COVID-19 Social Protection and Economic Policy Responses of Governments

Lessons for Social Protection Readiness and Building Forward Better

Global policy brief

UNITED NATIONS

Introduction

Faced with the gravest crisis since the beginning of the century, Governments and decision makers worldwide were required to provide support for existing vulnerable groups, while tackling new vulnerabilities brought by the devastating socioeconomic repercussions of COVID-19. Social protection thus came to the fore of policy priorities and concerns.

Government responses on social protection and economic policy support have varied across countries and regions due to factors including fiscal space, readiness of social protection systems, technology readiness, availability of social registries, as well as dynamics of economic and political systems. Nevertheless, all Governments worldwide have extended some form of social and economic support for lives and livelihoods.

Understanding patterns emerging from related policy actions provides important lessons for strengthening government responses to future crises and peer learning. Efforts have already been exerted to analyse social protection policy responses on the one hand,[1] or fiscal support responses on the other.[2]

In an unprecedented effort, the United Nations has gathered all social protection and economic policy support measures of the Governments of the Member States of the United Nations in one digital platform, the COVID-19 Stimulus Tracker. This global tool aims to facilitate analysis of (a) equity and adequacy of social protection and economic policy responses to the COVID-19 pandemic; (b) coverage to identify beneficiaries and those left behind; and (c) innovative measures of fiscal support and other policy support extended by Governments across countries and regions. The Tracker also allows the production of estimates to assess additional financial needs for impact mitigation, taking into consideration global, or regional, average benchmarks. Providing a wealth of information, the Tracker is an important reference to inform peer learning for policy actions, strengthen policymaking capacity, and improve government readiness to formulate ...effective policy responses to future shocks including social protection for informal sector workers and the most vulnerable populations in the world. It is a hands-on tool for policymakers, practitioners and researchers for situation assessment and determination of social protection system profiles through country and regional comparison.

1 The COVID-19 pandemic: impact on lives and livelihoods

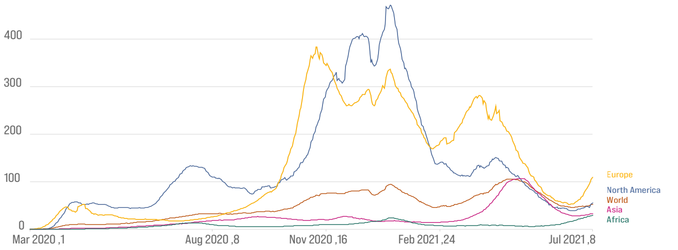
COVID-19 has impacted the lives and livelihoods of millions of people across the globe, adversely affecting the global economy and reversing significant progress made towards the Sustainable Development Goals (SDGs). The pandemic has created new vulnerabilities while accentuating existing ones. The poor and middle class have been hit particularly hard.

World output has contracted and debt levels have risen such that half of low-income countries are either already in debt distress or at high risk of such distress. Fiscal deficits have surged globally, going above 10 per cent of global gross domestic product (GDP). Remittance flows to low- and middle-income countries have declined. Global job losses, assessed on the basis of loss of working hours, are historic, especially in the informal sectors (Table 1).

Since the outbreak, poverty and inequality have been on the rise. In 2020, the number of chronically food insecure persons doubled. The number of migrants, refuges and internally displaced persons (IDPs) increased. COVID-19 has caused nearly 4 million deaths worldwide by 1 July 2021.

Who are the hardest hit? COVID-19 fatality rates for older persons (> 80 years of age) were five times the global average in April 2020.[3] Persons with disabilities, especially those living in institutions, were found at greater risk of contracting the virus and dying from it,[4] or of suffering from severe health conditions[5] and discrimination in access to health care and life-saving procedures.[6] About 66 million children risked falling into extreme poverty in 2020. Closure of schools and online distance learning have raised the risk of physical and online violence and abuse.[7] Across every sphere, from health to the economy, from security to social protection, COVID-19 repercussions are exacerbated for women and girls, who form the majority of health-care providers and informal sector workers.[8]

Figure 1: Daily new confirmed COVID-19 cases per million people



Source: ourworldindata.org/coronavirus

Table 1. Impact of COVID-19, Global

Indicator	2019	2020
Food security (People acutely food insecure) (Mil.)[i]	135	265
Migrants (Mil.)	272	281
Refugees (Mil.)	25.9	26.4
IDPs (Mil.)[ii]	50.8	55
World output (Annual % change in GDP)[iii]	2.3	-3.5
General government fiscal balance (% of GD)P[iv]	-3.6	-10.8
World trade (Annual % change in trade volumes)	0.9	-8.5
Remittance flows (Annual % change in remittance flow to low and middle-income countries)[V]	3.2	-7.0
Jobs (% Working-hour loss (Mil. FTE jobs))[vi]	-	8.8 (255)

[i] WFP: COVID-19 will double number of people facing food crises, April 2020
[ii] UN SG Policy Brief on COVID-19 and People on the Move, UNHCR and IDMC data
[iii] IMF WEO, April 2021
[iv] IMF WEO, April 2021.
[v] World Bank & KNOMAD staff estimates, October 2020
[vi] ILO Monitor: COVID-19 and the world of work. Seventh edition, January 2021

Table 2. Indicators of state of condition across regions

REGION	INDICATORS						
	Human Development	Health		Settlement Hazards	Job Security	Connectivity	Social Security
	IHDI 2019	Physicians (per 10,000 people)*	Hospital beds (per 10,000 people)*	Urban population in slums (millions)*	Vulnerable employment (% of total employment, 2019)	Mobile subscriptions (per 100 people, 2018)	Pension recipients (% of old-age population)*
Arab States	0.531	10.4	14	129.81	25.1	100.3	..
East Asia + Pacific	0.621	15.8	36	322.34	46.4	117.6	85.8
Europe and Central Asia	0.697	26.9	48	..	28	107.3	96.4
Latin America and Caribbean	0.596	22.7	18	101.69	33.2	103.7	87.9
South Asia	0.475	8.7	6	171.79	68.9	87.7	25.6
Africa (without North Africa)	0.38	2.3	9	201.45	74.2	76.6	23.9
LDCs	0.384	2.7	7	181.72	73.2	70.6	23.6
SIDS	0.549	23.1	25	..	40.5	80.3	..
OECD	0.791	29.2	47	..	12.8	119.7	98.9

