Smart Containment: How Low-Income Countries Can Tailor Their COVID-19 Response[1]

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Low-income countries will have a much harder time putting their economies in a "medically induced coma" in response to the coronavirus pandemic (COVID-19). They are home to many of the extreme poor, who, for the most part, have no option but to live in overcrowded conditions with limited access to clean water and sanitation. They work in the informal sector, often for a daily wage, depend heavily on public service provision, and have limited savings and no access to credit. For many, staying at home is not a viable option, and not working comes at the expense of food and other necessities.

Therefore, as is widely acknowledged, low-income countries (LIC) face especially difficult choices when it comes to the response to COVID-19. As opposed to widespread lockdowns, we argue that a policy of "smart containment," based on the idea of graded lockdowns, can work, if accompanied by considerable policy flexibility and intense data support. We present a three-part argument. First, we highlight reasons why a policy of wholesale lockdowns will be costly and potentially harmful for many, especially the poor. Second, we describe a policy of smart containment. Third, we discuss what it implies in terms of government actions.

Why a general lockdown may not work in low-income countries

Effective implementation of prolonged lockdowns requires governments in low-income countries (LICs) to enforce strict social distancing without criminalizing mobility; transfer huge amounts of cash and food to households, many of which have never been part of a social assistance program; and to

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do so at record speed. Once in place, this support will have to be maintained for months, while somehow preventing disruptions to the food supply and functioning of other critical markets.

If this sounds hard, that's because it is. Consider the following:

- Lockdowns and other restrictions have smaller impacts on mobility in LICs than in high-income countries, so these countries will have to choose between a significant security response for enforcement or the unpredictable impacts of relatively large levels of ongoing mobility.

- Current safety nets have very low coverage. Household surveys show that only 17% of the LIC population is part of *some* safety net, with <4% covered by a cash transfer program. Coverage will have to expand rapidly to a much broader population.

- The fiscal outlay may be out of reach for many LICs. Even if new transfers could be perfectly targeted to cover only the extreme poor and beneficiaries were given just $1/day (half the international extreme poverty line) for two months, the collective fiscal outlay would be $38 billion. But the impacts will be felt by poor *and* non-poor households, and support may be needed for longer. Hence the number could be 30 times higher ($1.14 trillion globally). Worse, most of this will be new spending in LICs, where existing coverage is lowest and poverty impacts are expected to be largest.

- Food systems may be disrupted. Although global food markets continue to be well-stocked, currency depreciations and disruptions due to mobility restrictions have exacerbated the risk of food insecurity. And food systems in many LICs are already under stress due to a massive locust outbreak.

- Disruptions in public services will have significant short and medium-term impacts on other illnesses as well as schooling. From patients suffering with tuberculosis who are not receiving care to a sharp decline in childhood immunizations to a greater risk of school dropouts after the crisis, generalized lockdowns can exacerbate overall inequality, as the poor are less able to provide schooling and health inputs at home.

What can LIC governments do then, to protect lives and livelihoods? We argue that instead of the wholesale, sequential approach followed by rich countries (health first, economy later), LIC governments should recognize that the social and economic impacts of COVID-19 will vary across

people, *places,* and *phases* over time. A smart containment approach that **tailors policy responses to local contexts** within countries with policy **flexibility** may be the way forward. But it will require **intense use of data in policy design and implementation** and a **bolstering of implementation capacity at the local level**.

What does smart containment look like?

A smart containment approach allows governments to protect both lives *and* livelihoods by combining policies and programs aimed at *simultaneously* managing the health risks associated with COVID-19, protecting economic activity and incomes, and ensuring food security, as follows.

Health: We advocate for the approach proposed by researchers and practitioners in LICs based on risk stratification, whereby mobility restrictions vary by demographic (e.g. age) *and* contextual factors. This recognizes that the elderly need special protection and allows different degrees of mobility based on age. It also recognizes that some geographic areas will be more affected than others. This allows lockdowns to be localized and flexible, so that mobility restrictions are imposed and lifted in circumscribed areas, such as villages or neighborhoods (rather than districts, states, or entire countries), on the basis of health risks at any point in time.

Income: Such graded lockdowns decrease the spread of the virus while allowing more economic activity. Because some areas remain operational while others shut down, the approach decreases the risk of food insecurity, and limits the logistic and financial burden associated with rapid expansion of income support programs. In rural areas that remain open, governments can work with local authorities, producer associations and communities to (re)organize agricultural activities to be compatible with physical distancing. In urban areas, selected marketplaces can be designated as safe and upgraded to meet minimum health/safety standards, while measures can be adopted to transition from face-to-face to order-plus-delivery transactions. Where manufacturing is geographically clustered, physical distancing protocols can be followed. Public transport can also be made compliant with social distancing by rationalizing pick-up/drop-off spots to allow for management of queues, (reduced) ridership, and frequent cleaning of equipment.

<u>Safety Nets:</u> (Temporary) income support can be provided to those unable or not allowed to work and in areas under lockdown. Because fewer will be in need at any point in time than under a nationwide shutdown, it will be easier to contain costs. Clear sunset clauses linked to the lifting of mobility restrictions will help with cost management. Further, because mobility restrictions will be managed at the local level, complex enrollment processes can be avoided through categorical and geographical targeting in urban areas and localized universal targeting in rural ones. This minimizes logistic complexity and maximizes inclusion in the face of a localized systemic shock. Food distribution may be needed in areas where even essential economic activity (food production and market-based distribution) is suspended.

