Social protection responses to the COVID-19 pandemic in developing countries: Strengthening resilience by building universal social protection

Key points

The COVID-19 pandemic has served as a wake-up call alerting the global community to the urgency of accelerating progress in building social protection systems, including floors. Policymakers in developing countries should seek to the extent possible to design emergency crisis responses with a longer-term perspective in mind in order to strengthen social protection systems and decent work, including by supporting transitions from the informal to the formal economy.

Ensuring an adequate emergency response and developing a longer-term strategy for strengthening social protection systems and crisis-preparedness in developing countries requires a number of measures:

▸ Guarantee access to quality health care by mobilizing additional public funds to boost budgets as part of their emergency response, while safeguarding and extending the coverage of social health protection mechanisms during and beyond the crisis.

▸ Enhance income security through cash transfers by increasing benefit levels and extending coverage through existing or new programmes; adapting entitlement conditions, obligations and delivery mechanisms; and ensuring that, where necessary, humanitarian cash transfers complement and further strengthen national social protection systems.

▸ Protect workers in the informal economy by pursuing innovative policies to reach them quickly through a combination of non-contributory and contributory schemes and facilitating their transition to the formal economy in the longer term.

▸ Ensure the protection of incomes and jobs and promote decent work, by using unemployment protection schemes and other mechanisms to support enterprises in retaining workers and providing income support to unemployed workers, as well as adapting public employment schemes to the pandemic context.

▸ Coordinate employment and social protection policies in a more systematic way in order to promote a sustainable recovery.

▸ Mobilize resources at the national and global levels on the basis of solidarity and consider a range of options with a view to sustaining and increasing efforts beyond the crisis in order to ensure the sustainable financing of rights-based social protection systems.

▸ Seize the opportunity provided by the COVID-19 wake-up call to accelerate building universal social protection systems, including floors.
Introduction and key messages

This brief examines the role of social protection in addressing the COVID-19 crisis in developing countries. Like previous crises, this one has exposed the devastating consequences that prevail in the absence of well-designed social protection systems. It has also shown the vulnerabilities of population groups that have often been less visible, such as informal or migrant workers (ILO 2020b, 2019d). Although this is true across all countries, it is particularly the case among poorer countries.

Social protection is an integral part of the ILO’s four key pillars to fight COVID-19 based on international labour standards – stimulating the economy and employment; supporting enterprises, jobs and incomes; protecting workers in the workplace; and relying on social dialogue for solutions. Social protection is therefore an indispensable mechanism for delivering support to individuals during the crisis by providing access to health care and protecting against the massive losses of income resulting from the deepest economic downturn since the Second World War. By accelerating recovery through its positive contribution to consumption and aggregate demand, social protection can also act as a social and economic stabilizer (ILO 2017).

Many developing countries have introduced temporary social protection measures in response to the crisis in order to facilitate access to health care, protect jobs and mitigate income loss. However, recovery will only be sustained and future crises mitigated if countries are able to progressively build on or transform such temporary relief measures into comprehensive and shock-responsive social protection systems, including social protection floors, in line with human rights and ILO social security standards, as well as the 2030 Agenda for Sustainable Development (United Nations 2020a). This will also require increasing and sustaining fiscal space for social protection, as well as political will.

The COVID-19 crisis is a turning point. It has revealed once again the devastating consequences of systemic shocks for societies and economies in the absence of universal and adequate social protection. Although the virus does not discriminate between rich and poor, its effects are highly uneven. Those who are better off are more likely to have secure employment and savings to draw on and access to social protection and health coverage, and are better able to quarantine themselves while continuing to work remotely (United Nations 2020a; Oxfam 2020). The highly uneven impacts and outcomes of the crisis within and across countries will thus result in increasing inequalities. Ensuring an adequate emergency response and developing a longer-term strategy for strengthening social protection systems and crisis-preparedness in developing countries requires a number of measures:

- Guarantee access to quality health care by mobilizing additional public funds to boost budgets as part of the emergency response, while safeguarding and extending the coverage of social health protection mechanisms during and beyond the crisis.

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1 Briefing notes on social protection for informal and migrant workers are under preparation.
Enhance income security through cash transfers by increasing benefit levels and extending coverage through existing or new programmes, adapting entitlement conditions, obligations and delivery mechanisms and ensuring that, where necessary, humanitarian cash transfers complement and further strengthen national social protection systems.

Protect workers in the informal economy by pursuing innovative policies to reach them quickly through a combination of non-contributory and contributory schemes and facilitating their transition to the formal economy in the longer term.

Ensure the protection of incomes and jobs and promote decent work by using unemployment protection schemes and other mechanisms to support enterprises in retaining workers and providing income support to unemployed workers, as well as adapting public employment schemes to the pandemic context.

Coordinate employment and social protection policies in a more systematic way to promote a sustainable recovery.

Mobilize resources at national and global levels on the basis of solidarity and consider a range of options with a view to sustaining and increasing efforts beyond the crisis to ensure the sustainable financing of rights-based social protection systems.

Seize the opportunity provided by the COVID-19 wake-up call to accelerate building universal social protection systems, including floors.