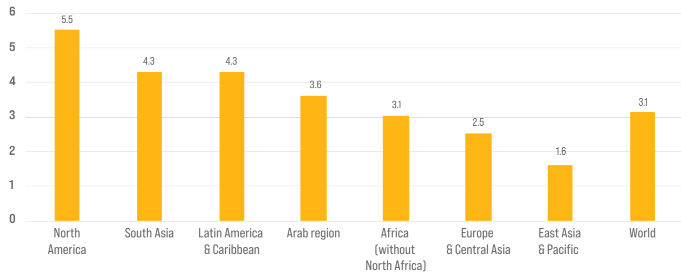
Note: * implies latest data during the period 2010-2019

COVID-19 has affected all regions, with differences due to regional specificities and vulnerabilities. The level of human development; access to affordable health services; human settlement and employment conditions; and the level of digitization and connectivity, among other factors, contributed to such differences.[9] Stronger economies with advanced institutional capacities, health systems and Internet connectivity are better placed to execute or enhance social protection responses. Members of the Organisation for Economic Co-operation and Development (OECD) were better prepared to deal with the pandemic, while developing regions were expected to struggle given their limited fiscal space and poor health and social protection infrastructure (see table 2).

To contain the spread of the virus, developing countries have adopted more stringent measures for higher numbers of days than that most high-income ones. According to the Stringency Index,[10] South Asia, Latin America and the Caribbean, and other developing regions had more containment measures (SI>0.6 implies implementation of 6 out of 9 containment measures) for a higher number of days in 2020 than Europe and Central Asia, and East Asia and the Pacific (Fig.2). The higher the score, the higher the adverse impact on jobs and incomes.

Social protection is at the core of the implementation of the 2030 Agenda for Sustainable Development. The International Labour Organization (ILO) estimated that only 45 per cent of the global population was effectively covered by at least one social protection benefit, pre-COVID. Only 29 per cent of the global population was covered by comprehensive social security systems that included the full range of benefits, from child and family benefits to old-age pensions; while 71 per cent were not, or were only partially, protected.

Figure 2. Level of stringent measures (% of days in a week, SI>0.6) 2020



Source: Based on Oxford COVID-19 Government Response Tracker

Following the outbreak of the crisis, demand for social protection virtually exploded. In order to meet emerging needs in the highly challenging context of a global pandemic, Governments had to break new ground and opt for novel radical measures. As of May 2021, the number of social protection responses by all Governments worldwide had reached 1,850,[11] as compared with 103 policy responses in March 2020. More importantly, many of the innovative policy responses implemented during the crisis, as well as the lessons learned, could have long-lasting positive impacts and help countries "build forward better" while leaving no one behind.

2 How have Governments responded?

1. Understanding support measures

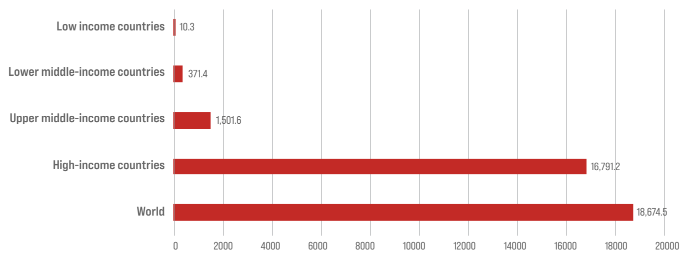
Social protection can be conceptualized in multiple different ways. For the purpose of the COVID-19 Stimulus Tracker, a relatively broad definition has been adopted in order to capture as many government measures as possible. This definition encompasses four overarching policy categories, namely social assistance (including direct support in the form of cash or in-kind transfers but also more indirect support, for instance waivers or bills and fees); loans and tax benefits granted to individuals (including exemptions, reductions, or deferments of taxes, customs duties, interest rates or interests); social insurance (including contribution waivers in addition core benefits such as pensions and health insurance); and labour market measures (including wage subsidies, paid leave, adjustment of labour regulation or working hours as well as training).

A conceptual distinction can be made between contributory and non-contributory social protection. Contributory social protection, which is often considered to be synonymous with social insurance, is in principle financed by contributions paid by employers and employees. Eligibility for benefits is furthermore limited to contributors, meaning that informal sector workers and economically inactive persons tend to be excluded. Non-contributory social protection, on the other hand, consists of measure that are financed out of general government revenue and provided either to selected groups (targeted provision) or to everyone (universal provision). The term social assistance normally signifies all or some forms of non-contributory social protection.

In practice, the distinction between contributory and non-contributory social protection mechanisms is more fluid than the theoretical classification would suggest. For instance, Governments sometimes subsidize the social insurance contributions of certain groups, who are thus covered on a (fully or partly) non-contributory basis. Particularly during crises, when the demand for social protection increases rapidly, Governments may use the social insurance infrastructure to provide supplementary benefits. Such benefits are frequently financed out of general government revenue (rather than by contributions). For these and similar reasons, a number of policy responses featuring in the Tracker are classified as non-contributory despite falling within the policy category of social insurance.

