



International
Labour
Organization

► **World
Social
Protection
Report
2020-22**



Regional
companion report
for Central and
Eastern Europe
and Central Asia

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foreword

This regional companion report for Central and Eastern Europe and Central Asia is intended to complement the ILO's *World Social Protection Report 2020-22. Social Protection at the Crossroads – in Pursuit of a Better Future*. The regional companion report comprises two parts. It first gives a 'Global Perspective' that is taken from the main report and outlines recent developments in social protection systems worldwide. It then highlights key developments, challenges and priorities for social protection in Central and Eastern Europe and Central Asia region from a lifecycle perspective.

While countries in this region have already developed comprehensive social protection systems, there is significant subregional variation with pronounced gaps in both legal and effective coverage, as well as reduced adequacy and investment in social protection. In all countries, social protection played a vital role in responding to the COVID-19 crisis. However, the crisis has revealed coverage, adequacy and comprehensiveness gaps in the existing social protection systems that stem from issues inherent in the currently prevailing world of work. This report, therefore, urges countries to improve social protection provision by extending coverage to workers in all types of employment; to expand fiscal space and allocate sufficient resources to finance it; to strengthen the capacity of those agencies that oversee its administration and to improve national consensus on social protection through social dialogue. Pursuing these important policy actions would represent a high-road approach to the future of social protection.



Heinz Werner Koller
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of the ILO Regional Office
for Europe and Central Asia



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abbreviations

ALB	Albania
ARM	Armenia
AZE	Azerbaijan
BIH	Bosnia and Herzegovina
BLR	Belarus
CA	Central Asia
CEE	Central and Eastern Europe
DOST	Agency for Sustainable and Operative Social Provision (Azerbaijan)
EE	Eastern Europe
EFTA	European Free Trade Area
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
GDP	gross domestic product
GEO	Georgia
ILO	International Labour Organization
IMF	International Monetary Fund
KAZ	Kazakhstan
KGZ	Kyrgyzstan
MDA	Republic of Moldova
MKD	North Macedonia
MNE	Montenegro
n/a	not available
NHSU	National Health Service of Ukraine
RS	Republika Srpska
RUS	Russian Federation
SA	social assistance
SDG(s)	Sustainable Development Goal(s)
SP	social protection
SRB	Serbia
SSI	Social Security Inquiry
TJK	Tajikistan
UKR	Ukraine
UNICEF	United Nations Children’s Fund

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1 Global perspective

Despite progress in recent years in extending social protection in many parts of the world, when the coronavirus disease (COVID-19) pandemic hit many countries were still facing significant challenges in making the human right to social security a reality for all. This section provides a global overview of progress made around the world over the past decade in extending social protection and building rights-based social protection systems, including floors, and covers the impact of the COVID-19 pandemic. In doing so, it provides an essential contribution to the monitoring framework of the 2030 Agenda for Sustainable Development.

Five messages emerge:

The pandemic has exposed deep-seated inequalities and significant gaps in social protection coverage, comprehensiveness and adequacy across all countries. Pervasive challenges such as high levels of economic insecurity, persistent poverty, rising inequality, extensive informality and a fragile social contract have been exacerbated by COVID-19. The crisis also exposed the vulnerability of billions of people who seemed to be getting by relatively well but were not adequately protected from the socio-economic shock waves it has emitted. The pandemic's socio-economic impacts have made it difficult for policymakers to ignore a number of population groups – including children, older persons, unpaid carers, and women and men working in diverse forms of employment and in the informal economy – who were covered either inadequately or not at all by existing social protection measures. In revealing these gaps, this report shows that the pandemic has propelled countries into unprecedented policy action, with social protection at the forefront.

COVID-19 provoked an unparalleled social protection policy response. Governments marshalled social protection as a front-line response to protect people's health, jobs and incomes, and to ensure social stability. Where necessary, governments extended coverage to hitherto unprotected groups, increased benefit levels or introduced new benefits, adapted administrative and delivery mechanisms, and mobilized additional financial resources. However, despite some international support, many low- and middle-income countries have struggled to mount a proportionate social protection and stimulus response to contain the pandemic's adverse impacts in the way that high-income countries have been able to do, leading to

a “stimulus gap” arising largely from significant coverage and financing gaps.

Socio-economic recovery remains uncertain and enhanced social protection spending will continue to be crucial. The most recent IMF forecasts warn of a divergent recovery, whereby richer countries enjoy a swift economic rebound while lower-income nations see a reversal of their recent development gains. Ensuring a human-centred recovery everywhere is contingent on equitable access to vaccines. This is not only a moral imperative, but also a public health necessity: a deep chasm in vaccine availability will unleash new viral mutations that undermine the public health benefits of vaccines everywhere. Already, however, inequitable vaccine access, yawning stimulus gaps visible in the crisis response, unfulfilled calls for global solidarity, increasing poverty and inequalities, and recourse to austerity cuts all indicate the prospect of uneven recovery. Such a scenario will leave many people to fend for themselves and derail the progress made towards the achievement of the 2030 Agenda and the realization of social justice.

Countries are at a crossroads with regard to the trajectory of their social protection systems. If there is a silver lining to this crisis, it is the potent reminder it has provided of the critical importance of investing in social protection; yet many countries also face significant fiscal constraints. This report shows that nearly all countries, irrespective of their level of development, have a choice: whether to pursue a “high-road” strategy of investing in reinforcing their social protection systems or a “low-road” strategy of minimalist provision, succumbing to fiscal or political pressures. Countries can use the policy window prised open by the pandemic and build on their crisis-response measures to strengthen their social protection systems and progressively close protection gaps in order to ensure that everyone is protected against both systemic shocks and ordinary life-cycle risks. This would involve increased efforts to build universal, comprehensive, adequate and sustainable social protection systems, including a solid social protection floor that guarantees at least a basic level of social security for all over the course of their lives. The alternative would be to acquiesce in a low-road approach that fails to invest in social protection, thereby trapping countries in a “low cost–low human development” trajectory. This would represent a lost possibility for strengthening social protection systems and reconfiguring societies for a better future.

Establishing universal social protection and realizing the human right to social security for all is the cornerstone of a human-centred approach to obtaining social justice. Doing so contributes

to preventing poverty and containing inequality, enhancing human capabilities and productivity, fostering dignity, solidarity and fairness, and reinvigorating the social contract.

► The state of social protection: Progress made, but not enough

As of 2020, only 46.9 per cent of the global population were effectively covered by at least one social protection benefit¹ (Sustainable Development Goal (SDG) indicator 1.3.1; see figure 1), while the remaining 53.1 per cent – as many as 4.1 billion people – were left wholly unprotected. Behind this global average, there are significant inequalities across and within regions, with coverage rates in Europe and Central Asia (83.9 per cent) and the Americas (64.3 per cent) above the global average, while Asia and the Pacific (44.1 per cent), the Arab States (40.0 per cent) and Africa (17.4 per cent) have far more marked coverage gaps.

Only 30.6 per cent of the working-age population are legally covered by comprehensive social security systems that include a full range of benefits, from child and family benefits to old-age pensions, with women’s coverage lagging behind men’s by a substantial 8 percentage points. This implies that the large majority of the working-age population – 69.4 per cent, or 4 billion people – are only partially protected or not protected at all.

Access to healthcare, sickness and unemployment benefits has taken on particular relevance during the pandemic. While almost two thirds of the global population are protected by a health scheme of some kind, significant coverage and adequacy gaps remain. When it comes to income protection during sickness and unemployment, the coverage and adequacy gaps are even more pronounced. Approximately a third of working-age people have their income security protected by law in case of sickness, and less than a fifth of unemployed workers worldwide actually receive unemployment benefits.

Gaps in the coverage, comprehensiveness and adequacy of social protection systems are associated with significant underinvestment in social protection, particularly in Africa, the Arab States and Asia. Countries spend on average 12.9 per cent of their gross domestic product (GDP)

on social protection (excluding health), but this figure masks staggering variations. High-income countries spend on average 16.4 per cent, or twice as much as upper-middle-income countries (which spend 8 per cent), six times as much as lower-middle-income countries (2.5 per cent), and 15 times as much as low-income countries (1.1 per cent).

