Social protection responses to the COVID-19 crisis: Country responses and policy considerations

Key points

- The COVID-19 pandemic represents a major public health challenge and will have serious economic and social impacts. Governments are facing a double challenge: they have to contain the health pandemic, while at the same time responding to its economic and social impacts.
- Social protection systems are an indispensable part of a coordinated policy response to the unfolding crisis, ensuring that people can effectively access health care while supporting job and income security for those most affected. They increase resilience, contribute to preventing poverty, unemployment and informality and are powerful economic and social stabilizers that can contribute to a swift recovery.
- Countries that have effective health and social protection systems in place that provide universal coverage are better prepared to respond to the crisis. A nationally defined social protection floor that guarantees access to health care and at least a basic level of income security throughout the life course is critical.
- Social dialogue and consultations with social partners and other stakeholders are particularly important for such coordinated policy responses.
- Countries with strong health and social protection systems in place can react quickly by scaling up existing protection mechanisms and by extending and adapting them to cover previously uncovered populations.
- Countries that do not have sufficiently robust health and social protection systems in place should be offered urgent international support to ensure an adequate immediate response to the crisis.
- Countries should prioritize support for those who are particularly vulnerable to the crisis, including workers in the informal economy; ensuring that their immediate needs are met, including access to health care and income support.
- The crisis has expedited much-needed reform by compelling numerous governments to temporarily extend social protection to uncovered groups by introducing extraordinary measures and legislation.
- Governments, together with social partners and other stakeholders, should take this opportunity to strengthen their social protection systems, including floors, as a cornerstone of national social and economic policy architecture.
The key role of social protection systems in responding to the COVID-19 crisis

The COVID-19 pandemic represents a major public health challenge and will have serious economic and social impacts. Global growth is projected to contract sharply by -3 per cent 2020 (IMF 2020), global income could be reduced by US$2 trillion (UNCTAD 2020) and working hours are estimated to decline by 6.7 per cent in the second quarter of 2020, which is equivalent to 195 million full-time workers, resulting in significant losses of jobs and incomes (ILO 2020a). Estimates suggest that this may lead to a significant increase in global poverty, potentially wiping out a decade of poverty reduction (Sumner, Hoy and Ortiz-Juarez, 2020). As the situation unfolds, the repercussions of the crisis could be even more distressing.

Governments are facing a double challenge: they have to contain the health pandemic, while at the same time responding to its economic and social impacts. Beyond the tragic loss of human life caused by the virus itself, the crisis is likely to entail tremendous human costs through other channels and may increase poverty and inequality, with particularly adverse effects for older persons, persons with disabilities and chronic diseases, migrant workers and forcibly displaced people (Diwakar 2020). Many children and women will be adversely affected by the repercussions of the pandemic on societies and economies (United Nations 2020). However, countries are not powerless and have a range of policy options to address and mitigate this crisis.

Social protection systems are an indispensable part of a coordinated policy response to the unfolding crisis, ensuring that people can effectively access health care while supporting job and income security for those most affected. They increase resilience, contribute to preventing poverty, unemployment and informality and are powerful economic and social stabilizers that can contribute to a swift recovery (ILO 2020b; SPIAC-B, 2020).1 By combining health interventions with social protection measures, governments can respond effectively to the crisis.2 In doing so, especially in countries with a large informal sector, extending protection to those not yet covered should be at the centre of policy efforts (ILO 2020c; FAO, 2020). Social dialogue and consultations with social partners and other stakeholders are particularly important for such coordinated policy responses.

Evidence from previous crises shows that countries that have effective health and social protection systems in place that provide universal coverage are better prepared to respond to the COVID-19 crisis and its socioeconomic impacts. They have the institutional capacities to scale these systems up relatively quickly in response to the crisis (ILO 2019d, 2017). In this respect, a nationally defined social protection floor that guarantees access to health care and at least a basic level of income security throughout the life course is critical. Likewise, countries that have pursued a responsible countercyclical fiscal policy in the past — accumulating surpluses when the economy was buoyant — are likely to be in a far stronger position to respond to a downturn and provide increased social protection through fiscal stimuli.