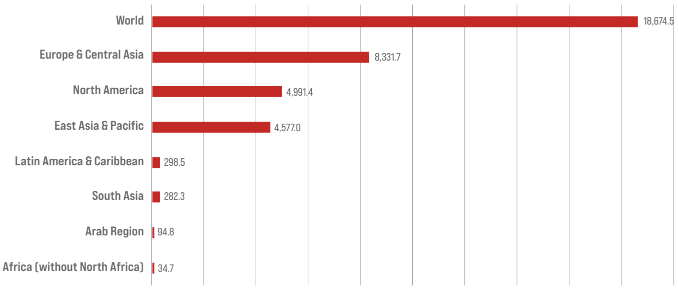
Furthermore, in the context of COVID-19, social protection and economic policy responses are often announced by Governments, which do not clearly distinguish public expenditure allocations to each policy measure. Announcements often lump up policy measures and amounts, which implies that the disaggregated amount of support for each policy measure is not available in such cases. The amount of support for such a basket of policy measures may be within one policy category or across different policy categories. These cases are referred to as fiscal support for "multiple policies". In such cases, the beneficiaries are also combined, and a clear

Figure 3. Government fiscal support ($ billions), by income level of countries, global



Source: The figures 3 through 15 are based on COVID-19 Stimulus Tracker.

Figure 4. Government fiscal support ($ billions), by region



disaggregation of beneficiary support is not be available. Furthermore, the monetary values of some fiscal measures such as tax exemptions, rental waivers or fee waivers, are often not provided in the policy announcements. Imputing such kind of values is beyond the scope of the Tracker at this stage. These limitations need to be taken into account when interpreting government fiscal support for specific policy measures or for beneficiary populations.

2. Fiscal stimulus for social protection and economic policy support

Inequality in government fiscal support to mitigate the impact of the pandemic is evident from the pattern of how Governments have reacted according to their

Figure 5. Share of government fiscal support by type of policy (by income level of countries)

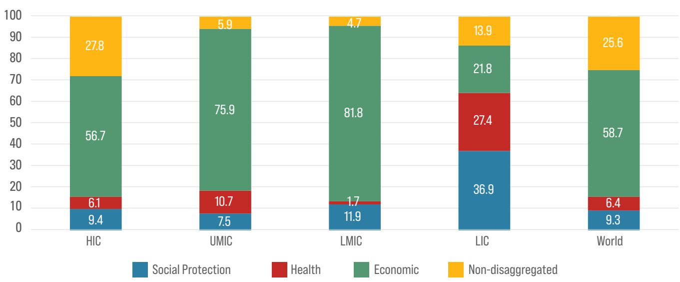
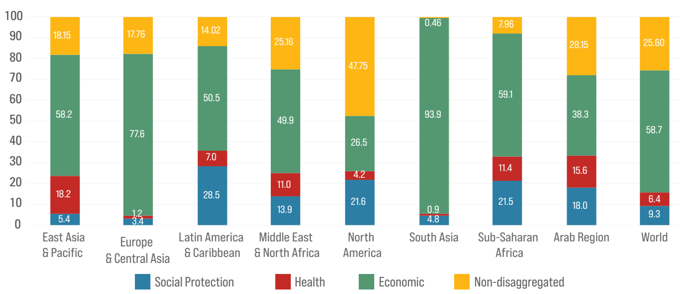


Figure 6. Share of government fiscal support by type of policy (by region)



income levels. Out of total global fiscal support of $18.7 trillion, the 62 high-income countries (HIC) have extended $16.8 trillion (or about one third of their GDP of 2020); the 103 middle-income countries (MICs), comprised of lower and upper middle-income ones, have extended about $1.9 trillion (or about 6.2 per cent of their GDP of 2020), and the 29 low-income countries (LICs) have extended only about $10 billion (2 per cent of their GDP of 2020) (fig.3).

Regionally, Europe and Central Asia, North America, and East Asia and the Pacific, which are home to the richest nations, have extended 96 per cent of total fiscal support globally. The regions that have high fiscal constraints such as Latin America and the Caribbean, South Asia, the Arab region and Africa (without North Africa), account for only 4 per cent of total global fiscal support (fig.4).

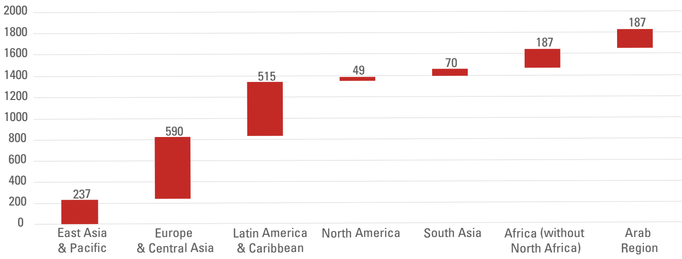
As mentioned earlier, fiscal support for social protection can be aggregated for policy measures related to social assistance, loans and tax benefits, social insurance, and labour market interventions. Fiscal support in low-income countries has largely amounted to social protection related support, with only about 21 per cent going to economic policy support. A larger share of fiscal support goes to economic policy support in MICs and HICs (fig. 5). Globally, about 9 per cent of fiscal support is spent on social protection; 6 per cent is extended to health-related support; and about 60 per cent is spent on economic support (fig.6). A quarter of total fiscal support is not disaggregated, hence not clearly distinguishable for the purpose. Furthermore, a large part of social protection measures consists of forgone revenues for Governments that are not counted in fiscal support in terms of cash spent.

3. Number and type of social protection interventions

Globally, from January 2020 to mid-May 2021, there were about 1,850 social protection interventions in the context of COVID-19 policy support (fig.7). Three quarters of those are non-contributory.[12] The majority of interventions, or about 60 per cent, are in Europe and Central Asia, and Latin America.

The readiness of social protection systems is a key factor that determines the type of response interventions. It has been noted that social assistance measures constitute the major share of COVID-19 social protection interventions in most regions. About 70 per

Figure 7. Number of social protection interventions (by region)



cent of social protection interventions are in the form of social assistance in Africa (without North Africa). South Asia, Latin America and the Caribbean, East Asia and the Pacific, and the Arab region also have relied heavily on social assistance interventions (fig.8).

