



SHELTER FROM THE STORM

The global need for universal social protection in
times of COVID-19

Summary

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As 2020 draws to a close, the economic devastation caused by the COVID-19 pandemic shows no sign of abating. Without urgent action, global poverty and inequality will deepen dramatically. Hundreds of millions of people have already lost their jobs, gone further into debt or skipped meals for months. Research by Oxfam and Development Pathways shows that over 2.7 billion people have had no financial support from their governments in their time of need. Our analysis shows that 97% of the social protection support to the unemployed people, elderly people, children and families provided in low- and middle-income countries has been inadequate to meet basic needs. 41% of government support was only a one-off payment and almost all government support has now stopped.

Decades of social policy focused on tiny levels of means-tested support has left most countries completely unprepared for the COVID-19 economic crisis. Yet, countries such as South Africa and Bolivia have shown that a universal approach to social protection is affordable, and that it has a profound impact on reducing inequality and protecting those who need it most.

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Research for this report was conducted by Daisy Sibun, Stephen Kidd, Diloá Athias and Anh Tran of Development Pathways.

A table with research data, as well as additional information on the scope and adequacy of social protection responses with country examples, is available [here](#).

For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

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Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

Cover photo: Nuvis, 64, sells coffee and cigarettes at the Port of Maracaibo, Venezuela. Since the pandemic hit, she has been unable to earn enough to feed her family. Credit: Ivan Ocando.

SUMMARY

The COVID-19 pandemic is causing tremendous loss of lives and livelihoods. The virus itself, and the lockdown measures to contain it, have hit millions of people hard. Hundreds of millions of people have lost their jobs and income; the working time lost due to the lockdown just in the second quarter of 2020 was equivalent to 495 million full-time jobs.¹ Women workers in low- and middle-income countries in particular are suffering, as they work in the worst-affected sectors, such as garments, services and domestic work. The income of informal women workers dropped by 60% during the first month of the pandemic.² In almost every country, unless action is taken now, poverty is set to increase sharply for the first time in decades. While wealthy countries have injected \$9.8tn into their economies,³ including significant measures to support workers and the general population, the majority of low- and middle-income countries have not been able to deploy the same 'whatever-it-takes approach' to protecting their people and economies. According to the World Bank, when it comes to additional cash poured specifically into social protection programmes (including labour interventions, social assistance and social insurance), 28 rich countries have spent \$695 per person. In contrast, low- and middle-income economies invested from \$28 down to as little as \$4 per capita.⁴

The expected rise in extreme poverty due to COVID-19 is equivalent to a billion additional person-years spent in extreme poverty over the next decade.⁵ Nearly half of the world's population, 3.3 billion people, live on less than \$5.50 per person a day, and 1.8 billion live on less than \$3.20.⁶ About 10% of incomes have been lost globally, with higher losses in middle-income countries.⁷ This could force an additional 250 million people to live on less than \$5.50 a day, and 290 million more to live on less than \$3.20 a day.⁸ People in low- and middle-income countries are especially at risk.

SOCIAL PROTECTION

Universal social protection (USP) is one of the most powerful tools for governments to reduce inequality, vulnerability, poverty and need. It is an essential pillar of redistributive policies when it puts money that has been gathered through progressive taxation into the hands of those who have less. If designed with a gender lens, social protection can make a substantial contribution to gender equality and the empowerment of women. Building a USP programme is not only an affordable and effective means to protect the welfare of citizens and save economies in the short term by keeping or increasing the level of consumption, it is also a smart investment that is likely to boost economic development in the medium to long term. Investing in social protection becomes even more affordable over time, once countries begin the virtuous circle of

investing in USP and good quality public services,⁹ resulting in higher government revenues over the longer term.¹⁰

The virtuous circle of investing in USP and good quality public services



Source: Kidd, et al. (2020). *The social contract and the role of universal social security in building trust in government*. Working paper. Development Pathways.
<https://www.developmentpathways.co.uk/publications/the-social-contract-and-the-role-of-universal-social-security-in-building-trust-in-government/>

Before the pandemic hit, more than 4 billion people lacked access to any form of social protection.¹¹ Many governments, including in low- and middle-income countries, have taken the bold decision to invest in the expansion of social protection. According to the World Bank, the pandemic-related expansion of social protection transfers has reached 1.3 billion people globally.¹² This has required governments to dig deep into their domestic resources or to take loans from private or public banks. But has this been enough to avoid the exacerbation of poverty and inequality?