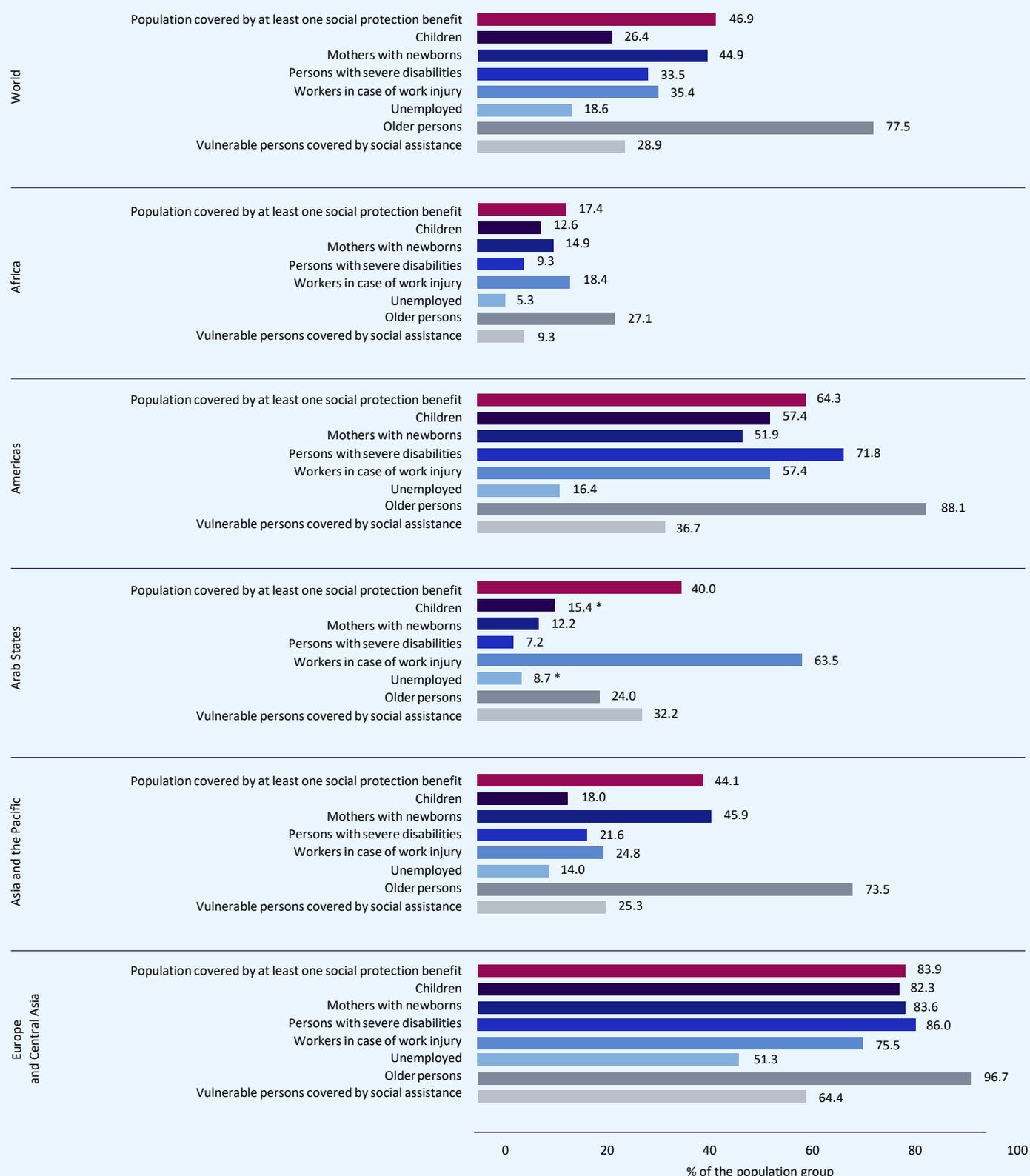
This financing gap for building social protection floors has widened by approximately 30 per cent since the onset of the COVID-19 crisis, owing to the increased need for healthcare services, income security measures, and reductions in GDP caused by the crisis. To guarantee at least a basic level of social security through a nationally defined social protection floor, lower-middle-income countries would need to invest an additional US\$362.9 billion and upper-middle-income countries a further US\$750.8 billion per year, equivalent to 5.1 and 3.1 per cent of GDP respectively for the two groups. Low-income countries would need to invest an additional US\$77.9 billion, equivalent to 15.9 per cent of their GDP.

COVID-19 threatens to imperil years of progress towards achieving the Sustainable Development Goals (SDGs), reversing gains in poverty reduction. It has also revealed the pre-existing stark protection gaps across all countries and made it impossible for policymakers to ignore the persistent social protection deficits experienced in particular by certain groups, such as informal workers, migrants and unpaid carers.

This crisis has resulted in an unprecedented yet uneven global social protection response. Higher-income countries were better placed to mobilize their existing systems or introduce new emergency measures to contain the impact of the crisis on health, jobs and incomes. Mounting a response was more challenging in lower-income contexts, which were woefully ill prepared and had less room for policy manoeuvre, especially in macroeconomic policy.

¹ Excluding healthcare and sickness benefits.

► **Figure 1. SDG indicator 1.3.1: Effective social protection coverage, global and regional estimates, by population group, 2020 or latest available year**



*To be interpreted with caution: estimates based on reported data coverage below 40% of the population.

Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by relevant population groups.

Sources: ILO, [World Social Protection Database](#), based on the Social Security Inquiry; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

► Social protection for children remains limited, yet is critical for unlocking their potential

Highlights

- The vast majority of children still have no effective social protection coverage, and only 26.4 per cent of children globally receive social protection benefits. Effective coverage is particularly low in some regions: 18 per cent in Asia and the Pacific, 15.4 per cent in the Arab States and 12.6 per cent in Africa.
- Positive recent developments include the adoption of universal or quasi-universal child benefits (UCBs/qUCBs) in several countries, and renewed awareness in the context of COVID-19 of the critical importance of inclusive social protection systems, quality childcare services and the need for social protection for caregivers.
- On average, national expenditure on social protection for children is too low, equating to only 1.1 per cent of GDP, compared to 7 per cent of GDP spent on pensions. The regions of the world with the largest share of children in the population, and the greatest need for social protection, have some of the lowest coverage and expenditure rates, especially sub-Saharan Africa (0.4 per cent of GDP).
- To address the dramatic increase in child poverty caused by COVID-19, close social protection coverage gaps and deliver the best results for children and society, policymakers must implement an integrated systems approach including child benefits and childcare services, provision of parental leave and access to healthcare.

► Social protection for women and men of working age provides insufficient protection against key risks

Highlights

- *Maternity*: Some countries have made decisive progress towards universal or near-universal effective maternity coverage. Despite the positive developmental impacts of supporting childbearing women, only 44.9 per cent of women with newborns worldwide receive a cash maternity benefit.
- *Sickness*: The crisis has demonstrated the importance of ensuring income security during ill health, including quarantine. However, only a third of the world's working-age population have their income security protected by law in the event of sickness.
- *Disability*: The share of people with severe disabilities worldwide who receive a disability benefit remains low at 33.5 per cent. Importantly, several countries now have universal disability benefit programmes in place.
- *Employment injury*: Only 35.4 per cent of the global labour force have effective access to employment injury protection. Many countries have recognized COVID-19 as an occupational injury in order to ensure easier and faster access to associated benefits under the work injury insurance system, in particular for workers in the most exposed sectors.
- *Unemployment protection*: A mere 18.6 per cent of unemployed workers worldwide have effective coverage for unemployment and thus actually receive unemployment benefits. This remains the least developed branch of social protection. However, the pandemic has highlighted the crucial role of unemployment protection schemes to protect jobs and incomes, through job retention schemes and unemployment benefits.
- *Expenditure estimates* show that worldwide only 3.6 per cent of GDP is spent on public social protection to ensure income security for people of working age.

► Social protection for older women and men still faces coverage and adequacy challenges

Highlights

- Pensions for older women and men are the most widespread form of social protection in the world, and a key element in achieving SDG target 1.3. Globally, 77.5 per cent of people above retirement age receive some form of old-age pension. However, major disparities remain across regions, between rural and urban areas, and between women and men. Expenditure on pensions and other benefits for older people accounts for 7.0 per cent of GDP on average, again with large variations across regions.
- Significant progress has been made with respect to extending the coverage of pension systems in developing countries. Even more encouraging, in a wide range of countries, including lower-middle-income countries, universal pensions have been developed as part of national social protection floors.
- The COVID-19 crisis has brought additional pressures to bear on the costs and financing of pension systems, but the impact over the long term will be moderate to low. The

massive response of countries to the crisis has highlighted the critical role that old-age protection systems, including long-term care, play in ensuring the protection of older adults, particularly in times of crisis, and the urgency of strengthening long-term care systems to protect the rights of care recipients and care workers alike.

- Pension reforms have been dominated by an emphasis on fiscal sustainability, at the expense of other principles established by international social security standards, such as the universality, adequacy and predictability of benefits, solidarity and collective financing. These are critical for guaranteeing the income security of older people, which is and should remain the primary objective of any pension system. Ensuring the adequacy of benefits is especially pertinent for women, people in low-paid jobs and those in precarious forms of employment. Moreover, many countries around the world are still struggling to extend and finance their pension systems; these countries face structural barriers linked to low levels of economic development, high levels of informality, low contributory capacity, poverty and insufficient fiscal space, among others.

► Social health protection: An essential contribution to universal health coverage

Highlights

- Significant progress has been made in increasing population coverage, with almost two thirds of the global population protected by a scheme. However, barriers to accessing healthcare remain in the form of out-of-pocket payments on health services, physical distance, limitations in the range, quality and acceptability of health services, and long waiting times, as well as opportunity costs such as lost working time. The COVID-19 crisis has highlighted the limitations of benefit adequacy and the need to reduce out-of-pocket payments.

- Collective financing, broad risk-pooling and rights-based entitlements are key conditions for supporting effective access to healthcare for all in a shock-responsive manner. The principles provided by international social security standards are more relevant than ever on the road to universal health coverage, and in particular within the current public health context. More and better data on legal coverage need to be collected as a matter of priority to monitor progress on coverage and equity.
- Investing in the availability of quality healthcare services is crucial. The COVID-19 pandemic has further revealed the need to invest in healthcare services and to improve coordination within the health system. The pandemic is drawing attention to the challenges faced in recruiting,

deploying, retaining and protecting well-trained, supported and motivated health workers to ensure the delivery of quality healthcare services.

- Stronger linkages and better coordination between mechanisms for accessing medical care and income security are needed to address key determinants of health more effectively. The COVID-19 crisis has further highlighted the role of the social protection system in shaping

behaviours to foster prevention and the complementarity of healthcare and sickness benefit schemes. Coordinated approaches are particularly needed in respect of special and emerging needs, including human mobility, the increasing burden of long and chronic diseases, and population ageing. The impact of COVID-19 on older people has shed additional light on the need for coordination between health and social care.