Ensure access to quality health care

Especially in the context of a pandemic, the ability to access quality health care can become a matter of life and death, making it a matter of extreme urgency to remove financial and other barriers. Half of the global population lacks access to health services and about 40 per cent is not affiliated to a publicly mandated programme that guarantees affordable access to health care, with staggering differences between regions and income groups (WHO and World Bank 2017; ILO 2017). An urban-rural divide is also evident, for example with legal coverage rates up to 50 per cent lower in rural areas compared to urban settings in Asia (ILO 2017).

The multiple exclusions of vulnerable populations from social health protection result in substantial and often financially ruinous out-of-pocket payments, particularly in low- and middle-income countries (ILO 2017). For example, out-of-pocket payments constituted more than 70 per cent of total health expenditure in Bangladesh, Cameroon and Nigeria in 2017 (WHO 2020). Worldwide, some 800 million people spend at least 10 per cent of their household budget on health care each year and 100 million people are falling into extreme poverty because of medical expenses (WHO and World Bank 2017). The COVID-19 crisis puts into sharp relief the importance of ensuring that financial barriers do not impede access to prevention, testing and treatment for all.

Mobilize additional public funds to boost health care budgets as part of the emergency response

Large deficits in health coverage are compounded by severe underinvestment in public health systems and serious shortages of health workers, which were apparent even before the current crisis (ILO 2020k). Previous estimates suggest that the health sector faces a deficit of 17.4 million workers, in particular in low-income and lower middle-income countries, which is projected to further increase by 2030 (High-Level Commission on Health Employment and Economic Growth 2017). In light of these existing gaps, the protection of the health and safety of workers therefore needs to be given high priority (ILO 2020k). During the Ebola epidemic in West Africa, for instance, the extreme shortage of doctors and nurses was exacerbated by fatalities among critical staff, which were linked to inadequate training in infection control practices and lack of protective materials (UNDP 2014). Comprising 70 per cent of the health workforce, the large majority of the workers now deemed essential are women, but many of them are overworked and underpaid, work without adequate personal protective equipment and are at high risk of exposure to the virus (ILO 2020k, 2019a, 2018). At the same time, some countries, including Kenya and South Africa, have launched recruitment campaigns for additional health workers (ILO 2020k) as part of a wider set of interventions.

Safeguard and extend the coverage of social health protection mechanisms during and beyond the crisis

One immediate pandemic-response measure is to ensure that people can access coronavirus testing and treatment free of charge, yet this is not sufficient. As such measures are implemented, it is important to reinforce the overall health financing architecture with a rights-based framework that ensures the sustainable removal of financial barriers through social health protection schemes, based on broad risk-pooling and solidarity in financing through taxes, social contributions or a combination of the two (ILO 2020l). Examples of countries that are able to safeguard and extend the coverage of social health protection mechanisms during the current and previous crises include:

- The Philippine Health Insurance Corporation released 30 billion Philippine pesos (US$ 583

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2 Cash transfers refer to income support provided to individuals or households, with or without a means test, usually financed by taxation, other government revenue or external grants or loans, including in the context of humanitarian interventions (ILO 2017). In the context of the COVID-19 crisis, the term is also used to describe wage subsidies paid to enterprises to support the retention of workers in employment.
Social protection responses to the COVID-19 pandemic in developing countries

In addition to ensuring access, raising awareness about the virus has been part of the immediate crisis response in Mexico, Mozambique and other countries. Policymakers, however, should keep in mind that exclusive COVID-19 mitigation efforts can reduce the availability of health systems to respond to other conditions that kill people every day. During the Ebola epidemic, reduced access to health care services, which was also caused by fear of contracting the virus, exacerbated malaria, HIV/AIDS and tuberculosis mortality (Parpia et al. 2016). Ensuring the necessary capacities to safely treat all other conditions during the COVID-19 crisis is essential to safeguard people’s health.

In addition to urgently channelling additional fiscal resources into the health system, continued investments in health systems should be ensured in the post-crisis period to enhance the affordability, availability, accessibility, acceptability and quality of health services. This also includes improving working conditions in the health sector in order to attract and retain qualified staff and address endemic shortages of doctors, nurses and other personnel. Beyond preserving life, ensuring well-being and human capabilities and improving disaster preparedness for future crises, such investments are also an important engine for generating quality employment (ILO 2018, 2020k).

Despite high population density and high levels of international migration that could have increased the spread of the virus, Kerala state in India has demonstrated an integrated response to the crisis that builds on investments in the public health care system made over the past 15 years, as well as the effective involvement of social partners (see box 2).

Enhance income security through cash transfers and other benefits

The COVID-19 crisis has exposed the devastating consequences of social protection gaps in many low- and middle-income countries. This issue is particularly pertinent given that 55 per cent of the world’s population – as many as 4 billion people – are unprotected by social insurance schemes or by universal or social assistance programmes (ILO 2017). In many low-income and lower middle-income countries, social protection coverage in case of income loss due to sickness, unemployment or loss of livelihood is not available or is inadequate (ILO 2020g). Building on existing structures, many countries have sought to urgently close protection gaps and provide one-off or regular cash transfers to affected populations. These payments can be organized by adapting and scaling up existing social assistance or categorical schemes, such as schemes for certain broad population groups, including children (ILO and UNICEF 2019), as well as other non-contributory programmes and social insurance, in order to support

Box 2: Kerala’s COVID-19 response: Reaping the benefits of investments in the public health system and following a human-centered approach

Kerala state in India, with a population of 35 million, has followed a coordinated and effective COVID-19 response. Its state government was among the first to introduce precautionary state-wide measures against the virus threat as early as January 2020, building on its experience with epidemic outbreaks in the past (Zika virus, yellow fever and the 2018 Nipah virus outbreak). With a relatively high level of public health expenditure (5.5 per cent of total expenditure in 2020–2021), Kerala’s health care system is ranked the best in India and has the second-highest concentration of health workers, after the capital city, New Delhi (66 per 10,000 population as compared to the national average of 29 per 10,000) (Karan et al. 2019). By strengthening its public health system, Kerala was able to better and more coherently respond to the COVID-19 crisis than other states. It also followed an “all-of-government, all-of-society approach” that included local governance bodies, community networks and trade unions.

