

Social protection and social inclusion measures during the Covid-19 pandemic.

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in Latin America and the Caribbean: the role of interregional dialogue*

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Outline

- ❖ Social protection and social inclusion measures during COVID-19: an overview
- ❖ Social protection for non-standard workers and the self-employed

1. Social protection and social inclusion measures during COVID-19: an overview (1/1)

- **Overview of the main measures** put in place by countries to help address the social and financial distress created by the COVID-19 pandemic and by the lockdown policies (March 2020- June 2021)
- *Discussion of the **transformation potential of the reforms*** undertaken by countries
- *Identification of **remaining gaps*** in social protection systems and social inclusion policies

1. Social protection and social inclusion measures during COVID-19: an overview (1/2)

- Ten thematic areas
 - Unemployment benefit schemes
 - Job retention schemes
 - Schemes for the self-employed
 - Sickness benefits and sick pay schemes
 - Healthcare systems
 - Minimum Income Schemes (MISs) and other social assistance support
 - Housing
 - Essential services
 - Closure of schools and childcare facilities
 - Responding to other support needs

1. Social protection and social inclusion measures during COVID-19: an overview (1/3)

❖ **Sickness benefits and sick pay schemes**

➤ Measures on the following parameters:

- Reduction of required employment period or contributions (few states)
- Level of the benefits: increase of compensation rate and benefits' amount
- Duration: waiving waiting periods
- Funding: lightened financial burden on employers

➤ Covid-19 infection contracted at workplace recognised as occupational disease: specific sectors (healthcare and “essential” activities) or all sectors

➤ Issues:

- Eligibility conditions not changed in many countries: limited effective access
- Measures targeting only specific sectors of working population
- Measures targeting only schemes for cases directly related to Covid-19

1. Social protection and social inclusion measures during COVID-19: an overview (1/4)

❖ Healthcare systems

➤ Measures:

- Inclusion of Covid-19 treatment in universal coverage
- Inclusion of remote consultation and prescription in the benefit package
- Mobilisation of ambulatory care
- Extension of coverage to specific groups (socio-economic vulnerable groups, refugees and migrants) or to specific care services

➤ Issues and debates:

- Gaps in coverage and need to increase it
- Need to expand outpatient care and targeted in-kind benefits
- Great flexibility and adaptability of healthcare systems

1. Social protection and social inclusion measures during COVID-19: an overview (1/5)

❖ MISs and other social assistance support

- Increased protection for those lacking sufficient resources
- MIS- related measures: adjustments to already existing income support schemes
 - ✓ Relaxation of eligibility criteria
 - ✓ Increases in the level of benefits
 - ✓ Flexibility and extension of the duration
 - ✓ Quick implementation
- New support measures unrelated to work: protection for people with no-links to labour market (child support, students and young people support, social assistance support)
- Food and material assistance (mostly food distribution)
- Issues:
 - Adequacy and accessibility of MIS measures
 - Gaps in coverage, with vulnerable sectors of population insufficiently protected
- Pandemic highlighted the importance of MISs and relaunched debates

1. Social protection and social inclusion measures during COVID-19: an overview (1/6)

❖ Housing

➤ *Novel* measures protecting households from the risk of loosing their homes:

- Tenants: bans on evictions (most common), freezes on rent increases, rent reductions, subsidies and allowances to support low-income tenants facing financial difficulties
- Homeowners (mortgage holders): mortgage payment deferrals (imposed moratoria)

➤ Pandemic revealed the need to tackle some issues and inequalities in the access to adequate housing

- Lack of affordable social housing
- Ineffective rental regulation mechanisms
- Overcrowded housing conditions among vulnerable sectors
- Lack of effective mechanisms to prevent evictions
- Need to provide permanent rather than temporary solutions to homelessness

1. Social protection and social inclusion measures during COVID-19: an overview (1/7)

❖ Essential services

- Mix of new initiatives and adjustments to existing ones
- Overall, measures targeting people living on low incomes, sometimes all consumers (only a few countries)
- Measures to ensure uninterrupted access to water, energy and digital communications
 - Reduction of costs of utility services (most common)
 - Granted help to increase households' ability to pay the costs of utility services
 - Bans on disconnecting energy services (only a few countries)
- Issues
 - Problem in accessing energy services prior to the pandemic
 - Temporary measures do not represent a structural response, particularly in countries where there is an issue for those living on low incomes

1. Social protection and social inclusion measures during COVID-19: an overview (1/8)

❖ Closure of schools and childcare facilities

- Closure put pressure on those parents trying to balance work and family obligations
- Parental support arrangements (parents with children aged up to 12, and whose work had not been suspended)
 - Special additional parental leave days
 - Additional or complementary income support
- High variation across countries (eligibility, payment, duration, inclusivity of parents' labour market status)
- Inclusion of self-employed (15 countries) and specific categories of non-standard workers (few countries)
- Few gaps in coverage: single parents and the self-employed