However, countries that lack a robust health and social protection system will need to develop policies and interventions in an ad hoc way, building institutional capacity under very difficult circumstances, which is likely to lead to a limited and delayed response. In such cases, international support will be critical to complement countries’ efforts to adopt emergency measures to step up the capacities of the health system, expand fiscal space and build the necessary institutional capacities to avoid a dramatic health crisis. As it unfolds, the COVID-19 crisis threatens to derail many countries’ economic and social progress, including their achievement of the Sustainable Development Goals (SDGs). At the same time, it provides an opportunity and “wake-up call” for countries to prioritize investments in their health and social protection systems in order to help avert or mitigate the crisis, and to strengthen their social protection systems in order to better address future challenges.

1 Disclaimer: Owing to the exceptional circumstances generated by this global health pandemic, there has been intense activity in terms of the breadth of national responses and therefore not all information contained in this document could be fully confirmed by utilising official legislation or legal bulletins.

2 Lessons learned from the financial and economic crisis of 2008 demonstrate the key role of social protection in stabilizing household incomes and aggregate demand and contributing to recovery. For example, the expansion of social protection programmes in the United States was estimated to have a significant multiplier effect on output, while Australia’s fiscal stimulus package, which included strong social protection components, was instrumental in preventing a contraction in economic growth of 1.3 per cent between 2008 and 2009 (OECD 2009; ILO 2010, 2014, 2017).

3 Lessons learned from previous epidemic outbreaks, such as the SARS, MERS and Ebola outbreaks, demonstrated that the lack of social protection measures in the context of health epidemics aggravates poverty, unemployment and informality, leading to a vicious circle of even greater fragility.
Social protection policy responses to the COVID-19 crisis

National social protection policy responses to the COVID-19 crisis address a broad range of areas. The ILO Social Protection Monitor recorded 548 announced social protection measures from 108 countries and territories between 1 February and 17 April 2020. These measures address several areas of social protection (see figure 1).

The following sections highlight priority policy areas, including country examples and links to more detailed information.

Access to health care

As a response to the COVID-19 crisis, many countries have taken measures to enhance access to affordable health care, close gaps in social health protection and extend financial protection, including by:

- channelling additional fiscal resources into the health system to enhance the availability, accessibility, acceptability and quality of health services for all;
- improving coordination in the health system, including institutional and staff capacity, with a central role for public provision, sometimes complemented by private service providers under public regulation (Spain, United Kingdom);
- integrating prevention, testing and treatment measures (including telemedicine) within health-care benefit packages (China);
- enhancing financial protection against health-care expenses, safeguarding and extending coverage of existing social health protection mechanisms, and ensuring the universality and continuity of such coverage, such as guaranteeing treatment for foreign residents (Thailand).

Sickness benefits: ensuring income security during sick leave

The COVID-19 crisis has exposed critical gaps in sickness benefit coverage, leaving large numbers of workers, such as self-employed workers and workers in non-standard employment, without paid sick leave (OECD 2020; ILO 2017; ISSA 2020b). This constitutes a critical challenge for public health and income security, as workers who cannot rely on sickness benefits and/or paid sick leave entitlements may be forced to report to work while sick or may be reluctant to self-isolate, thereby potentially passing on the virus to colleagues and clients. This is particularly urgent, as it affects many workers on the front lines of the COVID-19 crisis, such as health workers, cleaners, transport and delivery workers and domestic workers. Many countries have taken emergency measures to close protection gaps through various measures, including by:

- extending sickness benefits financed from general taxation to workers who would not otherwise be entitled (Germany, Ireland, Portugal, United Kingdom);
- ensuring the payment of sickness benefits in cases of quarantine or self-isolation (Austria, France, Germany, United Kingdom, Viet Nam);
- eliminating waiting periods for the payment of sickness benefits (Australia, Canada, Portugal);
- waiving the requirement to submit a sickness certificate (Austria, Japan).

Unemployment protection: preventing job losses and supporting those who lost their jobs

Unemployment protection schemes provide a key tool for coping with the devastating employment impact of the crisis, which has already threatened millions of jobs (ILO 2020a; OECD 2020; ISSA 2020). This includes measures to support enterprises in retaining workers, thereby preventing unemployment, and measures to provide income security to unemployed workers, such as by:

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4 A more detailed overview of announced country responses is available in the ILO Social Protection Monitor on COVID-19, see also Gentilini, Almenfi, and Orton (2020), ISSA (2020a) and OECD (2020).

5 The country examples provided do not represent an exhaustive list.

6 With a view to ensuring, in particular, that those with employer-sponsored schemes will not lose coverage after the loss of a job or income.