In addition to its public health response, Kerala has also paid attention to the economic and social repercussions of the crisis, thereby ensuring good communication and the involvement of social partners and other relevant actors at all levels (Swaminathan and Johnson 2020). Soon after a lockdown was announced, a relief package was launched, including the distribution of food items to all households with a national ID card (Aadhaar card) and the provision of basic services for those in need. These measures were complemented with income support, such as advance payments of old age, widow or disability pensions and transfers to the self-employed and informal workers, as well as loans provided through women’s cooperatives and the provision of jobs through rural employment guarantee programmes.

In addition to these measures and in line with its existing social protection framework, Kerala launched an untargeted cash transfer programme for all households targeted at protecting the elderly, disabled and widows (ILO 2020k). Kerala also introduced a gender-sensitive unemployment benefit scheme (Government of Kerala 2020). These two programmes were introduced using existing mechanisms in place through the state’s public financial management system, which is also used for the distribution of cash transfers through government agencies and the National Bank for Agriculture and Rural Development. The programme was implemented by the state department of finance from the central government’s compensation fund (Karan et al. 2019). Kerala’s response highlights the importance of maintaining and strengthening health services during crises, as well as ensuring that existing social protection measures are effective enough to address the needs of vulnerable groups. It also demonstrates that such measures can be implemented efficiently and coherently, thereby avoiding humanitarian crises and ensuring the well-being of all.
previously uncovered population groups. In some contexts, humanitarian interventions are necessary to close protection gaps.

**Increase the adequacy of benefits to cushion the initial shock and assist with the recovery**

Both in times of crisis and in times of stability, income security should provide the resources to lead a dignified life. Especially in a crisis that is expected to have prolonged social and economic repercussions, therefore, it is crucial to ensure adequate benefits for as long as necessary in light of significant income losses and increases in the cost of living. To date, 76 countries have increased their social protection benefit levels as a COVID-19 response (ILO 2020c). However, temporary increases may be insufficient for a protracted crisis and countries may need to revisit these arrangements to sustain benefit adequacy, which may require further expansion of fiscal space.

- In China, local governments were instructed to increase the benefit amounts of its national social assistance scheme (Dibao) for either all beneficiaries or those who were infected, depending on the province (ILO 2020; Gentilini, Almenfi, and Dale 2020).
- Indonesia increased the benefit amounts of its affordable food programme by one third for nine months (Nugroho 2020).
- South Africa increased the amount of the Child Support Grant for every child by 300 South African rand (US$16) in May, while from June to October every caregiver will receive an additional R500 (US$27) per month, regardless of the number of children cared for. All other grant beneficiaries will receive an additional R250 (US$14) for the next six months (Shange 2020; South Africa 2020a).
- Jamaica has adapted its programme of advancement through health and education and provides nutritional support to the programme’s students during school closures. Although food was first provided in kind and could be picked up at different distribution points, families will now receive cash payments as long as schools remain closed in order to reduce their travel time and costs (Jamaica 2020).

**Extend coverage through existing or new programmes to ensure all persons have access to social protection**

Worldwide, 58 countries have extended the coverage of existing benefits and 121 have introduced new benefits for vulnerable population groups (ILO 2020c). Whenever possible, rapid responses can be implemented by extending the coverage of existing programmes, for instance by redefining eligibility criteria, including more inclusive targeting mechanisms. By building on existing administrative structures, such as databases and delivery mechanisms, programme extensions allow the rapid roll-out of benefits. However, this is possible only in countries that have developed single registries that include not only the extreme poor but a larger share of the population. The effectiveness of these programmes and schemes to alleviate and reduce poverty and deprivation depends on their ability to rapidly reach those who require additional support, as well as the period of time during which they will be maintained. The budgets allocated for a social protection response cannot cover such additional groups on a recurrent, monthly basis and typically consist of one-off payments.

The crisis especially affects those not hitherto covered by social insurance or social assistance, the “missing middle”. Depending on the country context, they may include temporary workers, part-time workers and the self-employed, as well as households not considered to be “poor enough” to qualify for social assistance benefits (ILO 2019c). The crisis has also exposed the vulnerability of those in the formal economy who are insufficiently covered, such as the millions of garment workers who lost their jobs due to a sudden drop in demand, including the breakdown of global supply chains, without receiving any benefits after their dismissal in countries without unemployment insurance schemes such as Bangladesh.