Countries with limited fiscal space have relied on measures such as utility waivers, reduction of government fees and subsidies to housing, which are in the form of forgone revenues for Governments rather than cash assistance from treasury. These measures are the majority of social protection interventions in low-income countries (Fig.9). For example, to minimize the economic impact of COVID-19, the Government of Maldives subsidized 40 per cent of electricity bills and 30 per cent of water bills for two months. The Democratic

Figure 8. Distribution of number of social protection interventions (by region)

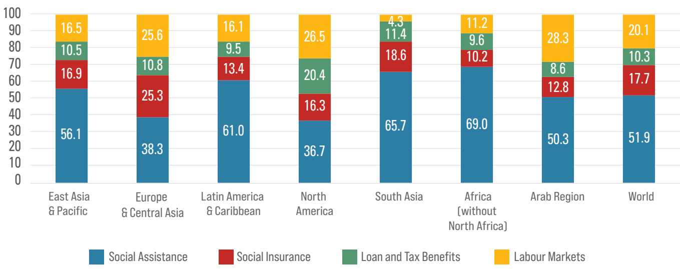
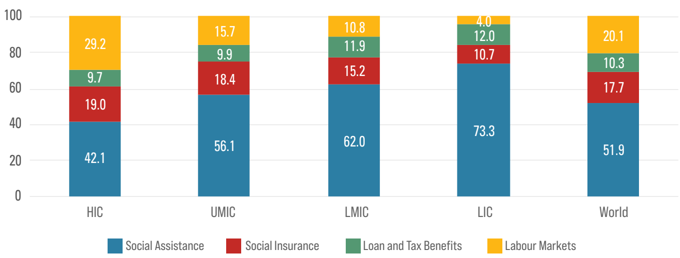


Figure 9. Distribution (%) of number of social protection interventions (by income level of countries)



Republic of the Congo provided water and electricity to all households free of charge for two months. Guinea and Burkina Faso have announced waivers on payment of utility bills for the most vulnerable during the confinement period as well.

Social insurance and labour market measures constitute half of social protection measures in high-income countries. These measures are about a quarter in middle-income countries; and only about 15 per cent in low-income ones.

4. Who has benefitted? Who was left behind?

Out of total fiscal support announced by Governments to people and the economy, 10 per cent of the amount clearly has people as beneficiaries; another 25 per cent goes to either small and medium enterprises (SMEs) or non-SEM businesses. About 65 per cent of the amount is not well disaggregated to identify people or business as beneficiaries (fig.10).

Globally, a share of about 54 per cent of fiscal benefits extended by Governments goes to employees and self-employed persons, including formal and informal sector workers (fig.11). The share that goes to employees and self-employed persons is 85 per cent in East Asia and the Pacific; 80 per cent in Europe and Central Asia; and 68 per cent in the Arab region. In South Asia and Africa (without North Africa), a higher share of fiscal benefits of social protection policy measures goes to individuals and families or specific vulnerable populations including patients, persons with disabilities, imprisoned persons, homeless persons, poor households, and female-headed households. For instance, in Bangladesh, the Government allocated $0.2 billion under a housing scheme for homeless persons. Mauritania has allocated $0.14

Figure 10. Fiscal support to people and economy (% distribution)

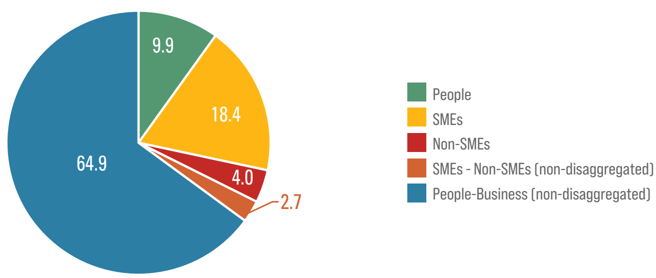
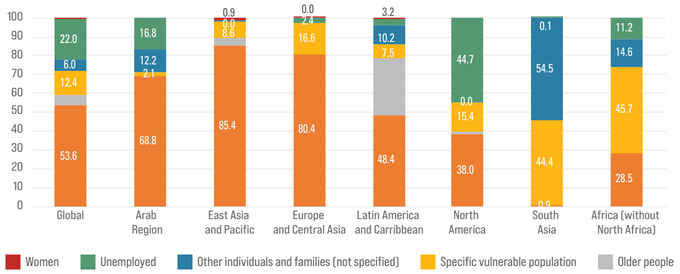


Figure 11. Beneficiaries of government fiscal support for social protection



billion to support 30,000 households headed by women, the elderly and persons with disabilities. The Angola "Strengthening the National Social Protection System (Cash Transfer) Project" supports the cash transfer programme "Kwenda". The first phase of the cash programme started in May 2020 to provide temporary income support to poor and vulnerable families including those affected by the economic crisis. In Mexico, financial support of around $1.9 billion was announced for older persons and persons with permanent disabilities.

Globally, most Governments have extended social protection support to employees and self-employed, and to people in general (those having no pre-existing vulnerability characteristic) in the context

Figure 12.Number of countries (out of 194) having social protection policy measures to support the type of beneficiaries

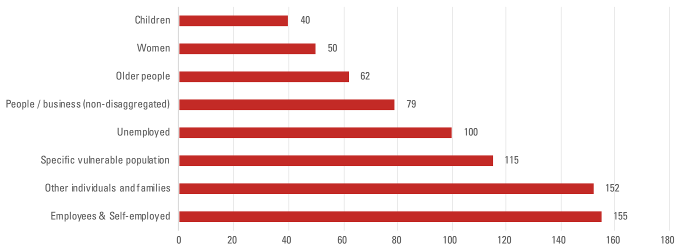
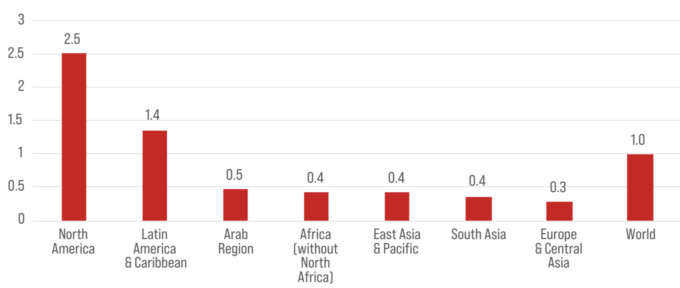


Figure 13. Social protection support per capita as a share of per capita income (%)



of COVID-19 (fig.12). As per the records, 155 countries have support measures for employees and self-employed persons; 152 countries have support measures for individuals and families in general (these may be the new vulnerable population); 115 countries have measures for specific vulnerable populations; and 100 countries have measures benefitting the unemployed.

