



Making the Right to Social Security a Reality for All Workers

Shahra Razavi¹

Accepted: 21 June 2022 / Published online: 22 July 2022

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Abstract

The right to social security has strong anchoring in international human rights law and forms a critical component of international labour standards. While social security has sometimes been portrayed as inimical to economic dynamism, there is a much larger body of work that posits a positive relationship between social welfare and economic progress. The COVID-19 crisis has revealed stark gaps in social protection. Workers in the informal economy have been particularly hard hit, as they were excluded from formal work-related protections and were not eligible for social assistance that often targets the very poor and those outside the labour force. Social assistance schemes with flat-rate benefits can be an element of a rights-based national social protection system if their eligibility criteria, benefit levels and modalities are set out in the national legislation, to ensure transparency and accountability. However, social assistance schemes should be part of a broader social protection system, which usually combines tax-financed schemes and social insurance to guarantee a social protection floor and provide higher-level benefits in line with international social security principles. Inspired by a vision that seeks to formalize all economic units, especially micro-, small- and medium-sized enterprises, and make the right to social protection a reality for workers in all types of employment, the paper points to a number of country examples that have extended social protection by combining contributory and non-contributory elements. This vision is particularly needed at a time when climate change adaptation, digital transition, and other drivers of transformative change call for the formalization of jobs and enterprises, while making it possible for states to mobilize the maximum available resources to build universal, comprehensive and adequate social protection systems that can facilitate inclusive transitions.

Keywords Social security · Social protection · Social insurance · Social assistance · Rights · Financing

✉ Shahra Razavi
razavi@ilo.org

¹ Social Protection Department, International Labour Organisation, Route des Morillons 4, 1211 Geneva 22, Switzerland

1 Introduction

The right to social security has strong anchoring in international human rights law, most notably the Universal Declaration of Human Rights (UDHR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR). It also forms a critical component of international labour standards, having been developed by ILO constituents to substantiate and give effect to the human right to social security (as elaborated in Section 2). This includes the need for medical care and income security in the event of various life-cycle risks. While social security has sometimes been portrayed as inimical to economic dynamism and development, there is a much larger body of work that posits a positive relationship between social welfare and sustained economic progress and prosperity. These positive synergies have been rediscovered more recently by the proponents of the social investment state. The confluence of ideas recognizing the social, economic and political necessity of social protection resonated strongly with the international community, giving social protection a prominent place in the 2030 Agenda for Sustainable Development (2030 Agenda).

Despite the overall positive historical trend in the development of social protection schemes, many structural constraints stand in the way of making the right to social protection a reality for all, including all workers, as Section 3 elaborates. The COVID-19 crisis has revealed stark gaps in social protection, with more than half of the world's population having no social protection cash benefit to fall back on, and only 30.6 per cent of the world's working-age population being legally covered by comprehensive social protection systems that include the full range of benefits. Workers in the informal economy have been particularly hard hit, with little or no recourse to social protection, as prior to the pandemic they were excluded from formal work-related protection as well as from state-provided social assistance that often targets the very poor and those outside the formal labour force. The proliferation of social assistance schemes in recent decades represents an important advance and can be an essential element of rights-based national social protection systems providing coverage for some of the most vulnerable groups. However, narrowly targeted social assistance will not provide adequate social protection for the working-age population when they need it. It will leave the majority of workers stranded, left to fend for themselves, while only a privileged few will be able to afford the privatized and individualized market-based solutions such as private health insurance or pensions.

Inspired by a different vision, one that seeks to formalize all economic units, especially micro-, small- and medium-sized enterprises and make the right to social protection a reality for workers in all types of employment, Section 4 show-cases policy reforms in several countries that have extended social protection to large groups of workers in the informal economy, combining contributory and non-contributory elements. This vision is particularly needed at a time when climate change adaptation, digital transition, and other drivers of change call for the formalization of jobs and enterprises, while allowing governments to

mobilize resources to build universal, comprehensive and adequate social protection systems to facilitate inclusive transitions.

The COVID-19 crisis has entailed important and ongoing changes, both enabling and disabling, as Section 4 elaborates. The pivotal question is if this crisis will mark a turning point towards a more equitable and robust world capable of withstanding shocks and transformations while ensuring social justice, or if countries will succumb to fiscal austerity and piece-meal solutions that leave workers, enterprises and vulnerable populations defenceless, having to re-live the tragedy of the past two years.

2 Social protection as a human right and a worker's right

The right to social security is firmly anchored in international human rights instruments, with articles 22 and 25 of the Universal Declaration of Human Rights (UDHR) boldly stating that everyone, as a member of society, has the right to social security as well as to a standard of living adequate for their health and well-being. The subsequent adoption in 1966 of the International Covenant on Economic, Social and Cultural Rights (ICESCR), ratified by 170 countries, establishes a clear legal obligation, practically worldwide, for countries to progressively implement the right to social security to the maximum of their available resources (Articles 2 and 9), with implications for fiscal policy.¹

The promulgation of the right to social security implies that States assume obligations under international law to respect, protect and fulfil those rights and that they are accountable for their realization. While the full realization of the right might not be feasible immediately, States are under the obligation to work towards the progressive realization of human rights. In the context of social protection, this means that States need to expand the coverage, comprehensiveness (in terms of the range of risks encountered over the life-cycle) and the adequacy of social protection, and expand the fiscal space for social protection.