- In Ecuador, the Government put in place a special COVID-19 “contingency benefit”, directed at both infected and otherwise affected workers in the informal economy and their families. This benefit is distributed through the channels of existing social assistance programmes (El Mercurio 2020).
- In Argentina, a generalized one-off cash benefit of 10,000 Argentine pesos (US$150) was provided in April to one household member through the existing channels of the national social security institution in charge of providing family benefits. This included workers in vulnerable categories, such as domestic workers in both formal and informal employment, as well as self-employed workers (Argentina 2020).
- In Morocco, sick and unemployed workers covered by social insurance through the national social security administration received a monthly benefit of 2,000 dirhams (US$204) between March and June; households covered by the national medical assistance programme can apply for a cash transfer (the amount varies by household size) via SMS. In a second step, affected people operating in the informal economy without coverage under the programme will receive similar income support (Forbes 2020).

Particularly in contexts where administrative capacity is limited and large parts of the population are vulnerable, effective targeting is challenging even in normal times. During a pandemic, some poverty-

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3 For an overview of country responses, see ILO, “Social Protection Responses to COVID-19 Crisis Around the World”, which is updated weekly. See also ILO (2020c).
targeting methods that require face-to-face encounters may even pose a health risk. The crisis also renders existing poverty testing invalid as the correlates of poverty have changed too. The limitations of narrow poverty-targeting in general, in conjunction with the increased vulnerability of previously uncovered populations, indicate that universal or categorical programs and schemes or geographical approaches should be preferred whenever possible. In developing countries, a modest extension during the current crisis towards a more universalistic provision, either on a short- or medium-term basis, can be observed.

- The Government of Cabo Verde has for one month extended its poverty-targeted social income for emergency inclusion programme (Rendimento Social de Inclusão Emergencial) from 4,500 households to 2,788 additional extremely poor households with at least one child aged 15 or older, providing 5,500 Cabo Verde escudos (US$54) (Cabo Verde 2020).

- Uzbekistan has temporarily extended the duration of its social allowances for low-income families by an additional six months from June, financed by its national crisis fund. The Government is also working to relax the eligibility criteria so that coverage can be extended to more families, including those who had applied earlier but were not included due to insufficiency of funding at the time. This would potentially result in an additional 120,000 households or more being covered (Gentilini, Almenfi, and Dale 2020).

Adapt entitlement conditions and obligations to ensure easy and safe benefit access
- The Philippines’ flagship cash transfer programme suspended its conditions related to school attendance and health visits for four months (February–May) to quality for the receipt of cash benefits, supplemented by an emergency subsidy of 3,650 to 6,650 Philippine pesos (US$72–132) a month (Philippines 2020c).

- Rwanda adapted the public works component of its flagship social protection programme. It temporarily waived work requirements for public work beneficiaries, while still paying the cash transfers and respecting physical distancing (Mujawase 2020).

Adapt registration, delivery mechanisms, benefit modalities and payment periodicity to enhance effective provision
As a reaction to the pandemic, at least 45 countries have improved their delivery mechanisms and 27 have taken measures to improve access (ILO 2020c). Given the need for immediate action, simplified administrative procedures and efficient communication that uses plain or multilingual guidance can support access to benefits and accelerated take-up. As far as possible, registration points or benefit claims should be accessible online or by phone to facilitate physical distancing, while alternative mechanisms should be available for those who are not in a position to use such technologies. In some circumstances, delivery mechanisms should also be modified, such as by delivering school meals to people’s homes or replacing them by cash benefits or vouchers. Advancing the payment of cash benefits can provide affected households with a larger sum of money to meet urgent needs and reduce physical exposure when collecting benefit payments. However, if the level of benefits is not increased, recipients may face hardship after having spent the benefit amount.

- Social pension recipients in Algeria are permitted to elect proxies to collect their benefits, thereby reducing older persons’ risk of virus exposure (Gentilini, Almenfi, and Dale 2020).

- Brazil provided the possibility for those not yet registered in the national single social protection register to register through a website or phone application in order to access the means-tested three-month emergency benefit for unemployed workers and micro-entrepreneurs (both formal and informal) (Brazil 2020). In some states, including the Federal District, school meals were replaced by a cash transfer during school closures. 5

- Several countries, such as Argentina and Peru, have advanced the payment of old age and disability benefits and/or increased their levels (ILO 2020h).

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4 In countries with high mobile phone penetration among low-income households, this solution supports physical distancing protocols and has low transaction costs.


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Box 3: Rapid Social Protection Calculator for COVID-19

Social protection responses to the crisis require an adequate assessment of the costs entailed. In “normal” times, such assessments can be prepared well in advance and are based on comprehensive information and sophisticated actuarial models. In the context of the COVID-19 crisis, however, urgent and decisive action may be needed. To support policymakers, the ILO Social Protection Department has developed the Rapid Social Protection Calculator for COVID-19. Based on a minimum set of parameters, users can cost several policy options, such as the extension of coverage of existing schemes to new beneficiaries; the increase of current benefit levels; and the introduction of universal or categorical lump-sum benefits or temporary wage subsidies.
Ensure that humanitarian cash transfer interventions are aligned with, complement and further strengthen national social protection systems

Where national social protection systems are inadequate, humanitarian interventions may be necessary to fill urgent gaps during the COVID-19 crisis. Cash transfers and other interventions provided by humanitarian actors provide urgent relief to help people to reduce the negative impacts of crises. To the extent possible, such interventions should be aligned with, build on, complement and further strengthen national social protection systems in order to mitigate the socio-economic impacts of COVID-19 on vulnerable populations, leaving no one behind. Such coordination is essential for maximizing the delivery of support to affected populations while avoiding fragmentation or duplication and ensuring the efficient use of limited resources.