► Taking the high road towards universal social protection for a socially just future

COVID-19 has further underscored the critical importance of achieving universal social protection. It is essential that countries – governments, social partners and other stakeholders – now resist the pressures to fall back on a low-road trajectory and that they pursue a high-road social protection strategy to contend with the ongoing pandemic, and to secure a human-centred recovery and an inclusive future. To this end, several priorities can be identified.

- COVID-19 social protection measures must be maintained until the crisis has subsided and recovery is well under way. This will require continued investment in social protection systems to maintain living standards, ensure equitable vaccine access and healthcare, and prevent further economic contraction. Ensuring equitable and timely access to vaccines is crucial for the health and prosperity of all countries and peoples. In an interconnected world, a truly inclusive recovery hinges on this.
- The temptation to revert to fiscal consolidation to pay for the massive public expenditure outlays necessitated by COVID-19 must be avoided. Previous crises have shown that austerity leaves deep social scarring, hurting the most vulnerable in society. Conversely, striving for a jobs-rich, human-centred recovery, aligned with health, social, environmental and climate change goals, can contribute to income security, job creation and social cohesion objectives, expand the tax base and help finance universal social protection.
- Amid the devastation wrought by the pandemic, there are glimmers of hope that mindsets have shifted. By exposing the inherent vulnerability of everyone – making it explicit that our individual well-being is intimately bound up

with the collective well-being and security of others – the pandemic has demonstrated the indispensability of social protection. Moreover, the crisis has shown that there is significant scope for countries to adopt a “whatever it takes” mindset to accomplish priority goals if they so choose. If the same policy approach is applied as the worst of the pandemic abates, this holds promise for taking the high road to achieve the SDGs and universal social protection.

- Taking that high road requires building permanent universal social protection systems that provide adequate and comprehensive coverage to all, guided by effective tripartite social dialogue. These systems are essential for preventing poverty and inequality, and for addressing today’s and tomorrow’s challenges, in particular by promoting decent work, supporting women and men in better navigating their life and work transitions, facilitating the transition of workers and enterprises from the informal to the formal economy, bolstering the structural transformation of economies, and supporting the transition to more environmentally sustainable economies and societies.
- Further investment in social protection is required now to fill financing gaps. In particular, prioritizing investments in nationally defined social protection floors is vital for delivering on the promise of the 2030 Agenda. Fiscal space exists even in the poorest countries and domestic resource mobilization is key, but concerted international support is also critical for fast-tracking progress in those countries lacking fiscal and economic capacities, especially in low-income countries with marked underinvestment in social protection.

- ▶ Universal social protection is supported through the joint efforts of the United Nations agencies “working as one”, and through concerted efforts with relevant international, regional, subregional and national institutions and social partners, civil society and other stakeholders, including through the Global Partnership for Universal Social Protection.
- ▶ The unique policy window prised open by COVID-19 should embolden countries to take decisive action now about the future of social protection and pursue a high-road policy approach with vigour. Doing so will empower societies to deal with future crises and the challenges posed by demographic change, the evolving world of work, migration, environmental challenges and the existential threat of climate change. Ultimately, a robust social protection system will shore up and repair a fragile social contract and enable countries to enjoy a socially just future.

2 Social protection at a crossroads in Central and Eastern Europe and Central Asia

Countries in Central and Eastern Europe and Central Asia have already developed comprehensive social protection systems, when one compares them with world averages and with other regions. However, the scope and design of these systems vary across the region. In the countries of Central Asia and the Caucasus, these variations are more pronounced as a result both of the protracted transition from socialist/command economies to market-based economies and of the fiscal pressures of the past two decades. In many cases, programmes have been eroded or discontinued, financing sources reconfigured and investments reduced, leading to gaps in both legal and effective coverage, as well as reduced adequacy. Nevertheless, the ratification of international social security standards, especially the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), has been actively pursued by some of the countries in the region.² This can be seen as a positive sign of countries'

commitment to ensuring minimum levels of protection, including the establishment of social protection floors. However, in view of the pandemic of coronavirus disease (COVID-19) and current transformative changes in the world of work, there is a need for further progress in extending coverage and improving the adequacy of benefits while also ensuring their long-term financial sustainability.

Based on the analysis presented in the latest edition of the main *World Social Protection Report* (ILO 2021a), this regional companion report takes a closer look at social protection coverage in the countries of Central and Eastern Europe and Central Asia, focusing on selected guarantees (pensions, unemployment benefits, social assistance and child benefits), and on the continuing need for social protection to respond to the challenges posed by the COVID-19 crisis, as well as the inherent problems revealed by the crisis, which require long-term solutions.

² Since 2010, Convention No. 102 has been ratified by Ukraine (2016) and the Russian Federation (2019), and the Maternity Protection Convention, 2000 (No.183), by Azerbaijan (2010), Bosnia and Herzegovina (2010), Kazakhstan (2012), Montenegro (2012), North Macedonia (2012 – then known as the former Yugoslav Republic of Macedonia) and Serbia (2010).

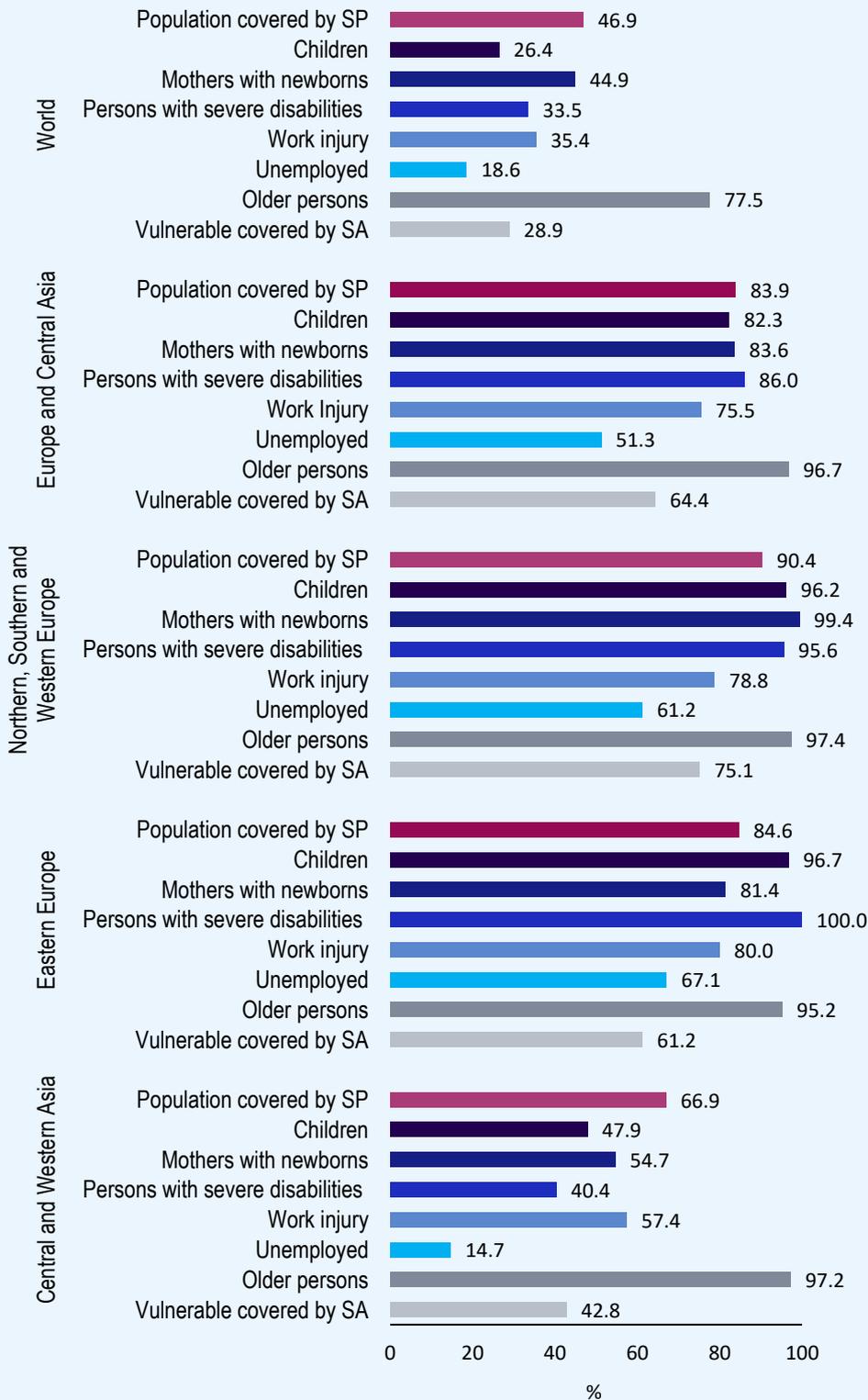
3 Social protection coverage: Regional trends and outlook

Within the region, there are significant disparities between countries in the trends and development prospects of social protection systems. Figure 2 presents effective coverage rates for the total population covered by different social protection branches, showing considerable variation among subregions and ranging from universal or near-universal coverage of older persons throughout the region to significant variations in coverage of people of active age and children.

