Robust remittance inflows, fiscal stimulus, and favorable export prices drove economic recovery in 2021, and real GDP grew 10.3 percent following a three-year recession brought on by the 2018 sociopolitical crisis, the Covid-19 pandemic, and two major hurricanes. Nonetheless, Nicaragua still faced lingering negative welfare impacts associated with the pandemic, with lower wages, employment and activity compared to the pre-crisis period.

According to the High-Frequency Phone Survey, 17.7 percent of formerly employed workers had lost their pre-pandemic job by the end of 2021. Job losses were more frequent among the young population aged 18 to 25 years old (30.7 percent) followed by women with children aged 0-5 years old (29.1 percent). Equally remarkable was the large share of previously inactive individuals who entered the labor force (48.1 percent), likely to avoid falling into poverty. About two-thirds were women across all age ranges and education levels. The number of entrants into the labor force who found employment compensated for job losses, and the country experienced a slight increase, of 0.7 percentage points, in the employment-to-population ratio relative to pre-pandemic levels. Nevertheless, the quality of employment was affected. By the end of 2021, informality (at 65.7 percent) was 5.2 percent points higher compared to before the pandemic (60.2 percent), albeit this is an improvement from mid-2021, when 70 percent of workers were engaged in the informal sector.

The evolution of household income throughout 2021 suggest that government-provided emergency cash transfers were insufficient to contain the full impact of the pandemic. Less than 3 percent of households reported having received emergency government transfers during the pandemic. By mid-2021, 44.4 percent of households reported that their income had yet to return to pre-pandemic levels. Furthermore, no significant progress was observed by the end of 2021 when only 12.8 percent of households reported an increase of family income during the last semester of 2021.

The primary sources of income that were affected by the pandemic were wages and family-business incomes. This aggravated food insecurity, defined as not having food at least once during the last month due to lack of money or other resources. By the end of 2021, 22.1 percent of households experienced food insecurity, an improvement from mid-2021 (26.5 percent) but still up by 1.2 percentage points from the level observed before the pandemic (20.9 percent). Reports of food insecurity were more frequent among vulnerable households with fewer assets (26.3 percent) and presence of children (23.4 percent).

Negative impacts on children's education could translate into lower welfare levels in the long run. While the proportion of school-age children attending school in person or virtually by the end of 2021 remained relatively high (at 92.0 percent), around one in six children had not participated in schooling activities involving direct interaction with a teacher. Furthermore, one out of four households perceived that their children were learning less when compared to before the pandemic.

JOB LOSS (% OF PRE-PANDEMIC WORKERS)
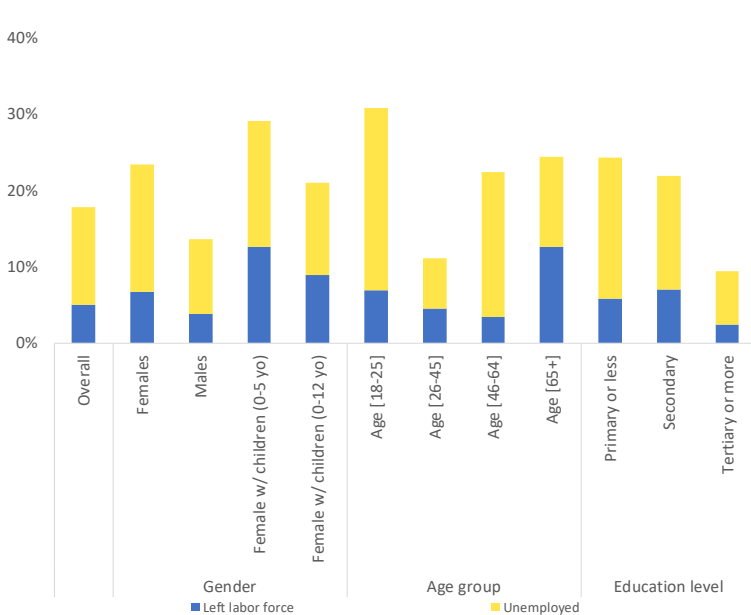
CHANGES IN TOTAL INCOME (%HH) SINCE MID-2021
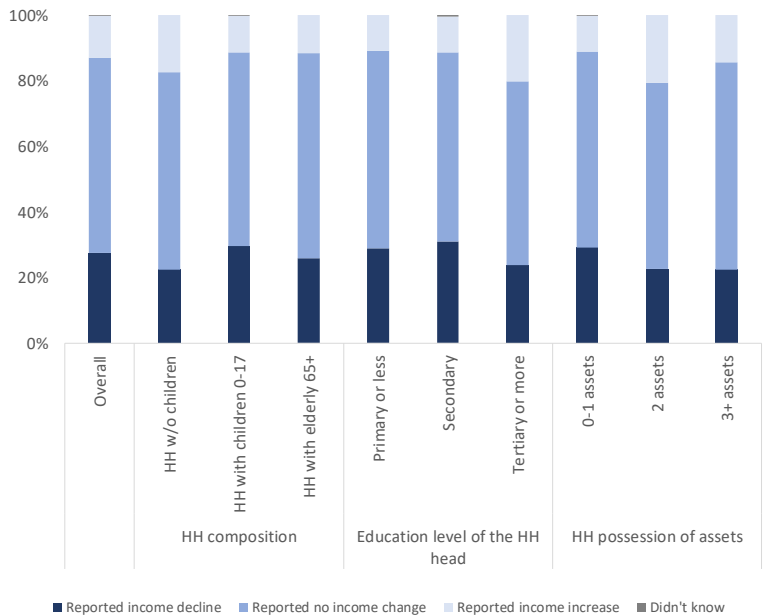
Source: World Bank and UNDP LAC High Frequency Phone Surveys, Phase II, Wave 2.