Building government capacities to provide social protection to their populations is essential for long-term recovery strategies, especially in contexts of protracted fragility.

- The Somalian Government launched the Baxnano programme to provide – for the first time – cash transfers to 1.3 million poor and vulnerable households. This programme is part of the Government’s vision to move away from humanitarian interventions and provide social protection benefits. It is implemented by the Ministry of Labour and Social Affairs, in close collaboration with the World Food Programme and the United Nations Children’s Fund (Horn Observer 2020).

- Iraq has introduced a temporary monthly grant (US$ 253) to benefit various groups that have been adversely affected by the nationwide curfew (Iraq 2020).

Protect workers in the informal economy

One of the challenges for policymakers is how to provide support to the 1.6 billion informal economy workers, who account for 76 per cent of informal employment worldwide and are significantly impacted by lockdown measures and/or work in the hardest-hit sectors (ILO 2020f). Without appropriate social protection mechanisms that cover workers in all forms of employment, including self-employment, millions of workers will fall into poverty – or fall deeper into poverty – as their earnings decline sharply because of the pandemic.

Pursue innovative policies to quickly reach affected workers and their families, in all forms of employment

The nature of the pandemic calls for rapid and effective implementation of policies on a large enough scale to reach the vast number of people affected, including in rural areas (ILO 2020b; FAO 2020). Innovative policies that allow income support to be channelled to affected workers and their families through practical and safe registration, identification and delivery mechanisms are key for the rapid extension of coverage to workers in the informal economy.

Where available, existing identification mechanisms, such as social security databases, single registries, health cards and municipal tax registers, can be used to reach such workers. With physical distancing regulations in place in many countries, appropriate and accessible modalities for registration should be explored. In countries with extensive mobile phone or internet penetration, digital technologies can facilitate the identification and registration of recipients (ILO 2019c). Engagement with informal workers’ organizations, such as associations of artisans, taxi or rickshaw drivers, street vendors, waste-picker cooperatives, domestic workers’ unions and home-based worker networks, should inform the design and implementation of such support measures (Alfers 2020; WIEGO 2020b).

- Viet Nam’s crisis response includes providing cash transfers to individuals who have lost their jobs but are not eligible for unemployment insurance, including categories of workers with typically high levels of informality, such as street vendors or waste pickers. In addition, family businesses with tax declaration revenues of less than 100 million dong (US$ 4,200) per year that have had to temporarily suspend their business are provided with a cash transfer, thereby potentially reaching both formal and informal workers in these small enterprises.

- Costa Rica has introduced a new emergency benefit (Bono Proteger) that provides, for three months, a monthly benefit of 125,000 Costa Rican colones (US$220) to employees and independent workers (both formal and informal) who have lost their jobs and livelihoods and $62,500 (US$110) to those who are working reduced hours (Costa Rica

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6 This is in line with a document prepared by the Grand Bargain on increasing links between humanitarian cash and social protection for an effective response to the COVID-19 pandemic.

7 The large majority of these workers (more than 95 per cent) work in units of fewer than ten workers, either as wage workers in microenterprises or as own-account workers. Women are overrepresented in high-risk sectors, such as retail trade, manufacturing, and accommodation and food services.

8 The ILO estimates that earnings for informal workers in lower-middle and low-income countries are expected to decline in the first month of the crisis by 82 per cent compared to pre-crisis earnings, leading to a significant increase in poverty and in many cases to hunger and destitution (ILO 2020d).

9 A unified registry of all persons or households registered in different programmes or schemes.
Outreach is provided through a phone application that is being used by 90 per cent of eligible workers.

Namibia's Emergency Income Grant provides a one-off benefit of 750 Namibian dollars (US$41) to support workers who have lost their jobs and do not benefit from any other grant (WIEGO 2020a). The Government has utilized simple enrolment mechanisms, such as mobile technologies, and funds have been released quickly, with more than 500,000 beneficiaries being paid within three weeks. The response also took advantage of the existing well-designed social protection system based on the provision of national IDs to citizens (Namibia 2020).

Ensure coordination between different elements of the social protection system, including non-contributory and contributory schemes

Depending on existing institutional structures, outreach to informal workers can be implemented through different mechanisms, including cash transfer programmes and social insurance. A critical component of a well-designed crisis response is the coordination between all social protection schemes and institutions – at both central government and local levels – that constitute a country’s social protection system. Such an integrated approach is needed to ensure that the entire population is comprehensively and adequately covered. It should also include coordination with other relevant measures, including those introduced by humanitarian actors.

In the current crisis context, making the link between non-contributory and contributory schemes can also facilitate the transition of workers and enterprises to the formal economy, in line with the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). Facilitating such transitions is not only essential in terms of providing adequate and comprehensive social protection for all but will also create additional fiscal space in the future through social security contributions and a broader tax base.

In Mozambique, it is proposed to provide support to low-income own-account workers through their affiliation to the national social security institute. In addition to extending social protection to workers in the informal economy during the immediate crisis, such mechanisms can be further developed into an adapted social protection package for own-account workers in the longer term and can increase workers’ incentives to register and make contributions. 10

In Togo, the Government has quickly put in place a cash transfer programme that targets workers in the urban informal economy, providing 12,500 CFA francs (US$21) per month to women and CFAF10,000 (US$17) per month to men, reaching more than half a million workers within one month. It is currently being discussed how to build on this measure and incentivize informal workers to join the social insurance scheme for independent and informal workers that was planned prior to the crisis and is expected to be launched in 2020 (Togo 2020).