All countries in the region have reached near-universal coverage of older people with either contributory or non-contributory pensions. This is a key element of social protection systems that is being maintained and

has withstood a number of different types of reforms pursued over the past three decades. The coverage of mothers and newborns is near-universal in Northern, Southern and Western Europe, but is available to little over half of the population in Central and Western Asia. Coverage of unemployed people is lowest in Central and Western Asia at 14.7 per cent, significantly lower than the world average. Social assistance programmes for the most vulnerable cover three quarters of the population in Northern, Southern and Western Europe, compared to 42.8 per cent in Central and Western Asia. The variations in coverage of children are highly pronounced, ranging from near-universal in Northern, Southern, Western and Eastern Europe to less than one half in Central and Western Asia.

► Figure 2. SDG indicator 1.3.1: Effective social protection coverage, regional and subregional estimates, by population group, 2020 or latest available year



Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Western Asia comprises Armenia, Azerbaijan, Cyprus, Georgia, Israel and Turkey.

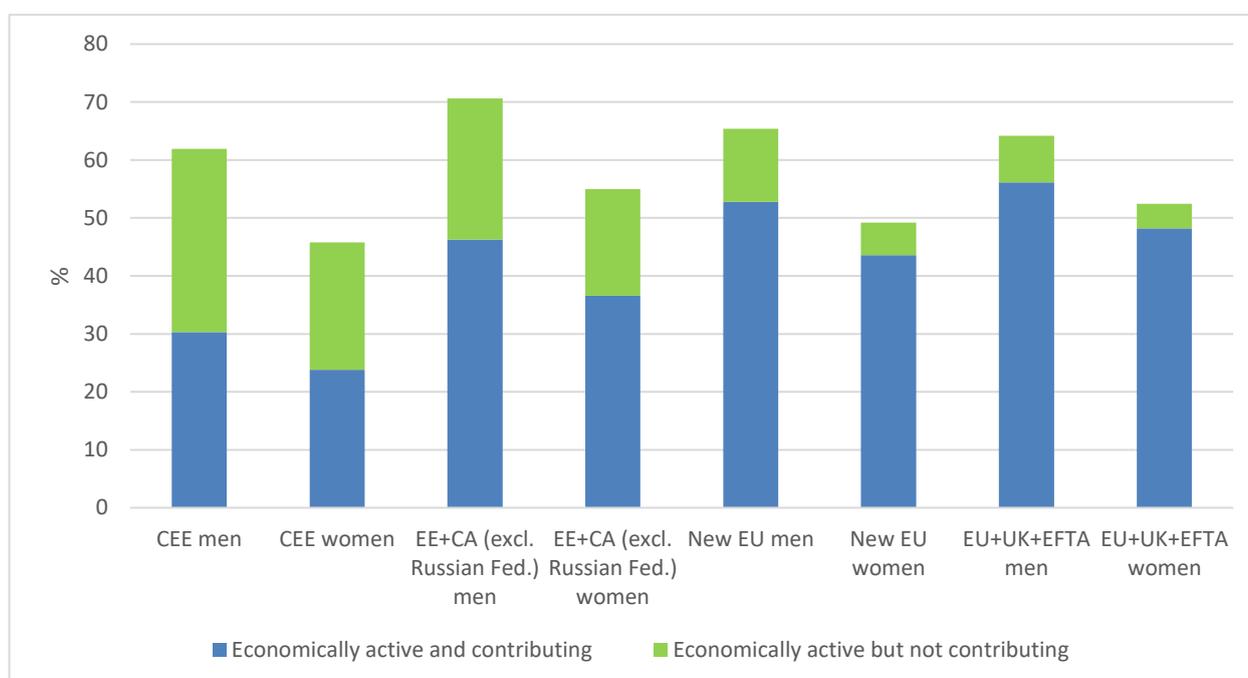
Sources: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

Currently, **old-age pensions** cover a large proportion of older people in the region, mainly through contributory pension schemes supplemented by non-contributory schemes (figure 3). Of all social transfers, pension benefits play the single most important role in poverty reduction, in particular among older people, most of whom rely on pensions as their only source of income. While the primary role of pensions is to prevent poverty in old age, they also have a

significant impact on preventing poverty for other groups of the population, including children.³ However, in most countries of the region, pension funds face serious financial challenges; in many countries, levels of contributions insufficient to meet their obligations have seen pension systems becoming increasingly dependent on the state budget to cover their deficits (ranging between 1 per cent and 5 per cent of GDP).⁴

► **Figure 3. Effective coverage for old-age protection: Percentage of the working-age population aged 15+ years covered by pension schemes, by labour force status, by region, subregion and sex, 2020 or latest available year**



Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. CA = Central Asia; CEE = Central and Eastern Europe; EE = Eastern Europe; EFTA = European Free Trade Area; EU = European Union; New EU = countries that became EU Member States from 2004 onwards.

Sources: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

³ For example, in Uzbekistan, the child benefit system targeted on low-income families is responsible for only 12 per cent of the overall reduction in the child poverty rate, while around 70 per cent can be attributed to pension programmes (UNICEF 2019).

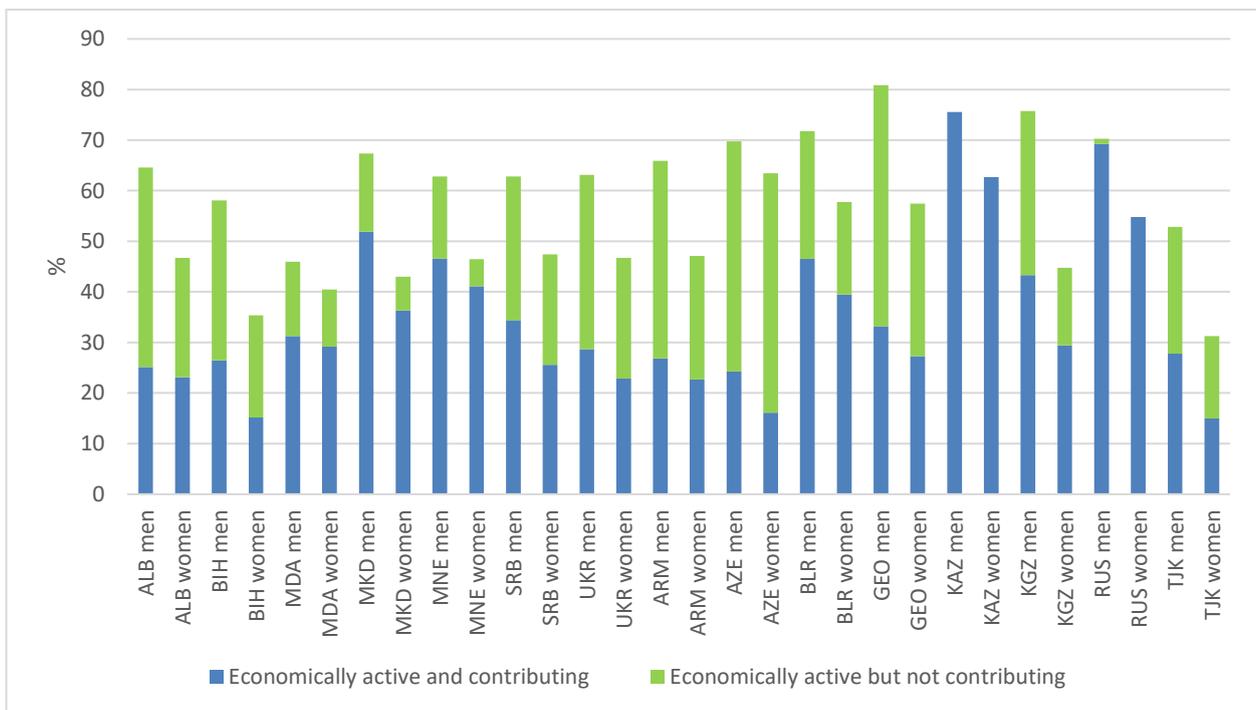
⁴ In Bosnia and Herzegovina, the pension funds of its two entities have been transferred into the respective overall government budget. In Ukraine, the Government is preparing a draft law to introduce a mandatory funded pension tier.

► 3.1. Protection of the working-age population: A growing missing middle

While effective pension coverage among older people is relatively high, at 96.7 per cent of the region’s population aged 65 years and above, in many countries in Central and Eastern Europe and Central Asia, the working-age population is insufficiently protected (see figures 4 and 5). The main reasons for the low levels of coverage are

relatively low labour force participation and high unemployment (in particular for young people and women), along with widespread informality and undeclared work, in particular under-reporting of wages; all of these factors pose serious challenges for extending social security coverage.

► Figure 4. Effective coverage for old-age protection: Percentage of the working-age population aged 15+ years covered by pension schemes, by labour force status and sex, selected countries, 2020 or latest available year



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. ALB = Albania; BIH = Bosnia and Herzegovina; MDA = Republic of Moldova; MNE = Montenegro; SRB = Serbia; UKR = Ukraine; ARM = Armenia; AZE = Azerbaijan; BLR = Belarus; GOE = Georgia; KAZ = Kazakhstan; RUS = Russian Federation; TJK = Tajikistan.