1. Social protection and social inclusion measures during COVID-19: an overview (1/9)

❖ Other relevant support needs

➤ Temporary supporting measures

- Education and training
 - ✓ Cash assistance to students or trainees
 - ✓ Financial support to parents whose children were not able to attend kindergarten facilities
 - ✓ School meals during school closure
 - ✓ Assistance to mitigate the negative effects of distance education
- Spending incentives to boost demand in vulnerable sectors (e.g. tourism)
- Pensioners
 - ✓ Support for informal carers or long-term care users
 - ✓ Financial support to social care providers
 - ✓ Home delivery support services
 - ✓ Retail price ceilings on essential goods
- Moratoria on debt repayments

2. Social protection for non-standard workers and the self-employed (1/1)

❖ Making 'ordinary' social protection schemes more generous and accessible

- Waiving/reducing contributory periods requirements : improving access for NSE
- Extending duration of benefits

➤ Unemployment benefits

- Most MS have modified the main parameters of UB (exceptions CY, CZ, HR, HU, NL, SI)
- Relaxing qualifying conditions (only in EL, ES, FI, FR, LV, PT, SE)
- Self-employed: mostly waiving waiting periods and the “cessation of activity requirement”.
- Access for some categories of NSE
- Self-employed no access granted
- Temporary measures and those without formal access to unemployment benefits remained mostly excluded in times of Covid-19.

2. Social protection for non-standard workers and the self-employed (1/2)

❖ Measures in 'extraordinary' social protection schemes

➤ Job Retention Schemes

- Main tool to cushion potentially disastrous effects, on employment and household income

➤ Description:

- **Short-term work schemes (STW)**, subsidy hours not worked (requirement for reduced working hours)
- **Wage subsidies (WS)**, subsidy for the hours worked or top up the earnings on reduced hours
- 60-80% income replacement rate, allowance **covered by the state**

➤ Measures:

- Improvement of existing schemes: relaxing eligibility, duration and payment conditions
- New schemes in specific sectors

2. Social protection for non-standard workers and the self-employed (1/3)

❖ Beneficiaries

- Workers
- Since the Great Recession: a process towards the inclusion of all workers including non-standard workers (part-time, fixed-term, temporary agency workers).
- However gaps remained and
- ...during the Covid-19 pandemic: changes to the institutional design of SWT and WS, to include workers previously not covered and to facilitate access.

2. Social protection for non-standard workers and the self-employed (1/4)

- Examples:
 - ✓ **Belgium: inclusion of temporary agency workers** but conditional upon the continuation of their agency work with the same employer.
 - ✓ **Germany: inclusion of temporary agency workers...** but no coverage for mini-jobbers, one of the most severely affected workers.
 - ✓ **France: significant changes to the short-working time scheme** to include NSE who were previously not covered (e.g. freelances, sales representatives, domestic workers paid on a piecework basis, intermittent workers in the entertainment industry, models and students).
 - ✓ **Spain: eligibility conditions abolished** in the temporary unemployment scheme so better access for non-standard workers.

2. Social protection for non-standard workers and the self-employed (1/5)

❖ Income replacement for the SE: a variety of ... basic support

- MS which have not provided income replacement benefits (DE, IE, HR, HU, MT, SE, SI, SK), implementation of other types of measures, mostly economic support.
- The rest of the MS, which **provided income replacement support**
 - ✓ **income replacement** based on previous earnings (AT, CY, DK, ES, LV, PT, RO)
 - ✓ **lump sums** (BE, BG*, CZ, EL, EE*, FI, FR, IT, LT, MT, PL, NL)

2. Social protection for non-standard workers and the self-employed (1/6)

❖ Income replacement based on previous earnings

- ✓ Rather generous replacement rates that mostly sat between 70–80 % (up to 90%, in Austria and Denmark) of previous earnings.
- ✓ In general, calculated based on the self-employed worker's income of the previous year.
- ✓ Nevertheless, **upper caps** when applied in such schemes have **limited the extent of income replacement.**

❖ Lump sums provided in most countries

- ✓ Amounts close to the minimum income, so can be estimated to have provided an insufficient replacement of previous income.
- ✓ Conditional upon the payment of social contributions in some cases

2. Social protection for non-standard workers and the self-employed (1/7)

- ❖ **Variety of eligibility conditions (payment of social contributions, reduction in turnover or inactivity, type of self-employment) that varied according to the period of lockdown and the sector of activity**
 - ✓ In some countries, high rates of rejection of claims, which brings to light the issue of underreporting or non-payment of contributions.
- ❖ **Mostly temporary schemes but some exceptions (e.g. BE, ES)**
 - ✓ Spain a major reform in 2022 of the scheme providing temporary unemployment protection for the self – employed: improving access, replacement rates and period of receipt.
- ❖ **Changing the design of both JRs and protection for the self-employed in extreme circumstances (as occurred during the successive lockdowns) is not a viable solution**
 - ✓ Takes a lot of political and administrative effort, leads to economic losses, and leaves already vulnerable workers without protection
 - ✓ Question of financing: state budgets (and the EU SURE mechanism) and not based on contributions
- ❖ **Need to reflect on making JRs permanent ready-to-be activated, inclusive and resilient in all circumstances.**

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