Such an approach supports decent work and reinforces the resilience of individual workers and economies through adapted mechanisms that ensure adequate protection for workers in all types of employment and their families. 11

Protect incomes and jobs and promote decent work

The current crisis is causing an unprecedented reduction in economic activity and working hours. ILO estimates suggest that working hours will decline by 10.5 per cent in the second quarter of 2020 compared to the last pre-crisis quarter (last quarter of 2019), the equivalent of 305 million full-time jobs (ILO 2020f). The income impact of this shock on workers is uneven and differs depending on the employment sector, as well as the extent of informality and social protection coverage (ILO 2020f). At the same time, recent experiences show that social protection can be used to support job retention or enhance workers’ access to new employment opportunities. Coordinated approaches between social protection, active labour market policies and job creation programmes are essential for achieving strong, speedy and sustainable recovery.

Few developing countries can draw on unemployment protection schemes 12 to support enterprises in retaining workers during economic downturns and provide income security to unemployed workers. Before the current crisis, only 20 per cent of unemployed persons worldwide were covered by unemployment benefits, leaving 152 million unemployed workers without coverage. Coverage rates are especially low in Africa (5.6 per cent) and the Americas (16.7 per cent) (ILO 2017). Nevertheless, where such schemes exist, they are being used to alleviate the repercussions of the crisis through different measures.

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10 Information provided by ILO country office, Mozambique.

11 The ILO policy resource package on the extension of social security to workers in the informal economy (ILO 2019c) provides practical guidance in this respect to cover workers in all types of employment, including domestic workers (ILO 2019d), workers in small and microenterprises (ILO 2019f) and self-employed workers (ILO 2019e).

12 A more detailed briefing note on this topic is under preparation.
Use unemployment protection schemes and other mechanisms to support enterprises in retaining workers

Some countries have used unemployment protection schemes and other mechanisms to support enterprises in retaining workers in employment, thereby avoiding lay-offs due to temporary troughs in demand and supporting a quick recovery (ILO 2020e; 2020h).

- Malaysia’s employment insurance provides a wage subsidy programme to assist employers in retaining their workers, providing between 600 to 1,200 Malaysian ringgit (US$138 to US$277) per month, depending on the size of the enterprise, for up to three months for workers earning up to RM4000 (US$923). Enterprises receiving support will be required to retain their employees for at least six months (Malaysia 2020b).

- In the Dominican Republic, enterprises affected by lockdowns and registered with the social security treasury can receive a wage subsidy of 70 per cent of their wages, from 5,000 to 8,500 Dominican pesos (US$90 to US$160) per employee each month (Dominican Today 2020).

Use unemployment protection schemes and other mechanisms to provide income support to those who have become unemployed

Unemployment protection schemes provide an important channel of support for workers who have lost their jobs and such mechanisms have been extended to more workers during the crisis:

- In Thailand, 13.3 million formal sector workers who are registered under the social security administration are entitled to receive unemployment benefits should they be made redundant. This entitlement will be increased during 2020–2021 to provide 70% of salary for 200 days (formerly 50% of salary for 180 days). Workers who are on leave without pay due to the government instruction to temporarily close down their business will receive a replacement income of 50% of salary up to 60 days (ILO 2020a).

- In South Africa, the unemployment insurance fund is compensating affected workers a new national disaster benefit. The employer can apply on behalf of the employee, reducing the administrative burden of the fund. A flat-rate benefit equal to the minimum wage of US$200 per employee is paid for 21 days to cover part of the national shutdown period or up to a maximum period of three months. If an employee is sick or unemployed for longer than three months, the normal unemployment benefits apply (South Africa 2020b).

Still, the vast majority of developing countries urgently need to take measures to provide income support to unemployed workers in affected sectors. The crisis has made patently evident the lack of unemployment benefits. For example, the garment industry in Bangladesh, Cambodia, Ethiopia, India, Indonesia, Myanmar, Pakistan and other countries has suffered the consequences of the cancellation and postponement of orders. The COVID-19 call to action in the garment industry 13 urges the strengthening of social protection for workers, including unemployment benefits and job retention schemes.

Adapt public employment schemes to provide income without work requirements or carefully amend the content and organization of work for a pandemic context

Public employment programmes can act as functional equivalents of unemployment protection schemes by guaranteeing a minimum number of workdays and/or wages for equivalent days of work to support income security (ILO 2017). However, challenges related to lockdowns and the need to protect workers’ health, such as physical distancing, require adjustments to the way these programmes are usually designed (ILO 2020i).

In the context of COVID-19 school closures, it may be particularly important for primary caregivers who are non-essential workers, both women and men, to receive cash payments without work requirements. Examples include:

- Ethiopia has amended its productive safety net programme to allow participants to receive an advance three months payment and at the same time waived work obligations for that period. A similar income support benefit has been extended to other low-income groups (Gentilini, Almenfi, and Dale 2020).