7 For more detail, see ILO (forthcoming (a)).
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- supporting companies to retain workers through short-time work benefits/partial unemployment benefits (Denmark, France, Germany, Italy, Japan, Netherlands, California (United States), Thailand);
- facilitating access to unemployment benefits for workers who have lost their jobs and supporting them in finding new employment, in some cases also extending such benefits to self-employed workers (Australia, Ireland, Philippines);
- providing one-off emergency payments to laid-off workers who are not eligible for unemployment insurance (Australia, Italy, Japan);
- coordinating unemployment protection with measures to facilitate access to employment services, including job-matching, skills development and active labour market policies to support jobseekers in finding a new job (Hong Kong (China), Republic of Korea), including through online job counselling and job mediation (Belgium, Estonia).

Old age, survivor and disability benefits
In view of the particular vulnerability of older persons and persons with disabilities, old age, survivor and disability benefits have a particularly important role to play in ensuring income security for those affected by the crisis, such as by:
- advancing the payment of old age and disability benefits and/or increasing their level to guarantee at least the prevention of poverty (Argentina, Peru, Ukraine);
- ensuring effective access to health care, adequate disability and other social protection benefits for persons with disabilities (Argentina, Hong Kong (China), Peru, Singapore);
- ensuring continued access to disability benefits, care and support for persons with disabilities (Australia, France);
- minimizing the risks of contamination for older people when collecting their pension at pension paypoints (Peru).^8^

Providing income support through social assistance, cash transfers and other support
In view of the rapidly deepening economic consequences of the COVID-19 crisis, many governments have put in place measures to provide income support to the population through social assistance or other tax-financed benefits, including by:^9^
- scaling up social assistance for existing beneficiaries by advancing the payment of benefits and/or increasing their levels (Australia, Brazil, China, Malaysia);
- relaxing eligibility criteria to increase coverage (Ireland, United Kingdom);
- adapting the modalities or conditions of social assistance schemes, such as requirements with regard to job search (Australia), and facilitating access to social assistance for new beneficiaries (Ireland, New Zealand);
- generalized income support to all residents through one-off payments (Hong Kong (China), Singapore);
- providing other cash and in-kind benefits, such as food items or meals (India, Jamaica) or cash transfers to ensure access to food (Federal District (Brazil), Indonesia);
- additional support for particularly vulnerable populations, such as homeless persons (El Salvador, France, Spain).

Family leave and care policies
With the closure of schools, universities and childcare services in more than 100 countries, impacting more than 800 million children and youth (UNESCO 2020), family leave policies have moved to the centre of attention (UNICEF, ILO, and UN Women 2020). They are particularly important to support those who cannot telework in a situation when many support structures are closed. Policies include:
- introducing or expanding special family leave to support working parents affected by the closure of schools (France, Italy), subsidizing employers for providing paid family leave (Japan) or providing cash transfers or vouchers for babysitting or other childcare services, especially for health-care workers (Italy, Poland, Portugal, Republic of Korea);
- maintaining childcare facilities for children of health-care workers (Austria, France, Netherlands);
- supporting those who provide long-term care for older family members who may be particularly vulnerable to the coronavirus.

Temporarily modifying the payment of social security contributions and tax payments for enterprises
In order to alleviate the liquidity constraints that enterprises face, many governments are temporarily suspending the payment of social security contributions and taxes or taking other measures to allow greater flexibility in this regard (OECD 2020; ILO 2020c). While such measures can provide much-needed short-term relief to affected enterprises, it is essential that they do not undermine the future fiscal sustainability of government budgets and social security institutions, especially at a time when social protection systems need to meet increased demands. Measures taken include:
- allowing enterprises to postpone the payment of social insurance contributions and taxes (China, France, Hungary, Thailand, Viet Nam)

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^8^ For more detail, see SIFAR, University of East Anglia, and Helpage International (2020).

^9^ For more detail, see ILO (forthcoming (b)) and Gentilini, Almenfi, and Orton (2020).
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- suspending certain taxes on small enterprises and waiving enforcement measures and late-payment penalties (Germany, United Kingdom).

Adapting administrative procedures and delivery mechanisms
COVID-19 also has important implications for how benefits and services are administered and delivered. Measures taken include:
- expediting the treatment of requests or the processing of claims and subsequent disbursement of benefits (Australia, Canada, United Kingdom);
- waiving requirements for in-person visits and encouraging the use of online services (China, Ireland, United Kingdom), with support offered by phone to those who do not have access to online applications;
- adapting payment modalities to avoid crowding and higher risks at payment points (South Africa).