The amount of social protection support relative to per capita income of a country, or average at the regional level, shows a rough adequacy measure of social protection support. Worldwide, average social protection per capita is 1 per cent of global per capita income. In most developing regions, it varies between 0.4 and 0.5 per cent of per capita income (fig.13). In Latin America, it is 1.4 per cent of per capita income, indicating a share higher than global average. However, assessing coverage and adequacy of the amount of support, requires more micro-level information from the implementation of policies, which are not clear from the limited information available from the announcement of policies.

5. Fiscal support vs. loss of incomes, loss of jobs and level of stringent measures

Government fiscal support in the developing regions is disproportionately lower than that of the world when compared with loss of incomes,[13] loss of jobs on the basis of loss of working hours,[14] and imposition of a high level of containment measures, as measured by stringency score > 0.6.[15]

The radar chart shows contrasting patterns across regions, especially between low- and middle-income ones on the one hand and high-income ones on the other. The contrasts between regions and world are significant (fig 14a-d). For instance:

World: A higher fiscal response is evident, aimed at mitigating the adverse impact of containment measures, loss of jobs and loss of incomes.

Arab region: The dip "V" (loss of per capita GDP) and the peak "^" (loss of working hours) are prominent.

Africa (without North Africa): The dip "V" (loss of per capita GDP) and the peak "^" (loss of working hours) are prominent.

Figure 14a. World

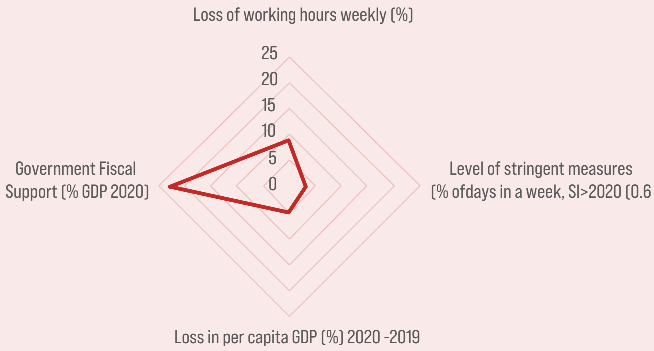


Figure 14c. Arab Region

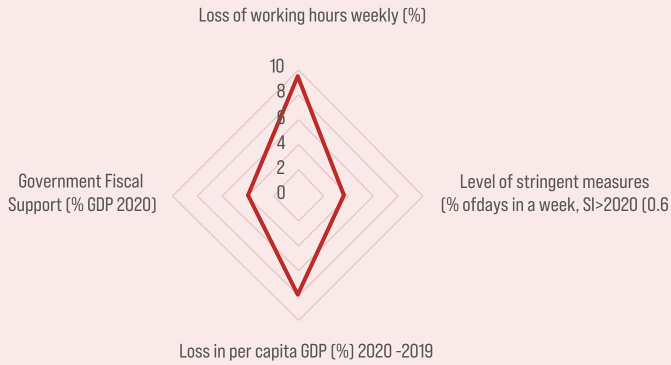


Figure 14b. Europe & Central Asia

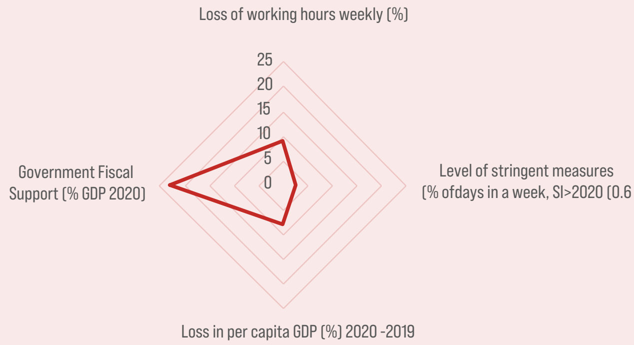
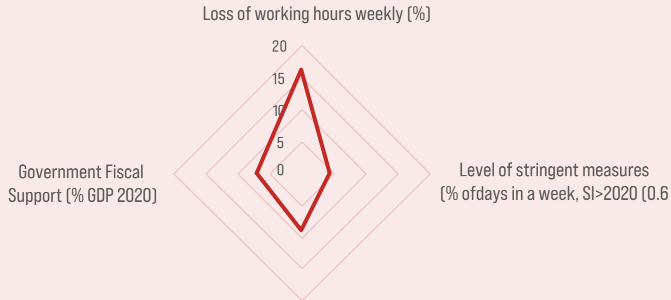


Figure 14d. Africa (without North Africa)



Sources: Based on COVID-19 Stimulus Tracker; IMF; ILO; Oxford COVID-19 Government Response Tracker.

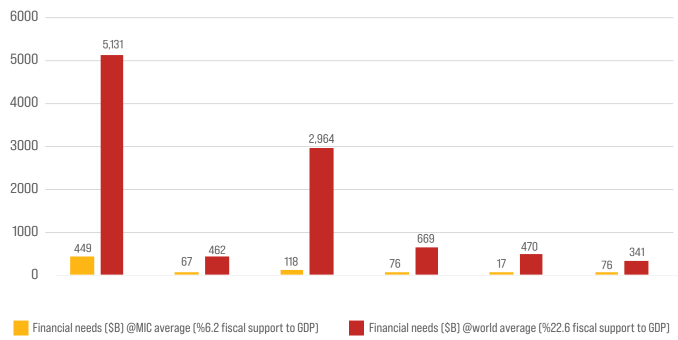
Similarly, other developing regions also show a sharp drop in jobs and incomes, while fiscal stimulus is much lower than one would expect as per the global average.