- The Philippines has introduced a public employment programme (Disadvantaged Workers Programme) to mitigate the adverse impact of quarantine policy on certain workers, providing 220,320 participants with 100 per cent of the highest prevailing regional minimum wage for up to 10 days. Recipient workers are required to participate in a safety orientation and to sanitize and disinfect their houses and the immediate vicinity (Philippines 2020d).

Since the COVID-19 pandemic is likely to have long-lasting health and social care implications, public employment programmes should also include social service components that provide decent working conditions for unemployed workers and meet urgent needs. The introduction of a social service component in South Africa’s expanded public works programme, including care of young children and home-based care, was an important innovation (Kelobang and Ong 2018). This component likely benefited women directly

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13 The Call to Action COVID-19: Action in The Global Garment Industry was negotiated by IOE, ITUC and IndustriALL Global Union, with ILO technical support, and has been endorsed to date by 58 brands and manufacturers, worker organizations and other organizations.
since many of the social sector work opportunities were taken up by them, while also alleviating the burden on unpaid family caregivers; although wages in 2008–2009 in the social sectors in which women predominated were far lower than in the infrastructure components in which men predominated, the problem was partially addressed in the second phase of the programme by introducing the minimum wage and adjusting it for inflation on an annual basis (UN Women 2015).

Public employment programmes can also be used to accelerate the transition to a greener economy as part of an infrastructure-led investment for recovery. For example, India’s Mahatma Gandhi national rural employment guarantee schemes help to mitigate the impact of climate change through water conservation, drought prevention, reforestation and flood control activities.

Coordinate employment and social protection policies in a more systematic way to promote a sustainable recovery

Beyond public employment programmes, this uniquely challenging moment could force a paradigm shift in the coordination of economic, social protection and employment, social and environmental policies. 14 Better coordination of unemployment protection with gender-sensitive skills development policies and employment services, including reskilling and upskilling, personal counselling or placement support has already been called for before the pandemic (Global Commission on the Future of Work 2019) and can be used to support the recovery by better preparing workers for new labour market realities following the COVID-19 crisis.

- Malaysia’s employment insurance system not only provides unemployment benefits and wage subsidies to retain workers but also finances training in line with physical distancing requirements, including digital training for a range of skill sets (Malaysia 2020a).
- Rapid assessment surveys undertaken by the ILO in Iraq, Jordan, Lebanon and other countries can lead towards adapted measures to strengthen social protection and skills development for refugee, migrant and national workers in various sectors and occupations (ILO 2020d).

Mobilize resources at national and global levels on the basis of solidarity

Even before the COVID-19 pandemic, low- and middle-income countries faced enormous financing gaps in social protection, amounting to US$527 billion or 1.6 per cent of the gross domestic product of developing countries (Durán Valverde et al. 2019). The crisis is exerting large additional pressure on national budgets in the context of limited fiscal space. Most governments need to urgently increase health and social protection expenditure, while revenues from taxes and social security contributions have sharply declined (ILO 2020h). This will require extraordinary measures to ensure the urgent mobilization of resources for health and social protection (IMF 2020a; Gaspar and Mauro 2020).

At the national level, many low- and middle-income countries have launched response and recovery measures to alleviate the socio-economic effects of the COVID-19 crisis. However, as they are under immense external pressures due to collapsing global trade, falling remittances, sharp reversals of capital flows and currency depreciations, developing country governments have much less leeway to engage in such policies (Ghosh 2020a).

Consider a wide range of options to increase fiscal space for social protection, keeping in mind that some measures need time to take effect

Overall, countries should consider using a variety of different methods to mobilize resources for social protection, taking into account the contributory capacities of different population groups. 15 In principle, national social protection systems should be financed by national resources. However, if economic and fiscal capacities are insufficient, countries can seek international support to complement their own efforts to expand fiscal space. 16

In the immediate crisis context, domestic resource mobilization has included the reallocation of spending and additional borrowing, complemented by external support including humanitarian aid. Further options to increase fiscal space in the medium and long terms include tax reforms or increasing revenue from social security contributions through better compliance (Ortiz et al. 2019). 17 Good governance, transparency and efficiency of public institutions are also extremely important for increasing fiscal space at national level. However, some of these measures will take time to

14 Such coordination is reflected in the ILO Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168).
15 A briefing note on the financing gap on social protection in the context of COVID-19 is under preparation.
16 Recommendation No. 202, paras 11 and 12.
17 Including the following options: (1) expanding social security coverage and contributory revenues; (2) increasing tax revenues; (3) eliminating illicit financial flows; (4) reallocating public expenditures; (5) using fiscal and central bank foreign exchange reserves; (6) borrowing and restructuring existing debt; (7) adopting a more accommodating macroeconomic from work; and (8) increasing aid and transfers (Ortiz et al. 2019).
have an effect, and with the pandemic already decimating incomes, employment and livelihoods, speed is of the essence.

The crisis has increased the urgency of additional support from international financial institutions, bilateral development partners and other global financing mechanisms to ensure adequate country responses. The United Nations has launched the COVID-19 Response and Recovery Fund in response to the crisis in order to provide support in the form of grants. Initiatives from international financial institutions and development banks, in turn, include emergency financing in the form of loans by the International Monetary Fund (IMF) through its Rapid Credit Facility, Rapid Financing Instrument and other financing instruments, as well as a fast-track facility for COVID-19 responses provided by the World Bank (see box 4). Calls for a temporary moratorium on developing countries’ external debt (Reinhart and Rogoff 2020) and a massive increase in the issuance of special drawing rights by the IMF are among the measures being proposed to increase developing countries’ fiscal space (Ghosh 2020b).