Policy considerations
The COVID-19 pandemic is a powerful reminder that, in our interconnected world, a weakness in one nation's health and social protection system poses a risk to public health everywhere. Global health inequalities must be addressed as a priority. Thus, the crisis has once again called attention to the importance of ensuring universal access to social protection systems that provide comprehensive and adequate benefits that meet people's needs. Countries that in the past decades have invested sufficient resources in building universal health and social protection systems are likely to be in a stronger position to respond to the COVID-19 crisis, while others will be reminded of the importance of doing so in order to better cope with the current crisis and weather future ones. ILO social security standards are based on the recognition of social security as an individual right and the general responsibility of the State to guarantee due provision of adequate benefits and the sustainability of social protection systems. Indeed, worldwide, States have stepped in to organize the response to the current crisis, seeking to protect the people and reduce the social and economic fallouts of the crisis.

To enable States to effectively discharge this general responsibility, ILO standards call on them to “take all measures required for this purpose” in a timely manner. Realizing the universal right to social security demands that everyone has access to medical care and income security if and when needed, giving priority to those who are particularly vulnerable. At the same time, States have the responsibility to safeguard and restore the long-term viability of the social protection system, including, once conditions allow, by paying off former debts contracted by the State and envisaging sufficient budgetary allocations to cover the State's future commitments to social security. The participation of the representatives of protected persons and employers in these decisions is essential.

Relevant standards include the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), the Social Protection Floors Recommendation, 2012 (No. 202) and the Employment and Decent Work for Peace and Resilience Recommendation, 2017 (No. 205). Recommendation 205 calls on Members to undertake the following as quickly as possible in responding to crisis situations:
- seek to ensure basic income security, in particular for persons whose jobs or livelihoods have been disrupted by the crisis;
- develop, restore or enhance comprehensive social security schemes and other social protection mechanisms, taking into account national legislation and international agreements; and
- seek to ensure effective access to essential health care and other basic social services, in particular for population groups and individuals who have been made particularly vulnerable by the crisis.

It also provides that in order to prevent crises, enable recovery and build resilience, Members should establish, re-establish or maintain social protection floors, as well as seek to close the gaps in their coverage, taking into account Convention No. 102, Recommendation No. 202 and other relevant international labour standards.

Box 1: ILO social security standards and their relevance for the COVID-19 crisis response

ILO social security standards, as well as related standards, establish basic principles and key parameters for realizing the human right to social security. They are the result of international tripartite consensus and are intended to ensure the stability and sound governance of national social protection systems, enabling them to provide adequate medical care and income security throughout people's lives (ILO 2017, 2019d, 2019a). They are instrumental in guiding response measures and ensuring the protection to all those in need. These standards are based on the recognition of social security as an individual right and the general responsibility of the State to guarantee due provision of adequate benefits and the sustainability of social protection systems. Indeed, worldwide, States have stepped in to organize the response to the current crisis, seeking to protect the people and reduce the social and economic fallouts of the crisis.

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Countries should prioritize support for those who are particularly vulnerable to the crisis, including workers in the informal economy; should ensure that their immediate needs are met, including access to health care and income support; and should also take practical measures, such as providing food and soap or establishing hand-washing stations in public spaces (Alfers 2020).

Social protection is not merely a stopgap response, with only residual, transitory and fragmented safety nets in addition to market solutions for those who can afford them: crisis response policies should also contribute to realizing universal health coverage and building universal social protection systems, including floors, in line with SDG targets 1.3 and 3.8 (United Nations 2019; USP2030 2019; ILO 2019d).

Effective crisis responses depend on sustained social dialogue and the meaningful participation of social partners and other stakeholders in tackling the causes and consequences of the crisis, as well as ensuring a swift response that leads to recovery and social stability (ILO 2020a): in view of the significant impact of the crisis on workers and their families as well as businesses, joint responsibility will contribute to fostering stability (IOE and ITUC 2020).

Taking into account that women and girls are particularly affected by the crisis, ensuring the gender-responsiveness of policy responses is essential.

Social protection responses to the COVID-19 crisis should be coordinated with other economic and social policies, including labour market and employment policies, and policies promoting occupational safety and health.