6. Required additional financial needs

Considering the current global average fiscal support as a share of GDP as a benchmark (~ 22.6 per cent of GDP), the 132 low- and middle-income countries (LIC+MIC), which are falling short significantly, would require about $5 trillion of additional financing to extend support to their people and economy. Most of them (98 out of 132) are even falling short of meeting the average fiscal support extended by developing countries as a group. Considering the current average government fiscal support as a share of GDP in developing countries as a benchmark (~ 6.2 per cent of GDP), these 98 countries would require about $450 billion of additional financing (fig.15).

Financing gaps pose a significant challenge for low- and middle-income countries to keep up their pace of recovery and build forward better. The proposed new issue of special drawing rights (SDRs) amounting to $650 billion would be useful to many countries, but it is not enough. According to the existing quota of SDRs, low- and middle-income countries will receive only $202 billion. Therefore, there is a need for significant redistribution of SDRs considering the huge financial needs of developing economies for recovering from the pandemic.

Figure 15. Additional financial needs (Billion USD)



3 What is new in COVID-19 social protection responses?

Most Governments have responded to the COVID-19 pandemic with social protection policy measures targeting the new vulnerable populations facing its adverse health and economic consequences, in addition to continuing support to the pre-existing most vulnerable populations. Governments have also undertaken legislative reforms and innovated to improve the effectiveness of social protection. Improving coverage to include informal sector workers, migrants, or homeless persons, adopting gender-responsive measures, introducing digital innovations, mobilizing new ways of financing social protection are some of the areas where key lessons can be learned for improving social protection systems in the future. Examples from across regions are discussed in the following sections.

1. Horizontal expansion of policy measures supported informal sector workers

Across regions, Governments have expanded social protection horizontally, both by setting up new temporary schemes and enlarging the coverage of pre-existing ones. In Iraq, households were invited to apply for the emergency Minha grant between 11 and 16 April 2020, through a special online portal. Applicants already receiving an allowance from the State (e.g. a pension) were excluded through cross-checking with the Ministry of Planning and Labour database. In Egypt, the cash transfer programme Takaful and Karama was scaled up following the outbreak of COVID-19 such that the number of beneficiaries increased from less than 2.6 million in February 2020 to more than 3.4 million in November. Effectuating this expansion, the Ministry of Social Solidarity was able to select new beneficiaries directly from the programme's social registry, meaning that there was no need to collect new applications or verify eligibility (which is normally done through household visits) during the pandemic.

In Jordan, beneficiaries of the emergency Takaful II programme were encouraged to open e-wallets and receive their benefits through these. Consequently, the total number of e-wallet users in Jordan augmented by around two thirds. Similarly, the Tunisian Government accelerated the implementation of e-wallets and used these to distribute cash assistance. In the United Arab Emirates, employees of the federal Government in charge of underage children were granted leave with full pay during the pandemic.

In Asia and the Pacific, unemployment benefits, conditions and coverage were revisited in many countries where informal sector workers and migrants were temporarily covered in non-contributory schemes through innovative programmes and tools.[16] Thailand initiated an online registration form linked to other government databases for the informal sector workers to register and benefit from COVID-19 social assistance responses. In Sri Lanka, administrators processed emerging applications for daily vulnerable workers to get support through short-term payments. Indonesia also released the Kartu Pra-Kerja, which is an unemployment card programme through which 5.6 million informal sector workers received support based on their national ID numbers. In India, the Government launched a relief package that included income support to farmers, expansion of the food subsidy programme, and temporary additional income support to older persons, persons with disabilities and widows.

During the crisis, countries in Latin America and the Caribbean (LAC) implemented social protection measures in addition to those traditionally adopted (such as non-contributory measures providing cash transfers, food, and services to poor and vulnerable groups, etc.). The United Nations Economic Commission for Latin America and the Caribbean estimated that cash and in-kind transfers would reach 49.4 per cent of the population in the region. About 263 non-contributory measures were adopted in 2020 in 32 countries of the LAC region on top of the pre-existing contributory social protection measures targeting formal workers.[17]

2. Digital innovations improved delivery of social protection and health-related support

The digital economy has been of paramount importance in ensuring the continuity of activities across Governments, businesses and societies during times of social distancing and containment measures. Many Governments swiftly set up online platforms allowing households to apply for support from their homes. In some cases, Governments could rely on data collected prior to the outbreak of COVID-19. Special efforts were also made to ensure that the distribution of social insurance and social assistance benefits conformed to the rules of social distancing. In several countries this triggered an expansion of e-payment solutions and financial inclusion.

Jamaica, for example, through its Programme of Advancement through Health and Education, granted Internet data to facilitate online learning. In Peru, the National Programme of Direct Support for the Poorest (Juntos) launched the Aló Juntos; a mobile phone application through which timely support to households was extended, mainly to those with children aged under one or pregnant women.

To control the spread of COVID-19, more than 120 technology-based solutions were tested or adopted in Africa, amounting to 13 per cent of the innovations designed worldwide. Most of the digital innovations were information and communications technology (ICT)-based, including WhatsApp chatbots (South Africa), self-diagnostic tools (Angola), contract tracing (Ghana), and mobile health information tools (Nigeria). Robots were introduced to support medical staff and mass screenings for fever at the airport in Rwanda. Medical devices were manufactured by 3D printing companies in Kenya. Industrial policies that required some technical upgrading involved the repurposing of existing manufacturing firms to meet the demand for personal protective equipment, sanitizers and testing kits—particularly in the garment industry in Ghana and Kenya.