These international human rights provisions have been given greater specificity through the international labour standards adopted by governments, workers' and employers' organizations that constitute the tripartite membership of the International Labour Organization (ILO). Over its 100 years of existence, ILO constituents have adopted 31 social security Conventions and 24 Recommendations—more than one-sixth of the entire body of international labour standards (ILO 2021a). While many of these standards have been ratified by governments around the world, even in the absence of ratification, these standards should guide social protection policy.

¹ The right has been reaffirmed in a range of other human rights instruments, most notably the Convention on the Elimination of All Forms of Discrimination against Women (1979), which in its article 11 promulgates the right to social security. Other important conventions that affirm the right to social security include the Convention on the Rights of the Child (1989) and the Convention on the Rights of Persons with Disabilities (2006), among others.

Among the standards, the Social Security (Minimum Standards) Convention, 1952 (No. 102), is the only international treaty with a systemic approach to social security, giving the State the overall responsibility to establish and maintain a social protection system that can protect the population against a series of life-cycle contingencies, including the need for medical care and income security in the event of sickness, unemployment, old age, employment injury, maternity, disability and survivorship, and for families with children. Through its core principles and minimum qualitative and quantitative benchmarks, the Convention guides the development of social protection systems, through a combination of contributory and non-contributory mechanisms. It establishes a framework allowing different types of national social protection schemes to measure themselves against it, be they contributory or hybrid social insurance schemes, or tax-financed schemes, including social assistance. The Convention indeed sets benchmarks of protection with respect to workers, both dependent and self-employed, but also with respect to persons of small means,² leaving it to the ratifying States to decide on the basis of which of the many schemes comprising their social protection system they would be demonstrating observance of the minimum standards.

To pursue its constitutional mandate to extend social security to all, spurred by the socio-economic disruptions unleashed by the global financial crisis of 2008, in 2012 ILO constituents adopted the Social Protection Floors Recommendation (No. 202). The Recommendation urges States to pursue and implement policies aimed at securing universal, comprehensive and adequate protection, prioritizing national social protection floors as an important element of their social security *systems*, going beyond merely ad hoc and fragmented approaches. To ensure that social protection floors remain floors, rather than ceilings, the Recommendation envisions a two-dimensional strategy, urging countries to guarantee at least basic levels of income security and access to essential healthcare for all (horizontal dimension), and to incrementally secure higher levels of protection for as many persons as possible and as soon as possible (vertical dimension).

Two points are noteworthy. First, the Recommendation's guarantee of at least basic levels of income security and access to health care echoes and reinforces the human rights pronouncement that State parties have a "minimum core obligation to ensure the satisfaction of, at the very least, minimum essential levels of each of the rights", including the right to social security (UN CESCR, 1990, General Comment No.3, para 10). Second, not only is the right to social security enshrined in international human rights frameworks, but it also resonates at the national level. At least 126 constitutions currently in force around the world recognize the right to social security (constituteproject.org), though with varying degrees of detail, while nearly

² It requires that ratifying countries demonstrate compliance, legally and statistically, with its minimum parameters with respect to both benefit levels and coverage of minimum percentages of identified target groups (either employees or economically active persons or persons of small means).

all constitutions acknowledge at least some of the components of this right, including the right to income security in old age, maternity, disability, health care and so forth.³

In recent years, both court rulings, as well as bottom-up vociferous contestations by social movements and civil society organizations, have underlined the urgency of realizing the right to social security.⁴ The constitutional courts of several Latin American countries, including, Bolivia, Colombia, and Costa Rica, among others, have ruled on various occasions on the right to social security, and in so doing have also defined its content or declared unconstitutional existing national laws that are in conflict with this right (ILO 2011: para 274–281). In the case of Mexico, for example, the Supreme Court found the provision of the Social Security Law that posits domestic workers as subjects of the voluntary scheme (which provides a limited package of benefits) to be discriminatory and in violation of the human right to social security and declared them unconstitutional (Comisión de Trabajo y Previsión Social, 2022).

The right to social security has also gained traction at the ideational and policy level as many governments and international development agencies accepted that there was “an urgent need to address the ‘social deficit’ if neoliberal reforms were not to be violently rejected by the populations that had suffered so harshly from them” (Molyneux 2008: 780). The positive synergies between social expenditure and economic development have been rediscovered by the proponents of the social investment state (Mkandawire 2001), for some of whom social investment sits alongside and provides an alternative both to the ideas of Keynesianism and neoliberalism (Wells 2013). The confluence of ideas recognizing the social, economic and political necessity of social protection resonated strongly with the international community, giving social protection a prominent place in the 2030 Agenda, with 5 of the 17 goals explicitly acknowledging the role of social protection in building sustainable economies and societies.