Ensuring the sustainable and equitable financing of social protection in times of crisis and beyond

Social protection systems play an important role in mobilizing resources to respond to the COVID-19 crisis, yet it is necessary to consider also their sustainability in the longer run. In particular:

Robust social protection systems have in place financial buffers to address the double challenge of increased expenditure and reduced revenue, yet a large-scale crisis may require significant additional funding allocations for social protection in order to ensure the provision of adequate and comprehensive benefits and services to all those who need them. After the immediate impact of the crisis has passed, these financial buffers will need to be refilled through sustainable and equitable financing structures, usually drawing on a combination of taxation and social insurance contributions, as well as an accommodating macroeconomic policy framework.

In countries that do not yet have sufficiently solid health and social protection systems in place, further efforts will be necessary in order to ensure an immediate crisis response and the necessary investments to build their social protection system. For some countries, temporary external support may be necessary to safeguard the necessary investments in health, education and social protection and expand their fiscal space to build solid health and social protection systems (IMF 2019).

As governments assemble their fiscal stimulus packages, they should strive for a judicious balance in assigning proportionate financial support to enterprises to retain their workers, as well as income support and employment services for those who have lost their jobs. In addition, there are additional social protection needs, including for sickness benefits (particularly for those not covered by statutory paid sick leave), social assistance, and – most importantly – in ensuring effective access to health care.

Experience from previous crises shows that the first signs of recovery are often accompanied by calls for austerity and fiscal consolidation that can undermine the progress made. It is imperative that countries sustain their social protection measures and social spending when the immediate health crisis subsides in order to ensure that people are protected against the adverse economic and social consequences that might materialize overtime, as well as any future crises. Furthermore, as crisis-response measures have included the temporary suspension or reduction of social insurance contributions and taxes, appropriate measures will need to be taken to ensure the financial sustainability of social protection systems while guaranteeing the adequacy of their benefits.

Preparing for the future

The COVID-19 crisis has served as a wake-up call by exposing serious gaps in social protection systems around the world. Governments, together with social partners and other stakeholders, should take this opportunity to strengthen their social protection systems, including floors, as a cornerstone of national social and economic policy architecture. In particular:

The comparative advantage of a universal social protection system that reaches everyone is that it is automatically primed to protect all those affected by a shock. Social protection transfers can be scaled up quickly and with relative administrative ease. In complex, fast moving and unpredictable crises like COVID-19, universalism is preferable to targeted approaches. This is especially true where targeting capacity is more limited and a very high proportion of the population is vulnerable. Universalism makes more practical sense than ad hoc efforts to “effectively” target, the limitations of which are well documented.

It is critical that social protection systems are well prepared to respond to crises, whether these relate to epidemics, climate change or economic shocks. This requires continuous investments in expanding the reach and adequacy of universal social
The crisis has renewed public and political awareness of the importance of social protection, and that adequate health care and social protection should be available to all, ex ante, in order to contend with shocks such as health pandemics. This calls for reaffirming the principles of social solidarity that underpin universal social protection and its centrality to ensuring socially just societies (ILO 2019e).

The COVID-19 crisis has revealed the worrying consequences of coverage and adequacy gaps in social protection for some categories of workers, such as part-time workers, temporary workers and self-employed workers. It has highlighted the importance of ensuring adequate social protection coverage for workers in all forms of employment that is adapted to their circumstances, in line with international social security standards and the ILO Centenary Declaration for the Future of Work. This is particularly the case for benefits that have low coverage and are often overlooked, such as sickness benefits and unemployment protection. The crisis has expedited much-needed reform by compelling numerous governments to temporarily extend social protection to uncovered groups by introducing extraordinary measures and legislation. Going forward, stopgap measures should be transformed into sustainable social protection mechanisms for these categories of workers, based on a fair sharing of the cost between employers, workers and governments, ensuring compliance with labour and social security legislation (ILO 2016, 2019b; OECD 2018, 2019, 2020a). This is an important step towards promoting decent work and supporting transitions from the informal to the formal economy.

Social protection must be seen as an investment and not as an additional cost. Previous crises have confirmed social protection’s vital role as a social buffer and economic stabilizer that is integral to the smooth and successful functioning of society. The positive role of social protection as an essential tool to mitigate the negative fallout from shocks is well established. If adequately supported in this crisis, its value will be emphatically underlined once more.

References


10 The Global Partnership for Universal Social Protection (USP2030) supports countries to design and implement universal and sustainable social protection systems, in line with the 2030 Agenda for Sustainable Development, in particular SDG target 1.3.

11 See also Global Commission on the Future of Work (2019); ILO (2019c).