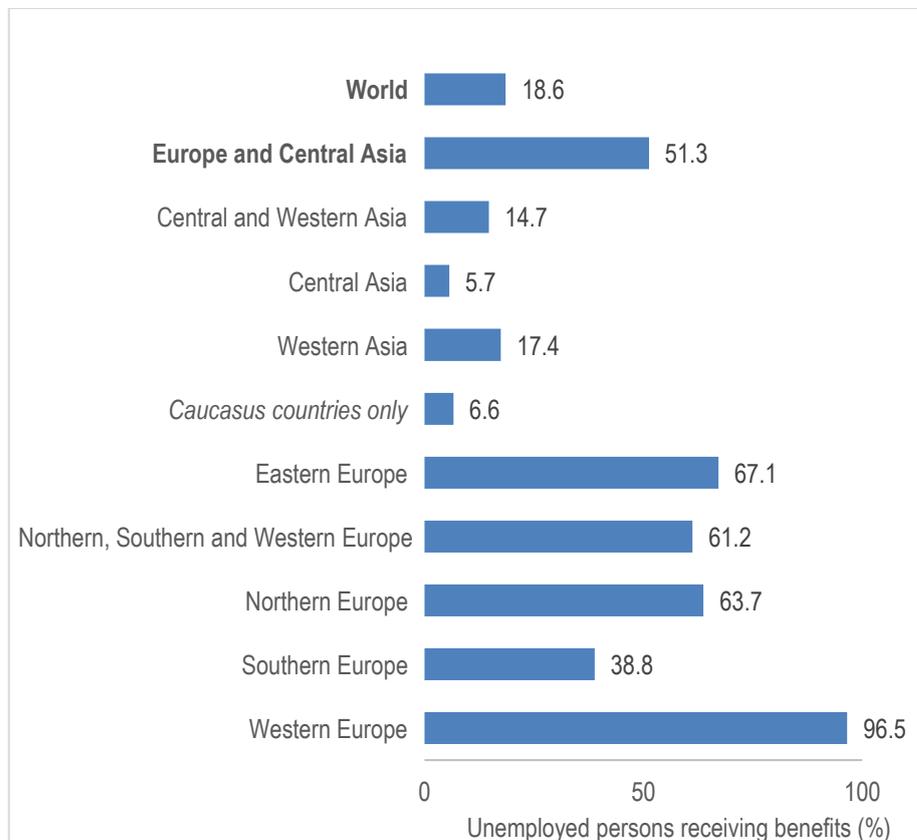
Sources: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

The region has experienced a growing diversification in employment arrangements, with a decline of “standard” employment (namely, work that is full-time and of indefinite duration, involving an employment relationship between an employee and an employer), and a growing number of workers in “non-standard” forms of employment, including temporary (fixed-term) and casual employment, part-time and on-call work, temporary agency employment and employment relationships disguised as self-employment. An important recent development is the growth of work mediated by digital platforms, including locally provided work and crowdwork (ILO 2021b). The current low levels of contributory coverage raise significant concerns not only in respect of current financial shortfalls, but also in respect of future beneficiary coverage. In the long run, persistently low contribution levels will result in lower benefit levels and a deterioration in the coverage of the contributory

pension system. This may shift the financing of income security for older people with low or no pension entitlement on to social assistance.

Diversification of employment arrangements and absent or underfunded unemployment insurance schemes have also affected the coverage of the working-age population in respect of **unemployment benefits** (figure 5). Long-term unemployment and high levels of informal employment, coupled with low levels of benefits (in countries where such benefits exist), have historically translated into limited registration of unemployed workers, with an even smaller number of unemployment benefit recipients. In the countries of Central Asia and the Caucasus, only 5.7 per cent and 6.6 per cent of unemployed persons, respectively, are in receipt of unemployment benefits (compared to 67.1 per cent in Eastern Europe and 96.5 per cent in Western Europe), which is well below the global average of 18.6 per cent.

► **Figure 5. SDG indicator 1.3.1 on effective coverage for unemployment protection: Percentage of unemployed people receiving cash benefits, by region, subregion and income level, 2020 or latest available year**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Western Asia comprises Armenia, Azerbaijan, Cyprus, Georgia, Israel and Turkey. For the purposes of this report, the Caucasus countries comprise Armenia, Azerbaijan and Georgia.

Sources: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

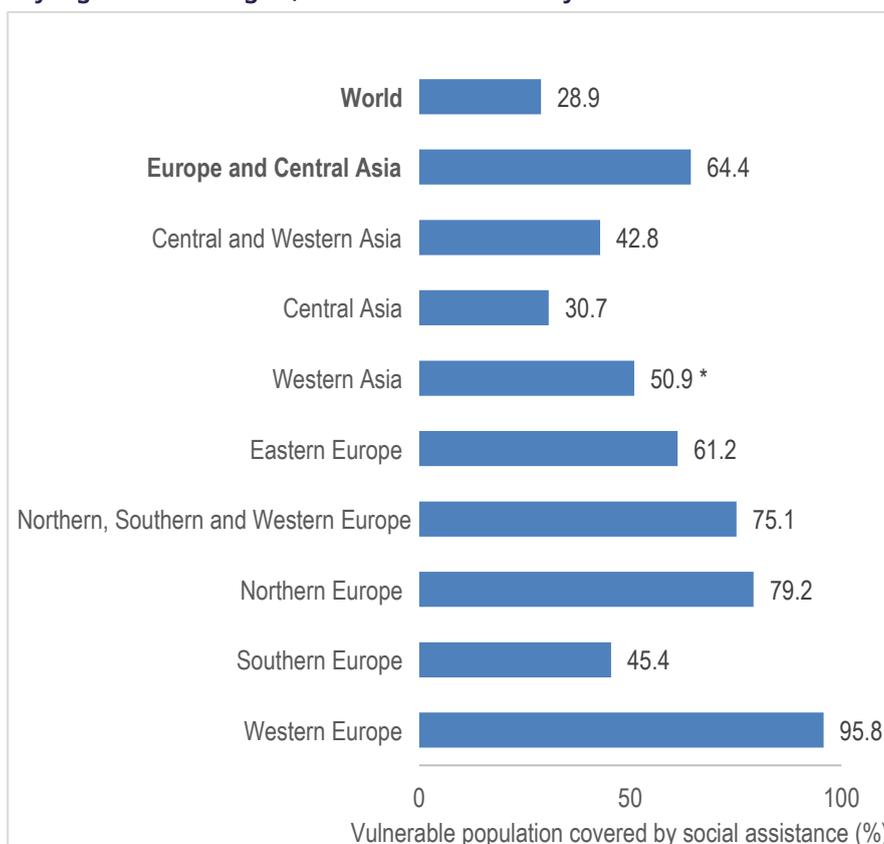
Link: <https://wspr.social-protection.org>.

For example, in 2019, Uzbekistan registered 1.34 million unemployed persons, although it is estimated that 4 million jobs are needed annually to meet demand. Out of an already low share of registered unemployed, only 57,900 were receiving unemployment benefits, according to national data sources.⁵ Georgia and Armenia abolished their unemployment insurance and unemployment benefits in 2006 and 2015, respectively. In an attempt to mitigate the impact of COVID-19 on workers who lost their jobs as a result of the pandemic, some countries have relaxed eligibility criteria for unemployment benefits (for example Kyrgyzstan), increased the level of benefit (for example Azerbaijan and Uzbekistan) or introduced it as a temporary measure (Georgia). Overall, the impact of the pandemic increased interest in the protection of workers and brought about the realization that existing social assistance and self-employment

programmes that were implicitly meant to contribute to the income security of unemployed people did not meet these expectations

In most parts of the region, **social assistance programmes** are still associated predominantly with tax-financed “residual” safety nets for the poorest, implying short-term benefits for a narrowly targeted group of recipients. The perception that social assistance results in “dependence”, coupled with pressures to cut overall public spending, have led to a focus on tackling inclusion errors and fraud, rather than looking more proactively at how to reach out to and ensure coverage of those at risk of exclusion (see box 2 below; see also UNICEF 2015, ch. 3). Variations in coverage of vulnerable populations through social assistance, ranging from 95.8 per cent in Western Europe, through 45.4 per cent in Southern Europe, to 30.7 per cent in Central Asia (figure 6), reflect these developments.

► **Figure 6. SDG indicator 1.3.1 on effective coverage for vulnerable groups of population: Percentage of vulnerable population receiving social assistance, by region and subregion, 2020 or latest available year**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Western Asia comprises Armenia, Azerbaijan, Cyprus, Georgia, Israel and Turkey. For the purposes of this report, the Caucasus countries comprise Armenia, Azerbaijan and Georgia.

Sources: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspw.social-protection.org>.