How to make smart containment work: policy flexibility and data

The advantage of smart containment is that it allows economic activity while protecting health. In fact, based on this recognition, many low-income countries are already moving in this direction. What is less recognized is that graded lockdowns require a fundamentally different, more flexible, approach to conceptualizing and implementing policies and programs — and a different ask of central and local state capacity. An example will help clarify what we mean by "policy flexibility."

Imagine a rural village with most adults employed in agriculture or informal services; perhaps a few travel to the nearest town for work. Let's consider three phases of the pandemic here and the suggested policy response.

- *Precautionary Phase:* While there are no cases in the village, smart containment requires some degree of physical distancing in agricultural activities and travel, combined with isolation of and income support for vulnerable groups.
- *Epidemic Phase:* If the epidemic takes root in the community, economic activity should be suspended and broad-based cash (and potentially food) distribution be put in place.
- *Recovery Phase:* A gradual reactivation of economic activity and travel, still in compliance with a degree of physical distancing, should be combined with income support to vulnerable groups and the potential use of public works for those without a job.

The key point is that *both* the design of specific policies *and* the policy mix will vary across groups and space and over time. This is very different from what governments usually do. Policies and programs

normally target specific groups (pensions for the elderly), issues (contractionary monetary policy to control high inflation), or areas (funding for lagging regions). Once these are defined, policy design and implementation remain stable over time, or until a target is achieved (a decline in the inflation rate or the achievement of an inflation target, in the case of monetary policy). In contrast, a smart containment approach enables **governments to design, implement and monitor policies and programs that vary across *people*, *places* and *phases* to effectively address the localized and evolving nature of health, social, and economic impacts**. This requires tremendous imagination and innovation.

This degree of policy flexibility requires the intensive use of data. We highlight three specific ways data can support smart containment.

- Pre-crisis survey and administrative data (e.g. data on households, business, or water and sanitation and health facilities) can be combined with satellite and other geospatial data to identify risk groups and "hotspots" and inform preparatory efforts and initial policy interventions. Areas with high population density and low access to water and sanitation infrastructure may be fertile terrain for rapid contagion and thus require intense monitoring. Similarly, areas with high foot traffic and/or concentration of economic activity may be priorities for imposing physical distancing.

- As the crisis unfolds, the situation on the ground will remain fluid. Combining information from ex-ante risk profiles with high-frequency data on health and socioeconomic indicators will be critical to monitoring efforts, decision making, and program implementation. Mobility restrictions should be imposed and lifted on the basis of health data. Similarly, decisions on design and implementation of cash and/or in-kind support measures (who, where, for how long) should be informed by data on economic impacts, food security, and market disruptions. An early start here is the World Bank's high-frequency monitoring efforts in a large number of countries, including many LICs.

- Data will also be critical in preparing for recovery, even as governments are still dealing with the immediate impacts of the crisis. High-frequency data on coping strategies, such as the sale of productive assets or the depletion of working capital, and on business closures can provide valuable information about the depth of the economic shock and the amount and nature of stimulus needed. Similarly, data on school attendance, combined with administrative data on school closures and openings can help minimize dropouts.

Can this be done?

Perhaps you read this with increasing incredulity, thinking that there is no way LICs can pull this off. How in the world can governments in these countries tailor policy responses across *people*, *places,* and *phases* as the pandemic moves? And what happens if they fail? To be frank, we asked ourselves the same questions as we started writing this piece, recognizing that countries and people are understandably anxious about COVID-19, and any policy is likely to introduce tremendous hardship on some populations. All choices are tough in this scenario.

Effectively tailoring policy responses to local contexts, as we are advocating, will undoubtedly require that LIC governments make significant investments in administrative capacity, particularly at the local level. But the reality is that, as we argued above, full lockdowns also require enormous efforts, but of a different nature. The choice between these options — smart containment vs. full lockdowns — is therefore a choice between different administrative capacity investment strategies, rather than between the possible and the impossible.

Faced with this choice, we propose a strategy that combines strong involvement of local governments and community organizations with national efforts to coordinate data-driven responses and fill holes in local capacity to ensure equity. We do so for two reasons. First, many countries are already going down this route, and will need all the help they can get to manage the significant — and different — health and economic risks that come with this choice. Second, given the uncertain trajectory of the pandemic, LICs can significantly benefit from the flexibility of this approach. Even if feasible, it will be hugely costly and potentially harmful for LICs to shut down their economies repeatedly, should the epidemic wax and wane over time. If, on the other hand, the experience of LICs is significantly different from that of wealthier countries affected by COVID-19, graded lockdowns may *save* lives, by reducing morbidity unrelated to COVID-19, more effectively protecting livelihoods and staving off the risk of food insecurity.

We simply do not know yet how the epidemic would spread in the case of a graded lockdown, and whether the experience in LICs will be very different. If graded lockdowns cannot work, we must be stand ready to invest all we can in protecting populations from the pandemic. But we should realize

that the current evidence from LICs is insufficient to advocate for repeated lockdowns of the entire economy — and we must be prepared to help countries who choose to follow either option given this fundamental uncertainty.

Picture of a social-distance market (https://www.nationthailand.com/news/30386452)