In Senegal, the use of digital innovations in informal businesses to ensure productivity gains and employment is highlighted as part of social protection. Quality of jobs, in terms of average wages per worker, is also related to the adoption of digital technologies. In a survey of firms, it is noted that average wages in firms that use external-to-firm solutions are between 1.5 and 2.4 times higher than wages in non-user firms. When adopting new technologies (e.g., new machinery and equipment or software), most firms (78 per cent) do not change the number of workers and more than one in four firms offer some training to current workers. Only 2 per cent of the firms that were surveyed reported job reduction, while 3.8 per cent reported increasing the number of workers (with similar skills) and 6.1 per cent reported hiring more qualified workers.[18]

An innovative way of turning the crisis into an opportunity can be learned from the Republic of Korea, which launched a virtual Smart Training Education Platform to provide vocational re-skilling training courses, mainly for young people.

3. Gender-sensitive measures supported women and men in caretaker roles

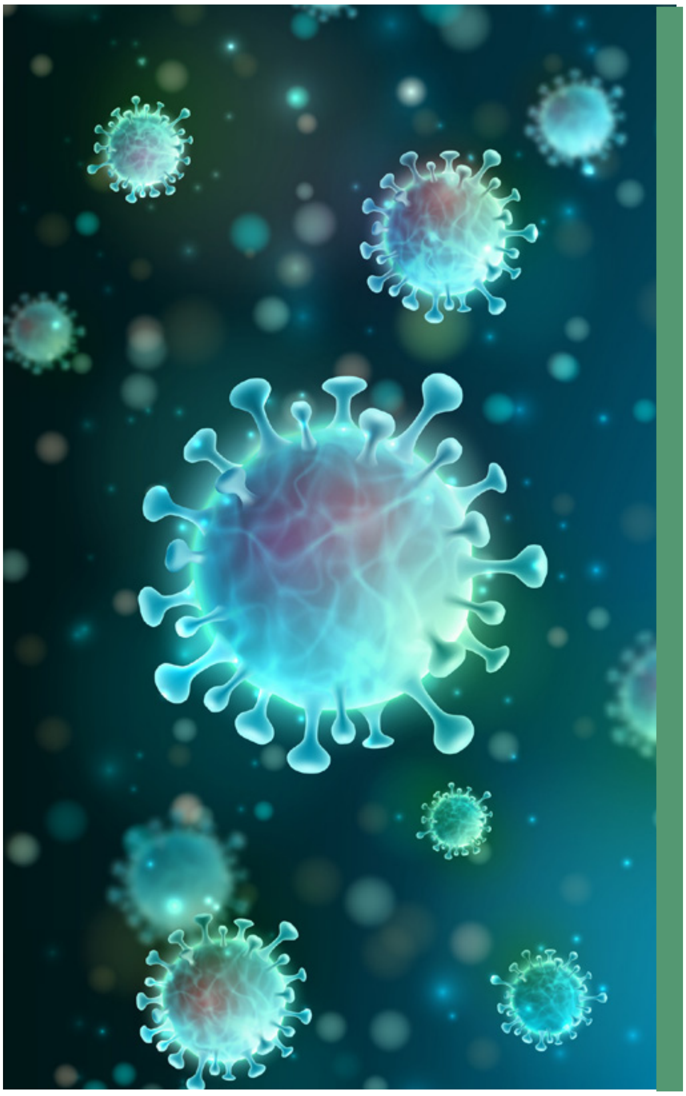
The crisis prompted Governments to adopt a variety of innovative measures related to the labour market. Many of these measures had a gender-sensitive aspect and recognized the caretaker role shouldered by women.

4. New financing mechanisms and solidarity between government and private donors improved mobilization of resources for social protection

Mobilizing the resources needed to realize the various social protection response measures often required the establishment of new financing mechanisms.

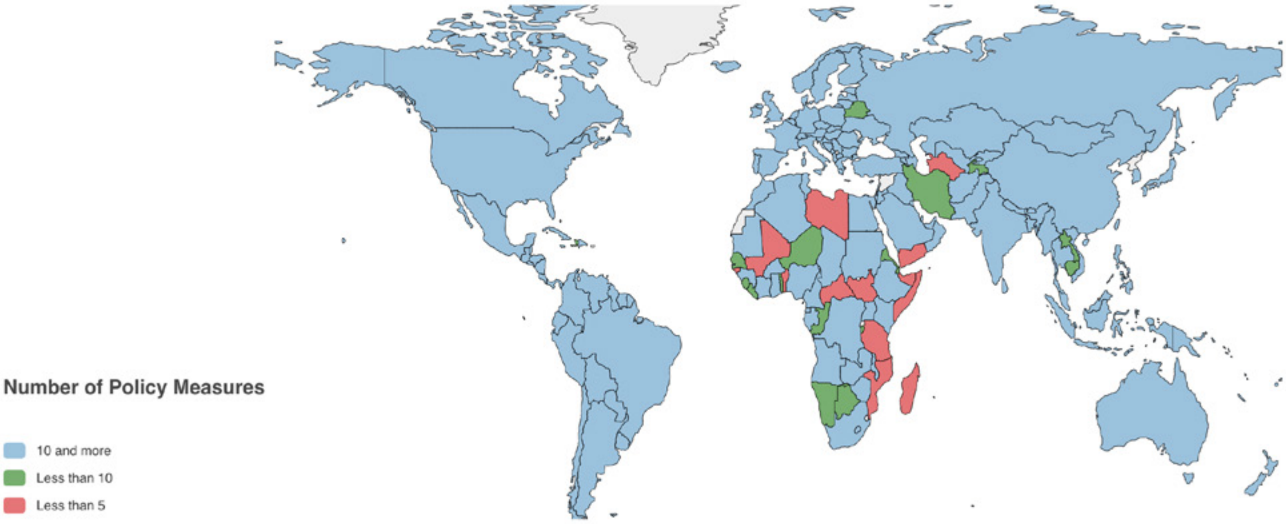
Several countries set up dedicated funds to that end.

In Morocco, the Special Fund for Managing the Coronavirus Pandemic was set up in March 2020 at the initiative of HRH the King. In addition to the 10 billion Moroccan dirhams (MAD) provided from the State treasury, the fund received an additional 23 billion MAD from other sources including regional authorities and private donors. The resources were in large part used to finance social protection measures such as the emergency cash transfers provided to about 5.5 million households of informal sector workers and the supplementary allocations received by formal employees in the private sector.