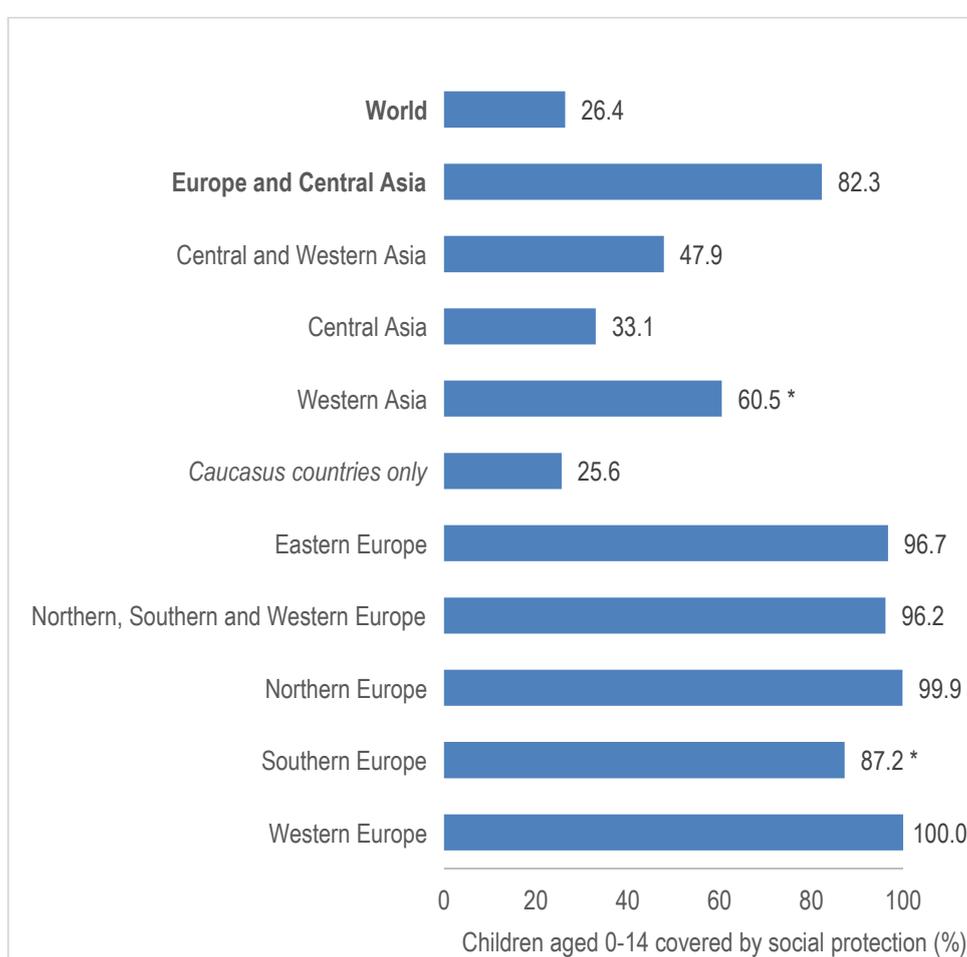
⁵ For the possible options for expanding the coverage of unemployment protection programmes in Uzbekistan, see ILO 2020a; ILO, UNICEF and World Bank 2020.

► 3.2. Protecting children and supporting families

In more than half of the countries in Europe and Central Asia, over a quarter of children live below national poverty lines, according to UNICEF (2020). Families with three or more children are significantly more at risk of poverty than the population as a whole, as are children who live in households without members in formal employment; migrant, lone-

parent and large households are over-represented in the poorest deciles (UNICEF 2014). While Western, Eastern and Northern Europe have achieved near-universal or universal coverage of children with benefits, in the Central Asian countries just one third and in the Caucasus countries one quarter of children are covered – the latter hovering below the world average (figure 7).

► Figure 7. SDG indicator 1.3.1 on effective coverage for children and families: Percentage of children aged 0–14 years receiving child or family cash benefits, by region, subregion and income level, 2020 or latest available year



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Western Asia comprises Armenia, Azerbaijan, Cyprus, Georgia, Israel and Turkey.

Sources: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

The increasing prevalence of non-standard forms of employment, inadequate earnings and limited access to social protection are all creating more challenges for families in protecting children from poverty. This makes child benefits all the more crucial in supporting children’s well-being; and indeed, most countries in Central and Eastern Europe – with the notable exception of Albania – have implemented some form of child benefit package. However, their design and structure vary considerably. In a number of European Union (EU) Member States in Central and Eastern Europe, and in the Caucasus and Central Asia, only households with earnings below the average wage are eligible for cash child benefits, and benefit levels are considerably lower than in West European EU Member States (Bradshaw and Hirose, 2016).

Women still experience significantly lower social protection coverage than men in the region, a discrepancy that largely reflects their lower labour force participation rates and higher levels of part-time and temporary work and informal employment (especially informal self-employment), gender pay gaps and a disproportionately high share of unpaid care work, which national social protection strategies often fail to recognize. These factors are associated with persistent patterns of inequality, discrimination and structural disadvantage. Improving social protection provision for women remains a paramount goal of work in this field. For example, according to ILO estimates, just 30.6 per cent of the world’s working-age population are legally covered by comprehensive social security systems that include the full range of benefits, from child and family benefits to old-age pensions, with women’s coverage lagging behind men’s by a very wide margin of 8 percentage points. In Europe and Central Asia as a whole, this difference is slightly less than the global average, with women lagging 5.3 percentage points

behind; in this wider region, 55 per cent of working-age men and 49.7 per cent of working-age women are legally covered by comprehensive social security systems (ILO 2021a).

In a majority of countries in Central Asia, the Caucasus and Southern Europe, child-focused policies are predominantly based on a poverty-targeting logic, leaving many vulnerable children without coverage. For example, national data sources point out that, in 2019, around 51.7 per cent of children in Armenia were living below the national upper poverty line and would be considered “poor”, compared with 42.3 per cent of people of working age. Armenia has sought to reduce poverty by focusing social protection resources on the poorest and most vulnerable children (ILO and UN Women, forthcoming).

However, global evidence suggests that broad-based, inclusive life-cycle schemes are more effective at reducing poverty than narrowly targeted “anti-poverty” programmes. For example, in Georgia, old-age pensions accounted for nearly 70 per cent of the overall 29 per cent reduction in child poverty achieved through social transfers, while the flagship Targeted Social Assistance programme accounted for only 20 per cent of the reduction (Kidd and Gelders, 2015). This is because broader schemes reach many more people indirectly than poverty-targeted social assistance. This phenomenon can also be observed in Armenia, where more than 40 per cent of children live with a recipient of an old-age or disability pension. Similar trends are observed in Uzbekistan.

In the countries of Central and Eastern Europe, improving child benefit systems would require resources equalling around 1–2 per cent of GDP. However, most of these countries have made no significant increase in social protection expenditure for families with children in recent years.

► 3.3. Social health protection

Social health protection coverage in the region covers the majority of the population, largely through a combination of contributory and tax-financed benefits, the latter covering certain groups of the economically inactive population such as dependent family members, beneficiaries of social assistance and the registered unemployed. Although most countries have attained health coverage of above 80 per cent of the population, in some countries (for example,

Albania, Armenia, Kyrgyzstan and Ukraine) people have to make extensive out-of-pocket payments, including informal payments. In these countries, the total amount of such payments exceeds the expenditure on health financed by public sources. Out-of-pocket payments are a source of financial hardship and the main obstacle to accessing healthcare, particularly for low-income households. (For an example of an attempt to tackle this problem, see box 1.)

► Box 1. Healthcare reform in Ukraine

Ukraine initiated a transformative healthcare reform in 2016, resulting from a recognition that public spending on health was insufficient, public resource allocation inefficient and unequal, and the practice of informal payments for healthcare widespread. As a result, the healthcare system relied extensively on out-of-pocket payments, which created financial hardship and obstacles to accessing care, particularly for low-income households.

The reform aimed to transform the healthcare financing mechanism without introducing new sources of financing, such as user copayments or social health insurance contributions.

A centrepiece of the reform is the introduction of a benefit package that clearly defines the healthcare benefits guaranteed to all by the Government. The government-guaranteed package gives priority to primary care, but also includes emergency, outpatient, inpatient and palliative care, as well as rehabilitation, healthcare for children up to 16 years of age, healthcare related to pregnancy and childbirth, prescribed medicines and basic medical products for inpatient treatment. This is expected to reduce out-of-pocket payments and eliminate informal payments.

To finance the government-guaranteed healthcare benefit package, the National Health Service of Ukraine (NHSU) was established in 2018 as a central government agency to act as a single national purchaser of the guaranteed healthcare benefit package. The NHSU will contract with autonomous healthcare providers to reimburse them on the basis of the medical services they provide for patients (called the “money follows the patient” principle).

In addition to reforming healthcare financing, the Government is implementing substantive reforms of the national health system, including (1) a restructuring of the hospital network, (2) the introduction of the e-Health system to process all medical records and information electronically, and (3) the adoption of new pharmaceutical policies and programmes.

The success of the reform depends on whether the Government can ensure adequate and sustainable resources for healthcare and allocate them efficiently. The full achievement of the current reform will provide a firm foundation for improvements in the quality of care in the Ukrainian healthcare system.

Sources: Hirose 2019.

In conclusion, most countries of Northern, Eastern and Southern Europe have mature and relatively comprehensive social protection systems in place, albeit facing challenges resulting from the changing nature of work and with gaps concerning the protection of informal workers, migrants, displaced populations and children. In other parts of the region, especially in Central Asia and the Caucasus, social protection systems face

challenges of fragmentation, low levels of public social spending, limited coverage and inadequate benefit levels (ILO 2017). The COVID-19 crisis brought these challenges to the fore and highlighted the need for a more flexible design of social protection capable of responding to a range of external shocks, but most of all for sustainable solutions to extending social protection in a comprehensive and systemic way.

4 Social protection responses to the COVID-19 pandemic

The COVID-19 pandemic has profoundly affected the regional labour market, resulting in a substantial loss of labour income and widening gender and income inequalities. Of particular concern is the situation of young people not in education, employment or training.

As shown in table 1, the loss of working hours in Europe and Central Asia in 2020 was estimated at 9.2 per cent (equivalent to 30 million full-time workers), which is significantly above the world

average and entailed an estimated 8.7 per cent decline in labour income. The impact was particularly severe in Southern Europe and Central and Western Asia.

The ILO *Global Wage Report* also observes a downward pressure on wages in the first half of 2020 as a result of the COVID-19 crisis (ILO 2020b). Women and lower-paid workers were disproportionately affected, thereby increasing gender and income inequalities.

► Table 1. Working-hour losses and labour income losses by region, 2020

	Working hours lost (%)	Equivalent number of full-time jobs (48 hours a week) lost (millions)	Labour income loss (% of labour income)
World	8.8	255	8.3
Europe and Central Asia	9.2	30	8.7
Northern Europe	10.0	4	n/a
Southern Europe	12.3	6	n/a
Western Europe	6.9	5	n/a
Eastern Europe	7.4	8	8.0*
Central and Western Asia	12.0	7	16.3*

Notes: *= first three quarters of 2020. n/a = not available.