Sovann Vary, a 38-year-old single mother in Cambodia, lost half of her income as a domestic worker when her employer decided to reduce her hours due to the pandemic. With an income of just \$80 per month, she was no longer able to cover her expenses. Bravely, she decided to become an informal transport worker, which required a loan of \$5,000 to buy a tuk tuk. Earning \$3–5 per day, she is hardly getting by. When schools closed, she had to bring her daughter with her in the tuk tuk. Due to her considerable debt, she remains very vulnerable. As an informal worker, she has applied to join social insurance schemes and access the Health Equity Card with the help of the Tuk Tuk Workers' Association, but has had no response. She is not eligible for the pandemic support measures that the government has put in place.

OUR RESEARCH

Oxfam and Development Pathways have investigated the social protection cash transfers to respond to the COVID-19 crisis in 126 low- and middle-income countries between April and September 2020. The results of the research are published in a new Oxfam briefing paper and can be summarized in the following conclusions:

- **Expansion is possible.** 75% of the countries investigated have introduced cash-based emergency social protection through a 'horizontal' expansion of their social protection programmes (i.e. reaching more people), or by a 'vertical' expansion (i.e. increasing the value of the benefits).
- **Having social protection systems in place matters.** Countries with more robust social protection systems in place, such as South Africa, have been able to better protect their populations and their economies, although more could have been done.
- **Overall investment is low.** Across all low- and middle-income countries that have introduced emergency social protections, the average investment has been just 0.46% of GDP. Just two of these countries have reached 2%, the rule-of-thumb benchmark for avoiding deep recessions.
- **Too few people are protected.** Unemployment schemes do not exist in the majority of the countries analysed; they lack automatic mechanisms that protect people who lose their income. The emergency responses in 81% of the countries cover less than half their populations. In 29% of the countries, fewer than one in 10 people have been protected.
- **Women benefit less.** Very few schemes have taken into account the specific needs of women, although 49% of the schemes cover income or job losses of people not enjoying unemployment insurance, which may benefit the many women in precarious and informal employment. Direct support for care burdens is hardly ever integrated into national responses. Women might benefit indirectly from financial support to children or people with disabilities. However, these schemes are usually poverty-targeted, excluding many women in need.

- **Inadequacy of protection.** There is little a family can do if pay-outs are too small, irregular or do not last long enough. All of the benefits analysed provided to families are short-lived and too low to pay even for basic needs. In Colombia, a newly created scheme reaches 3 million households of informal workers with a monthly transfer equivalent to just 2.5 days of the national minimum wage.
- **Debt financing of social protection creates risk.** Of the 59 countries for which information is available, 41% are funding their social protection responses through domestic revenues backed up by financial support from international financial institutions through loans and temporary debt suspension. While temporary debt service suspension means postponing repayments into the future, loans mean an increase of debt owed. Both will eventually need to be repaid, possibly leading to deep cuts in future public spending.
- **Overseas development assistance (ODA) for social protection falls short.** Prior to the pandemic, supporting social protection policy development constituted only 0.7% of overall ODA by OECD donor countries in 2018.¹³ During the pandemic, ODA spending on social protection has rapidly increased, particularly ODA channelled through key multilateral donors. Real-time aid tracking data from the International Aid Transparency Initiative (IATI) shows that aid commitments to social protection increased by 182% in the first six months of 2020 (\$9.bn) compared to 2019 (\$3.2bn). However, this amount is still very low. Rich countries have only increased their aid to low- and middle-income countries for social protection by \$5.8bn – the equivalent of less than nine cents for every \$100 raised to tackle COVID-19.¹⁴

OXFAM RECOMMENDATIONS

Ten months into the crisis – as many countries are facing continued brutal economic recession and a second wave of the pandemic – there is an urgent need for every government to implement universal social protection measures to support their people. Every nation can do far more to help their people, and our research shows this is possible. Low- and middle-income countries should:

- **Increase their budgets for social protection by 2% of GDP on average,** to close existing financing gaps and ensure a minimum income package for children, elderly people, mothers and people with disabilities.¹⁵ This is the lesson from the best-performing countries. Only an investment on this level can act as an automatic stabilizer that supports faster economic recovery.
- **Maximize the poverty- and inequality-reducing effects of social protection** by aiming to reach all people with one or more benefits; delivering benefits to women, informal workers, migrants, refugees, young people and other groups often excluded; providing universal coverage to everyone who fits into one of the contingencies (e.g. people who are unemployed, those living with disability, maternity, etc.). Aiming for greater benefit adequacy, moving income

replacement social assistance benefits closer to at least the 15% GDP per capita benchmark.

- Promote a **gender-transformative approach** to social protection, which would allow women to better cope with excessive time scarcity, care burdens, domestic violence and their weakened position in the labour market. Recognition of unpaid care and domestic work as a crucial contribution to the economy and a shared responsibility is a necessary starting point.
- **Increase taxes on their richest citizens and corporations** in order to pay for universal social protection. New wealth taxes should be introduced to respond to the pandemic, as is happening in Argentina.¹⁶

Rich countries have a role to play in ensuring everyone has access to universal social protection, including by:

- **Establishing a Global Fund for Social Protection** that supports low- and middle-income countries in realizing social protection for all, through better and increased technical cooperation, and the provision of co-financing to incentivize low-income countries to invest more in social protection.
- **Significantly increasing the quantity of international aid in support of social protection** from the rich economies in the G20 and other OECD Development Assistance Committee members. Rich countries have only increased their aid to developing countries for social protection by \$5.8 billion – the equivalent of less than five cents for every \$100 raised to tackle COVID-19.
- **Cancelling debt, profoundly revising the Debt Service Suspension Initiative and extending debt relief.** A cancellation would make a huge difference, particularly in highly indebted countries. Our research shows that if the resources saved from debt relief were channelled into social protection, 26 countries could provide a six-month public transfer to everyone above the age of 60 at a level able to cover basic needs, and support to every person with disabilities and every child.
- **Allocating \$3tn in special drawing rights through the IMF,** alongside a commitment from the IMF and the World Bank to give immediate loans and grants without imposing conditions on future social spending, such as austerity.

Oxfam supports a rights-based approach to social protection all over the world.

In Cambodia, Laos and Vietnam, Oxfam supports cooperation between trade unions, informal workers' organizations, migrant workers' organizations and women's groups to jointly dialogue with the relevant government institutions for a more inclusive and comprehensive social protection system, especially for women and other marginalized workers. In Cambodia, national platforms engage with the National Social Protection Council to review the financial management and shock-responsiveness of social protection policies.

In the Occupied Palestinian Territory, Oxfam advocates for more responsive, inclusive and efficient social protection services. This is done through evidence-based advocacy on the impact of Israeli occupation policies and how they strongly affect different groups who are not targeted by governmental social protection schemes. Oxfam and its partner organizations lobby relevant Palestinian Authority institutions to improve targeting and ensure people affected by shocks are entitled to social protection coverage.

In Guatemala, Oxfam has taken the opportunity presented by the COVID-19 crisis to highlight the need to strengthen social protection policies. Together with other actors they have engaged in participatory research on the Bono Familia grant, which is provided to households according to their electricity consumption. Their research revealed that poor households without electricity were excluded from the grant. Evidence-based advocacy towards the government has resulted in improved support to the population in the most precarious circumstances through the Bono Familia programme.

At the global level, Oxfam is a member of the Global Coalition for Social Protection Floors and of USP 2030.

NOTES

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- 12 U. Gentilini, et al. (2020). *Social Protection and Jobs Responses to COVID-19*, op. cit.
- 13 See the ONE Campaign's Aid Dashboard: <https://public.tableau.com/profile/one.campaign#!/vizhome/ONEsAidDashboard/ODA-Dashboardpublic>
- 14 Real-time aid tracking data from the International Aid Transparency Initiative (IATI). <https://devinit.org/data/tracking-aid-flows-in-light-of-the-covid-19-crisis/#section-1-4>
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