Box 4: Domestic and international financing for COVID-19 responses

Countries around the world are mobilizing funds at national and international levels to respond to the health, social and economic needs arising from the COVID-19 pandemic. As of today, more than 146 countries have introduced domestic fiscal measures, totalling approximately US$8 trillion, which include expenditure reprioritization, higher fiscal deficits and other measures (IMF 2020b). More than half of these measures are allocated to health care and social protection.

Various international, regional and subregional development banks and international development cooperation agencies have also announced financial packages in response to this unprecedented global crisis. As of 7 May 2020, these institutions have pledged about US$1.35 trillion to help countries tackle the health and socio-economic effects caused by the crisis, including emergency assistance packages, credit lines, debt service relief and grants. This includes a total of US$1 trillion pledged by the IMF and about US$160 billion by the World Bank, whose funds are expected to be deployed over the next 15 months. However, only a small share of the promised international funds have been effectively allocated to countries, totalling US$32.2 billion to date, of which approximately US$17 billion have been committed in the form of concessional loans and US$12.5 billion as non-concessional loans (see figure 1).

Total international pledges represent 14.4 per cent of the total domestic and international resources mobilized to address the effects of the COVID-19 crisis.

Ensure sustained efforts to build national social protection systems, including floors, beyond emergency grants and loans during the crisis

The specific focus and conditions of these financing and funding mechanisms differ. What they have in common is that they focus on the immediate crisis response and alleviating economic and social repercussions at the micro and macro levels. They confirm that financing for social protection can be made available quickly. However, although these funds may provide some level of relief for a few months, they represent only a small proportion of the financing gap for social protection in developing countries. For developing countries to be able to establish national social protection floors and address those financing gaps, it is important that such efforts be sustained and even extended and not made subject to austerity measures. Social protection is a critical investment, especially if developing countries are to be better prepared for the next crisis. In this context, the scope of a global financing mechanism that complements national efforts to create fiscal space for social protection on a much larger scale than existing development cooperation should be explored.
Base all decisions related to resource allocations on internationally agreed social security standards and principles

Of particular relevance are the Social Protection Floors Recommendation, 2012 (No. 202) and Social Security (Minimum Standards) Convention, 1952 (No. 102), which define the principles that should underpin the development of sustainable and rights-based social protection systems in the short and long terms. These include (a) universality and non-discrimination, since every member of society can become vulnerable; (b) social dialogue with workers, employers and persons concerned to ensure that the allocation of resources is fair, non-discriminatory and contributes to social trust; (c) long-term financial, fiscal and economic sustainability, with due regard to social justice and equity; and (d) solidarity in financing, meaning that members of society contribute to financing according to their means and benefit according to their needs.

The COVID-19 crisis has highlighted in particular the need to ensure a robust social protection floor that guarantees at least a basic level of social security for all, as reflected in target 1.3 of the Sustainable Development Goals. In order to safeguard the necessary social protection expenditure for this purpose, maintaining and further strengthening nationally defined social protection floors should be prioritized in times of crisis and beyond, especially in periods of fiscal consolidation. 18

Accelerate progress in building social protection systems, including floors to increase resilience

Seize the opportunity provided by the COVID-19 wake-up call to accelerate building social protection systems, including floors

The COVID-19 pandemic has served as a wake-up call alerting the global community to the urgency of accelerating progress in building social protection systems, including floors. Policymakers in developing countries should as far as possible design emergency crisis responses with a longer-term perspective in mind in order to strengthen social protection systems and decent work, including by supporting transitions from the informal to the formal economy. Where possible, health interventions and the distribution of cash transfers should use and reinforce existing health and social protection systems, even if limited, and should further develop them. It will be important to work across the humanitarian-development nexus in order to ensure that emergency measures are designed to also contribute to medium- and longer-term goals. This will minimize duplications and gaps, ensuring an equitable and cost-effective approach and avoiding sustainability issues as countries emerge from the crisis.

18 Recommendation No. 202 provides guidance on this matter, reflecting also the relevant broader human rights principles.
Coordination with employment policies, including job retention, employment promotion and active labour market policies, will speed up recovery. An inclusive social dialogue at the country level will be essential for informing policy decisions and resource allocation in order to systematically secure the extension of social protection. The current crisis, has demonstrated that not only the poor and vulnerable but all categories of the population require protection, which reinforces the call for universal social protection systems, including floors (see box 5). Enshrining programmes in national legislation can avoid the need for ad hoc and fragmented approaches. This will ensure that crisis responses have a lasting development impact and that nobody is left behind.

The urgency of the present should not give way to complacency in the future. The above country examples have once again clearly demonstrated that countries with strong and comprehensive social protection systems in place are much better able to respond to and recover from a shock or crisis. Policymakers thus need to capture the momentum engendered by the current crisis, which is evident in renewed public and political awareness of the importance of social protection and the corresponding investment of resources, in order to advance and strengthen social protection systems worldwide and ensure preparedness for future crises, in particular the ability to respond to the substantially more profound existential challenges posed by the climate crisis.

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Consult our websites for regular updates from the world of work response to the COVID-19 crisis

▸ ilo.org/global/topics/coronavirus

▸ www.social-protection.org/gimi/
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