Source: (ILO 2021c; 2020d).

In response to the COVID-19 crisis, countries have implemented both immediate public health interventions and economic measures to mitigate the adverse impacts of the pandemic and stimulate the economy. These include ensuring access to health services, maintaining essential services, protecting jobs, assisting business continuity and securing the incomes of those affected by the crisis.⁶

In all countries in the region, social protection policies constituted a crucial part of integrated responses to the COVID-19 crisis. In particular, existing social protection systems enabled governments to provide timely and flexible support to workers and their families affected by the crisis, without the need to adopt new laws and regulations. Table 2 summarizes the key social protection and job responses adopted by the region's countries.

⁶ Unless otherwise specified, country information in this section draws on national sources and existing compilations (Gentilini, Dale, and Almenfi 2020; ILO 2021b; 2021f); please consult these sources for a full list of references.

► Table 2. Social protection and jobs responses to COVID-19

Country	Temporary wage subsidy	Relief on social security contribution payments	Sickness benefits	Unemployment benefits	Non-contributory cash benefits	Additional cash benefits for pensioners
Albania	○	○	○	○
Armenia	△	△	...	△	○	△
Azerbaijan	△	△	...	△	△	△
Belarus	...	△	...	△	...	△
Bosnia and Herzegovina	FBiH ○	○	...	○	...	△
	RS ○	○	...	○	...	△
Georgia	△	△	...	△	△	△
Kazakhstan	○	△	...	○	○	△
Kyrgyzstan	○	△	...	△	○	△
Montenegro	○	○	...	○	○	○
North Macedonia	○	○	...	○	○	○
Republic of Moldova	△	○	...	○	○	...
Russian Federation	△	△	○	○	○	△
Serbia	○	○	○
Tajikistan	△	△	△	△
Ukraine	△	△	...	○	○	○
Uzbekistan	○	△	...	○	○	△

Notes: ○ = major amendments in benefit levels or eligibility criteria; △ = minor amendments; ... = no change; ILO 2021d. FBiH = Federation of Bosnia and Herzegovina. RS = Republika Srpska.

Sources: ILO staff compilations based on Gentilini, Dale, and Almenfi 2020; ILO 2021d.

All countries have introduced **social health protection** measures facilitating access to healthcare services for COVID-19 treatment and testing for all residents. In addition, some countries have allocated relatively large resources to their healthcare systems as a whole.

Temporary wage subsidies, although paid at minimum wage level and for only a limited period, contributed in preventing mass layoffs, compensated workers for labour income lost as a result of lockdown and maintained employment relationships. If the pandemic persists and the labour market situation does not improve, there could be a call for further such temporary wage subsidies.

Relief on social insurance contributions, by either subsidy or deferral, had an important impact on business continuity, given the scale of contributions. Although the temporary reduction of social security contributions met immediate liquidity needs, enabling enterprises to continue in business and retain employees, this measure had direct impacts on the financing of social security schemes, in particular pension funds, which are now in deficit in most countries, with serious implications for their long-term financing sustainability.

The use of **sickness benefits** for employees who were unable to work owing to business closure or mandatory quarantine was not widely adopted by countries in the region. This is because employers are responsible for the payment of the first several days of sick leave for their employees. In Croatia and Slovenia, for example, the state paid the salaries of employees on sick leave from the first day, representing a departure from the normal rule that employers pay for the first 30 days. In the Russian Federation, the level of sickness benefits was increased to reach at least the level of the minimum wage.

The pandemic reinforced the long-standing need to expand the coverage of **unemployment benefits** and increase benefit levels. A number of countries in the region have significantly

enhanced unemployment benefits to cover more groups of workers. It was also observed that the COVID-19 social protection response has served as an incentive for unemployed people to register with public employment offices. Furthermore, a number of countries, such as Azerbaijan, Kyrgyzstan, Tajikistan and Uzbekistan, have made plans to support the transition from the informal to the formal economy and extend the coverage of social protection to the informal economy.

Non-contributory social assistance benefits were temporarily increased, eligibility conditions were relaxed and one-off cash supplements were paid. Some countries (for example, North Macedonia and Serbia) provided one-off society-wide income assistance of a universal character. Most countries in Central Asia and the Caucasus extended the coverage of social assistance programmes to address the issues associated with exclusion errors in narrowly targeted schemes, reducing eligibility thresholds and in some cases deferring recertification (for example, in Azerbaijan, Kazakhstan and Uzbekistan). Even so, coverage was not fully extended to many who live in poverty, or at risk of poverty, in these countries. For its part, the Russian Federation significantly increased the level and duration of payment of social assistance, maternity capital benefit and tax-financed unemployment benefit.

Some countries further invested in the **redesign and scaling up of electronic management information systems to propel much-needed reforms and increase access to social protection programmes**. Azerbaijan has been a front-runner in its subregion, having early on introduced automated and digitized application procedures for social assistance, disability assessment and other schemes. In response to the impact of COVID-19, it invested in designing an electronic application for home-care services for elderly and disabled people, enabling them to access information and services during the pandemic (see box 2). Albania has implemented a National Electronic Register as one element of its reform of social assistance and social services (see box 3).

► **Box 2. Improving reforms and social protection services delivery using electronic management information systems in Azerbaijan: DOST – a single window for social services**

In order to facilitate the Government's communication with citizens, in 2018 the Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan established an Agency for Sustainable and Operative Social Provision, known as DOST.

DOST is a single-window service that shares information about and enables access to 132 statutory social protection services. It uses a centralized management information system which coordinates the programmes and activities of the Ministry, the Social Services Agency, local government bodies and other not-for-profit and private service providers. Citizens can apply through an online form or by contacting a call centre, and can expect a response within 10–15 minutes, or in the case of very complex requests an acknowledgement of receipt and a comprehensive response within 7–15 days. During the pandemic, this single-window service was instrumental in providing services to elderly and disabled people, as well as in delivering cash benefits to new users.

Other functions performed by DOST include: (1) conducting surveys among vulnerable people in need of social protection and social welfare, (2) conducting needs assessments, making proposals on protection of rights, and meeting the needs of disadvantaged population groups, and (3) monitoring the delivery of services and preparing proposals to improve and develop these services.

Sources: ILO 2021g.

► **Box 3. Improving reforms and social protection services delivery using electronic management information systems in Albania: National Electronic Register, propelling implementation of social assistance, disability and care services reforms**

Since 2019 and under the economic assistance (*Ndihma Ekonomike*) programme, Albania has implemented a National Electronic Register and introduced a standardized scoring formula for the proxy means test, with new eligibility criteria, benefits and services.

The newly introduced targeting methodology minimized inclusion errors. However, it results in exclusion errors, rejecting a large number of households that are poor in terms of income and their ability to meet their basic needs. Following introduction of the new proxy means test, the number of beneficiary families decreased significantly, particularly among households with just one or two members. In addition, there are wide regional differences regarding the effectiveness of outreach and communication activities, and barriers to the registration process.

The Government has also been undertaking a reform of the disability allowance programme with the objectives of (1) reorienting disability assessment away from the previous medical model towards the bio-psycho-social model aligned with international standards, (2) introducing multidisciplinary individual support plans for people with disabilities, and (3) reorganizing the disability assessment administration to improve efficiency and increase accountability by establishing checks and balances.

The 2015 Law on local self-government and the 2016 Law on social care services have instigated a process whereby social services have been decentralized from the central Government to 61 municipalities. Delivery of social care services is now primarily the responsibility of local government, with support from central government institutions. However, a majority of municipalities lack the requisite human and financial resources to deliver on this task.

Albania faces a huge challenge in improving the accessibility and quality of integrated social care services at the local level. Doing so will require the development of the related financial and regulatory frameworks, as well as of administrative and delivery systems such as service standards, the National Electronic Register of Social Care Services and the Needs Assessment and Referral Units.

Sources: ILO 2021e.

In addition to cash transfers, in-kind benefits were also granted in the form of utility bill waivers or vouchers for purchase of specific goods and services. Several countries introduced temporary special **childcare leave** for workers who had to provide care for children staying at home when schools and childcare institutions were closed for months.

In all countries, **pension benefits** were indexed higher than the statutory rates and minimum pensions were increased. Some countries paid one-off supplements to pensioners. Pension recipients in Armenia, Belarus and Kyrgyzstan had their benefits delivered to their place of residence to reduce their risk of exposure to the virus.

In most countries in Central Asia and the Caucasus, only a **minority of workers contribute to social insurance schemes**. This is because many workers and employers operate outside the legal framework of such schemes. In these countries, losses of jobs and workplace closure as a result of the pandemic could increase the level of informal employment and lead to reversals of achievements in poverty reduction. The World Bank, using the US\$5.50 a day poverty line, estimates that an additional 5 million people in Europe and Central Asia may fall into poverty as a consequence of the COVID-19 crisis (Lakner et al. 2021). This will further erode the sustainability of social insurance schemes. Migrant workers who returned to their home countries having lost their jobs as a result of COVID-19 (mainly workers from

Kyrgyzstan, Tajikistan and Uzbekistan who returned from Kazakhstan, the Republic of Korea and the Russian Federation) and their families face a significant additional burden, as in most cases they do not qualify for any of the national social protection programmes.