5. Legislative reforms enabled income support to formal workers

During the crisis, expanding social protection to informal sector workers became as important as protecting formal workers' incomes. In some LAC countries, laws and regulations were revisited to protect formal and self-employed workers to provide direct support to families and individuals. A decree was issued in Peru in April 2020 to allow formal workers who had not paid their contributions for six months or more to withdraw up to $563. It was then followed in November 2020 by another law that allowed withdrawals of about $4,845 for members who had not made contributions for 12 months until 31 October 2020. In Chile, a law was issued on 30 July 2020 allowing on once-only withdrawal of up to 10 per cent of the individual capitalization funds (a maximum equivalent to $5,559 and a minimum equivalent to $1,293). This law gave fund members one year (from the date of the law ratification) to make the withdrawals. Chile later amended the law to allow for a second withdrawal of an additional 10 per cent.



4 Building forward better: improving financial support and policy readiness

The analysis of COVID-19 policy responses presents new and updated findings at the global and regional levels, which can (a) inform the global discourse on financing needs for social protection and economic policy support; (b) help Governments in building effective social protection strategies, including readiness templates in response to future shocks; and (c) function as a knowledge platform for peer learning and helping countries to “build forward better” while leaving no one behind. Key messages include the following:

- Global fiscal stimulus shows sharp inequality between high-, low- and middle-income countries. The 132 low- and middle-income countries account for only 10 per cent of global stimulus while the 62 high-income countries account for 90 per cent of it. The wide disparity in fiscal responses to the pandemic, and also the current challenges of inequality in access to vaccine across countries, poses high risks for equity in global recovery and tends to increase global inequality in the post-COVID period.

- The pace of recovery is expected to be low in regions that have high fiscal constraints (and low fiscal stimulus as a percentage of GDP), such as Africa (without North Africa), the Arab region, Latin America, and South Asia, as against those regions that have extended significantly higher fiscal stimulus to their people and economy, such as North America, and Europe and Central Asia.

- Most countries extended social protection measures. Low- and middle-income ones have extended a larger number of social assistance interventions in the form of foregone revenues, such as utility waivers, rental waivers, tax exemptions, than cash transfers or income support programmes, which may be explained by their limited fiscal space.

- Few Governments resorted to fiscal assistance measures such as wage subsidies to employers and unemployment benefits, largely in high-income countries. Most low- and middle-income countries have provided support through regulatory measures in the labour market, with adverse consequences on jobs mainly in the informal sector.

- While policy measures target mainly individuals and families, the targeting mechanism is often not clear from the announcement (in terms of whether it is benefitting the poorest and the most vulnerable).

- Countries can learn from policy actions of their peers, by referring to the Tracker, to improve coverage and adequacy of their social protection programmes to enhance resilience and readiness to crisis.

- The COVID-19 crisis has proven that some countries need to revisit their social protection strategies and programmes to address shortfalls related to informal workers and non-registered vulnerable groups. Several innovative measures have been introduced by Governments worldwide, such as expanding the coverage of social protection to informal workers, migrants and specific vulnerable populations; including a gender-responsive aspect of social protection; leveraging digital innovation in delivery mechanisms of social protection; and enacting legislative reforms to support employees and the self-employed.

- A global call for supporting countries in formulating enhanced social protection systems is timely, including developing a response tool/template towards enhancing readiness of social protection systems to face future shocks.

- Meeting financing needs are key. The 132 low- and middle-income countries would require additional $5 trillion in fiscal stimulus to be at par with global average stimulus as a share of global output in 2020. Considering the current average government fiscal support as a share of GDP in developing countries as a benchmark (~ 6.2 per cent of GDP), the 98 countries that are short of the average would require at least $450 billion in additional finance.

- There is a need for improving official development assistance (ODA) and mobilizing finance, including through significant redistribution of SDRs, considering the huge financing needs of developing economies for recovering from the pandemic. The existing quota of SDRs for low- and middle-income countries can assist with only $202 billion out of the proposed new allocation of $650 billion by the IMF.[19]

ENDNOTES

1. Ugo Gentilini and others, "Social protection and jobs responses to COVID-19 : a real-time review of country measures", COVID-19 Living Paper, No 159043 (Washington, D.C., World Bank Group, 2021).
2. International Monetary Fund (IMF), Policy Tracker. Available at https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19.
3. World Health Organization (WHO), "COVID-19 Strategy Update - 14 April 2020".
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6. Samuel R. Bagenstos, "May hospitals withhold ventilators from COVID-19 patients with pre-existing disabilities? Notes on the law and ethics of disability-based medical rationing", 24 March 2020.
7. United Nations, Policy Brief: The impact of COVID-19 on children, 15 April 2020.
8. United Nations, Policy Brief: The impact of COVID-19 on women, 9 April 2020.
9. Data from the United Nations Development Programme (UNDP), Human Development Report 2020: The Next Frontier – Human Development and the Anthropocene, unless stated otherwise.
10. The Stringency Index score varies between 0 (no lockdown/stringency) and 100 (complete lockdown/stringency). The index is comprised of 9 containment measures including school closures; workplace closures; cancellation of public events; restrictions on public gatherings; closures of public transport; stay-at-home requirements; public information campaigns; restrictions on internal movements; and international travel controls. A score >0.6 implies application of strong containment measures with 6 out of the 9 containment measures implemented during the period under review.
11. COVID-19 Stimulus Tracker.
12. International Labour Organization, Social Protection Responses to COVID-19 Crisis around the World. Available at https://www.social-protection.org/gimi/ShowWiki.action?id=3417 (accessed 6 July 2021).
13. Data from the International Monetary Fund (IMF) (accessed 6 July 2021).
14. Data from the International Labour Organization (ILO) (accessed 6 July 2021).
15. See University of Oxford, Oxford COVID-19 Government Response Tracker (accessed 6 July 2021).

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Strengthening Social Protection for Pandemic Responses
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