ongoing. Given that the largest economic responses to the pandemic were in the initial months of our reference period, we feel that the said methods present a depiction of the intentions of the nine national governments analysed. Some discretion on the choice of measures was made. A further breakdown in the case of Sierra Leone and South Africa was made between announced and actual spending, while in the remaining seven countries such distinction was not yet available across the board. This report presents only an initial step towards the comparative analysis of these bailouts, and more work will be needed to understand the differential impacts of recovery packages.

Annex 2: Key Tables

COVID-19 recovery spending, in USD bn and as % of GDP

	Corporate recovery USD bn	Informal private sector USD bn	Social protection USD bn	SMEs USD bn	Total in USD bn	GDP USD bn	Fiscal allocation as % of GDP
Bangladesh	9.19	1.46	1.9	2.8	15.35	416	3.69
El Salvador	0.35	0.14	1.05	0.39	1.93	53	3.61
Guatemala	0.06	0.249	1.2	0.837	2.35	163	1.44
Honduras	0.03		0.158	0.344	0.53	51	1.04
Nicaragua	0.02	0	0.0028	0	0.02	14	0.15
Jordan	0.00	0.21	0.193	0.691	1.09	87	1.26
Afghanistan	0.06	0.009	0.01	0.003	0.08	21	0.40
Zambia	1.12	0	0.053	0	1.17	49	2.39
Ghana	0.32	0	1.1	0.152	1.57	148	1.06
Uganda	1.05	0.014	0.047	0.096	1.21	145	0.83
Lebanon	0.00	0	0.361	0.025	0.39	51.39	0.75
Costa Rica	0.97	0	0.592	0.805	2.37	126	1.88
Colombia	7.70	2.3	1.4	4.1	15.50	585	2.65
Argentina	12.652	4.92	13.088	4.895	35.56	881	4.04
Brazil	56.00	0	92.5	11.3	159.80	3057	5.23
Ecuador	0.95	0	0.603	0.872	2.43	205	1.18
Chile	17.00	0.934	31	11.6	60.53	570	10.62
Sri Lanka	4.4	0	1.3	0.056	5.77	165	3.50
Nepal	0.6	0	0.73	1.3	2.63	69	3.81
India	0.10	0.06	56.13	4.16	60.45	6363	0.95
Malawi	0.01	0	0.064	0	0.075	25	0.30
Totals (actual)	**112.58**	**10.29**	**204**	**44**	**370.8964**	**13245.02**	**2.419**

Table 1: *Recovery Spending Support by Category, Announced and Actual (in $US bn unless stated)*

Source: Various sources, authors' own analysis, as detailed in the associated dataset.

Covid-19 recovery spending by sector

	Social Protection	Corporate Support	SME Support	Informal Sector Support
Bangladesh	12.38	59.86	18.24	9.52
El Salvador	54.40	18.13	20.21	7.25
Guatemala	51.06	2.72	35.62	10.60
Honduras	29.92	4.92	65.15	0.00
Nicaragua	13.46	86.54	0.00	0.00
Jordan	17.64	0.00	63.16	19.20
Afghanistan	11.90	73.81	3.57	10.71
Zambia	4.52	95.48	0.00	0.00
Ghana	70.20	20.10	9.70	0.00
Uganda	3.89	86.99	7.95	1.16
Lebanon	93.52	0.00	6.48	0.00
Costa Rica	24.98	41.05	33.97	0.00
Colombia	9.03	49.68	26.45	14.84
Argentina	36.81	35.58	13.77	13.84
Brazil	57.88	35.04	7.07	0.00
Ecuador	24.87	39.18	35.96	0.00
Chile	51.21	28.08	19.16	1.54
Sri Lanka	22.53	76.26	0.97	0.00
Nepal	27.76	22.81	49.43	0.00
India	92.86	0.17	6.88	0.09
Malawi	85.70	11.65	2.65	0.00
Totals (actual)	**37.96**	**37.51**	**20.30**	**4.22**

Table 2: *Covid-19 Recovery Spending as a Percentage of Total Stimulus Spending*

Source: Various sources, authors' own analysis, as detailed in the associated dataset.

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