The need to introduce or strengthen links between social protection benefits and social care and employment services for people facing multiple deprivations (alongside financial hardship) and jobseekers has become more evident, and a number of countries (Armenia, North Macedonia, Serbia, Tajikistan and Uzbekistan) have been attempting to design more integrated service provision.

It is estimated that 14.6 per cent of global GDP was allocated for fiscal measures in response to COVID-19, including additional expenditure and accrued contingent liabilities in the forms of equity injection, loans and various guarantees to enterprises or others (see table 3). The scales and priorities of fiscal interventions differ widely among countries. The fiscal measures taken by countries in Central and Eastern Europe and Central Asia were generally more limited than those taken by high-income countries or the new EU Member States. They were focused mainly on direct additional spending targeted at enterprises and households, although some countries (such as the Republic of Moldova, Serbia, Tajikistan and Ukraine) allocated a relatively large share of spending to their underfunded healthcare systems.

► Table 3. COVID-19-related fiscal measures during 2020, selected countries (percentage of GDP)

Country	Additional spending or forgone revenues (A)			Accelerated spending / deferred revenue (B)	Liquidity support (C)				Total A+B+C (total of available data)*
	Subtotal	Health sector	Non-health sector		Subtotal	Equity injections, loans, asset purchase or debt assumptions	Contingent liabilities		
							Guarantees	Quasi-fiscal operations	
Central and Eastern Europe									
Albania	1.2	0.2	0.9	–	1.7	–	1.7	–	2.9
Bosnia and Herzegovina	5.1	–	–	–	–	–	–	–	5.1
Montenegro	8.0	0.5	7.6	2.3	–	–	0.0	–	10.3
North Macedonia	2.9	0.1	2.8	–	2.9	–	–	2.9	5.8
Republic of Moldova	2.2	1.2	1.1	–	0.4	0.3	0.0	–	2.6
Serbia	5.6	1.3	4.3	2.8	1.4	–	1.0	0.4	9.8
Ukraine	3.4	0.9	2.5	–	–	–	–	–	3.4
Eastern Europe and Central Asia									
Armenia	1.0	0.3	0.7	0.0	1.1	1.1	0.0	0.0	2.0
Azerbaijan	2.2	0.5	1.6	–	3.4	2.7	0.7	0.0	5.6
Kazakhstan	2.4	–	–	–	3.1	1.9	–	1.2	5.5
Kyrgyzstan	6.1	0.3	5.8	–	–	–	–	–	6.1
Russian Federation	2.9	0.6	2.3	0.4	1.5	0.5	0.5	0.5	4.9
Tajikistan	3.0	1.9	1.1	–	0.5	0.5	–	–	3.5
Uzbekistan	3.7	0.8	3.0	–	2.4	2.4	–	–	6.1
World	7.4	1.0	6.4	1.0	6.1	0.4	4.0	1.6	14.6

Notes: Estimates as of end December 2020. Implementation of the measures may spread across 2020, 2021 or beyond. Percentages of GDP are based on the January 2021 *World Economic Outlook Update* unless otherwise stated. The global estimate of fiscal support includes additional spending and forgone revenue, as well as contingent liabilities from guarantees and quasi-fiscal operations. * Figures may not add up precisely with the numbers given in totals columns due to rounding up.

Sources: National authorities and International Monetary Fund (IMF) staff estimates (IMF 2021).

5 Conclusion: Towards a comprehensive and resilient social security system

In all countries in Central and Eastern Europe and Central Asia, social protection played a vital role in responding to the COVID-19 crisis. However, the crisis has revealed coverage, adequacy and comprehensiveness gaps in the existing social protection systems that stem from issues inherent in the currently prevailing world of work, especially with respect to rising precarious employment and widening inequality. At the same time, the crisis has highlighted the importance of proactive investment to build comprehensive and resilient social protection systems. The key lessons learned so far can be summarized as follows.

Social security coverage should be extended to workers in all types of employment, including workers in the informal economy and those in non-standard forms of employment, such as those in the platform economy, and also to migrant workers. This requires taking into account the wide heterogeneity of working populations and the high levels of labour market mobility. Legal compliance with and enforcement of the collection of social insurance contributions should be improved by encouraging the formalization of workers in the informal economy and by addressing the under-reporting of wages liable to contributions. Initial efforts towards supporting the transition from the informal to the formal economy that have already been made in Azerbaijan, Tajikistan and Uzbekistan should be promoted further alongside the extension of social protection coverage to workers in the informal economy.

In order for social protection systems to effectively ensure access to income security and healthcare, sufficient resources should be allocated and fiscal space identified. Recent stimulus and social protection measures have put considerable strain on government budgets and affected the long-term sustainability of social protection systems, in particular already fragile pension systems. However, investing in social protection is of crucial importance in achieving economic recovery and building systems that will be more resilient in the face of future shocks. Although it is critical to retain a flexible and supportive fiscal policy now, it is

important for governments to create and secure fiscal space to maintain and improve social protection systems during the crisis, the recovery phase and beyond.

Another key challenge is improving the financing of social protection through a mix of contributory and non-contributory sources of funding. The COVID-19 crisis prompted governments to consider adjusting their existing social security architecture and search for a more suitable mix of contributory and non-contributory systems which respond better to the ongoing transformation of the labour market. To close the annual financing gap in Eastern Europe in 2020, for example, and meet SDG targets 1.3 and 3.8, would have required an additional US\$227.1 billion to fully finance the total cost of a set of universal benefits that could constitute a social protection floor in this subregion. This represents an additional investment of 2.7 per cent of these countries' GDP (ILO 2020c). Benefits from non-contributory schemes should effectively supplement contributory programmes to fill the coverage gaps.

More attention should be given to strengthening the capacity of ministries in charge of social protection, social security institutions, and agencies at national and subnational levels, with the aim of organizing contributory and non-contributory components into a single system. Careful policy design, strategic governance and well-organized delivery mechanisms, including electronic management information systems, will be needed to ensure that coverage is extended, trends are monitored, and national social protection systems are able to respond flexibly to shocks and to the changing needs of the population.

The need for an integrated response from social protection systems and employment services was also identified during the crisis. Integrated solutions seek to design a tailored mix of social protection and employment programmes that can respond to the rights and needs of workers and other people and support them through different and increasingly complex life-work transitions.

The crisis has also reinforced the need for the tripartite stakeholders – governments, workers and employers – to jointly address the issue of COVID-19 through effective social dialogue, and to increase coordination with financial authorities to formulate social security responses to the crisis. Such joint work and coordination has already been evident in some countries. For example, in Azerbaijan, a working group headed by the Ministry of Labour and Social Protection has been formed with participation of the social partners in order to set criteria for assisting businesses and promoting employment; in Georgia, the Georgian Trade Union Confederation proposed labour law

amendments allowing payment of wages to workers in quarantine and creation of a special fund to combat the pandemic, which have been adopted. Such measures could be usefully replicated in redesigning other social protection systems to enable countries to respond to emerging challenges. A lasting solution to the issues raised by the pandemic can be agreed and sustained only if there is nationwide societal consensus based on a full understanding of the implications of the measures and through continuous commitment of all relevant stakeholders.

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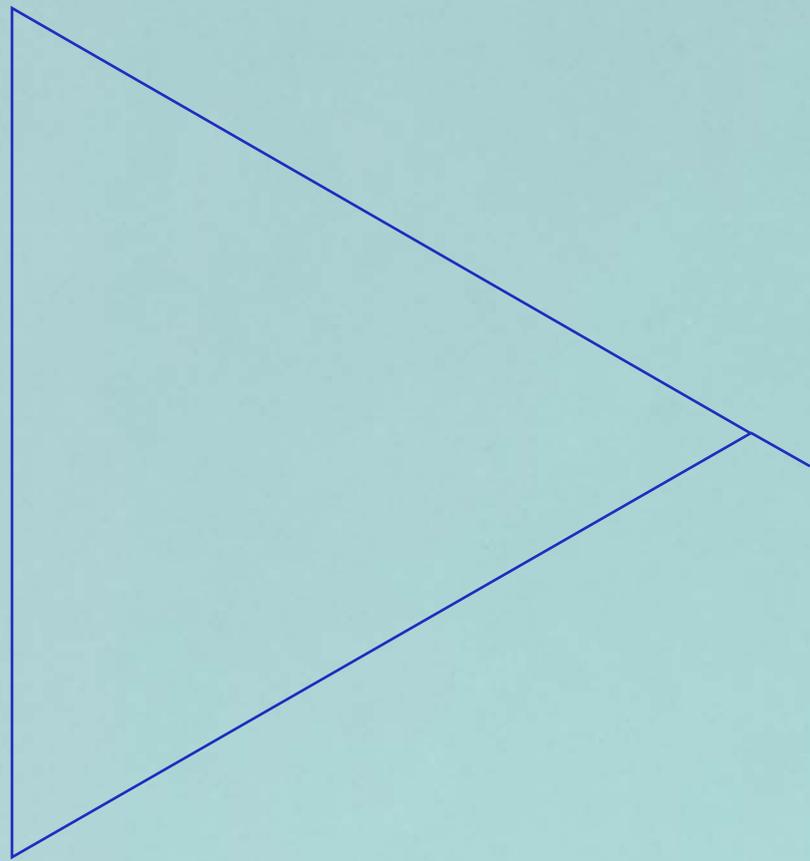
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Advancing social justice, promoting decent work

The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.

This regional companion report is intended to complement the ILO's *World Social Protection Report 2020–22*. It includes a section summarizing the status of social protection worldwide, followed by a section highlighting key social protection developments, challenges and priorities for this region from a life-cycle perspective.



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