KEY INDICATORS: INDIVIDUALS (18+ years old)

Distribution among groups	Labor				Childcare responsibilities	Health
	% of employed population (pre-pandemic) who lost their pre-pandemic job	% of inactive population (pre-pandemic) who became active (employed or unemployed)	% of employed population who is in informal employment		% of population who spent more time accompanying children's education than pre-pandemic	% of population who reported mental health problems
			Pre-pandemic	End-2021		
Overall	17.7%	48.1%	56.2%	64.3%	28.1%	38.8%
Females	23.3%	43.9%	60.0%	70.0%	28.2%	42.9%
Males	13.6%	58.8%	53.3%	59.9%	28.0%	34.4%
18 to 25 years old	30.7%	52.5%	63.7%	68.2%	23.1%	35.1%
26 to 45 years old	11.1%	53.4%	49.7%	58.9%	29.6%	43.2%
46 to 64 years old	22.3%	51.3%	59.7%	72.7%	24.4%	34.3%
65 and older	24.3%	18.6%	83.7%	71.7%	41.2%	35.1%
Education: Primary or less	24.3%	39.0%	75.3%	81.3%	20.2%	35.9%
Education: Secondary	21.8%	53.0%	65.2%	70.7%	26.7%	34.1%
Education: Tertiary or more	9.4%	52.5%	35.0%	48.6%	38.0%	46.3%

Source: World Bank and UNDP LAC High Frequency Phone Surveys, Phase II, Wave 2.
*Note: National level results are compared against the regional LAC average: **Green** indicates that the country performs better than the LAC average in terms of preferred outcome, e.g. less informality, while **red** indicates that the country performs worse than the LAC average.*

KEY INDICATORS: HOUSEHOLDS AND CHILDREN

Distribution among groups	Income & Coping		Food Insecurity		Education (6-17 yo)		
	% HH without enough resources to cover basic needs (self-reported)	% HH that resorted to at least one coping mechanism	% HHs that ran out of food		% of children in school age who attended school (in person or virtually)		% of children in school age who interacted with teacher in person (incl. hybrid teaching modes)
			Pre-pandemic	End-2021 (Last 30 days)	Pre-pandemic	End-2021	
Overall	51.0%	62.3%	20.9%	22.1%	94.7%	92.0%	86.3%
HH w/o children (0-17)	41.2%	52.2%	11.8%	18.5%	-	-	-
HH with children (0-17)	54.5%	66.0%	24.2%	23.4%	94.7%	92.0%	86.3%
HH with elderly (65+)	58.0%	67.4%	21.0%	22.2%	93.7%	91.3%	85.7%
0-1 assets	55.1%	63.4%	24.4%	26.3%	94.2%	90.6%	84.6%
2 assets	36.4%	55.8%	8.4%	6.7%	96.1%	98.2%	97.2%
3+ assets	37.9%	67.5%	9.1%	9.6%	98.1%	96.8%	83.9%
HH Head Edu: Primary or less	51.7%	66.0%	24.6%	26.4%	94.0%	89.5%	84.5%
HH Head Edu: Secondary	59.0%	62.1%	19.5%	25.4%	93.0%	92.7%	84.7%
HH Head Edu: Tertiary or more	39.3%	53.1%	11.5%	9.8%	98.9%	98.2%	94.0%

Source: World Bank and UNDP LAC High Frequency Phone Surveys, Phase II, Wave 2.
*Note: National level results are compared against the regional LAC average: **Green** indicates that the country performs better than the LAC average in terms of preferred outcome, e.g. fewer households running out of food, while **red** indicates that the country performs worse than the LAC average.*

HIGH FREQUENCY PHONE SURVEY

The World Bank and UNDP conducted a multi-wave High-Frequency Phone Survey (HFPS) in 2021 to assess the impact of the coronavirus pandemic on the welfare of Latin American and Caribbean households. The first wave was collected between May and July 2021, and the data is nationally representative for 24 countries: Antigua & Barbuda, Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Lucia and Uruguay. The data for Brazil was collected between July 26 and October 1. Data for the second wave was collected between October 2021 and January 2022 and included all countries except for Antigua & Barbuda and Brazil. The HFPS provides information on the welfare impacts that households experienced with respect to food insecurity, changes in employment, income changes, access to health and education services, and coping mechanisms. Key indicators on socioeconomic effects are available at the COVID-19 monitoring global dashboard, which provides harmonized indicators across all world regions. Further information on the LAC HFPS II can be found here.

Poverty Economist: Alejandro De La Fuente

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