3 Structural constraints and the right to social security

While the broad-brush historical trend (1900–2020) in the development of social protection schemes across the world is a positive one (see Fig. 1), in early 2020 when the COVID-19 pandemic erupted, more than half (53.1 per cent) of the global population, as many as 4.1 billion people, still had no form of social protection benefit to fall back on (ILO 2021c). The diverse groups of workers in the informal economy—including those who are in an employment relationship (such as many

³ Constitutional guarantees play an important proactive role in introducing social rights into national legislation and in fostering their implementation (ILO, 2011: para.235). However well-drafted or comprehensive the legal framework, it can only be effective when supported by an adequate institutional framework to ensure that the rights and guarantees set out in the legislation are materialized as benefits for the persons protected.

⁴ <https://www.socialprotectionfloorscoalition.org/>

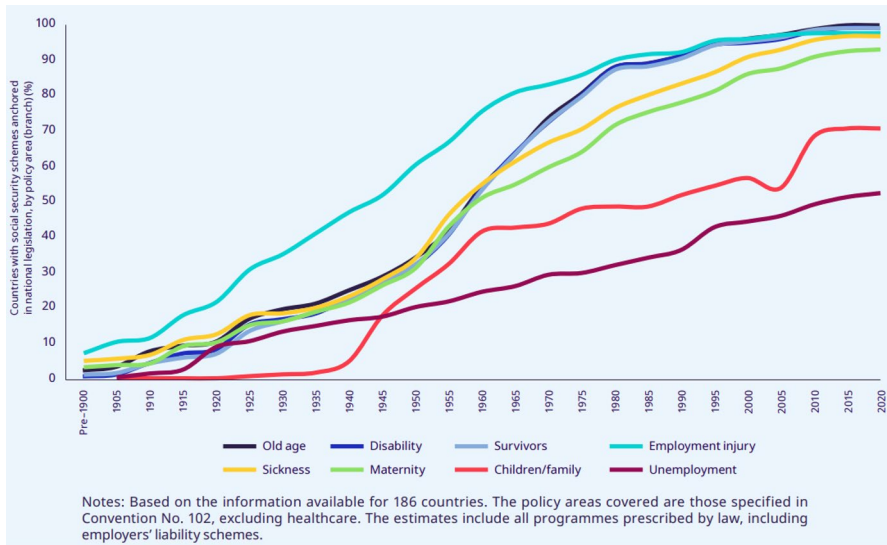


Fig. 1 Development of social protection programmes anchored in national legislation by policy area, pre-1900 to 2020 (percentage of countries) *Source: ILO 2021a*

domestic workers) as well as those who are genuinely self-employed (such as street vendors or subsistence farmers)—fared particularly badly, especially if they were migrants grappling with additional legal, administrative, and practical challenges in accessing social protection.

Many structural constraints stand in the way of making the right to social security a reality for workers, some of which are elaborated on in this section.

The first major stumbling block to extending social protection has been the extensive informality of employment and economic units. More than 60 per cent of the global employed population—some 2 billion women and men—make their living in the informal economy, mostly but not exclusively in developing countries (ILO 2021d). Most of these workers face serious decent work deficits, including a lack of social security. The fact that the great majority of workers in the informal economy and their families do not have access to adequate healthcare and income security, and as a result are particularly vulnerable to the vagaries of life, including systemic shocks, is both a consequence and a driver of informality. As a result, many of these workers are locked into a vicious cycle of poverty, vulnerability, and social exclusion, which constitutes an enormous challenge to their well-being and enjoyment of human rights, as well as an impediment to economic and social development.

The extensive informality of employment and economic units has been reinforced by an ideologically driven push for the deregulation of labour markets, which gained force in the early 1980s, accepting high levels of informality and in some contexts the casualization of hitherto formal employment (including within the public sector). This has resulted in the growth of temporary, part-time and self-employment, with often no or very limited social protection, and a lack of regulation of new

forms of work, such as work on digital platforms, in terms of both labour and social protection.

An ILO survey of 12,000 platform workers in 100 countries found that only around 40 per cent of respondents had health insurance and only 20 per cent had access to employment injury protection, unemployment protection and old-age pensions (ILO 2021e). The survey results also revealed that most platform workers who had access to social protection were not covered through their economic activity on the platform. Rather, they were covered because they had contributed to social insurance through other employment, currently or in the past, or because they were covered through tax-financed programmes, or through family members (e.g. for health insurance). Hence, the cost of their coverage was borne by others, including other employers and taxpayers, while the digital platforms largely avoid contributing to the social protection of workers from whose labour they benefit.

Even though formal employment and work-related social protection were not as extensive in many developing countries as they were in European states, encompassing little more than public sector workers in some instances, they did dominate post-independence discussions on social security in many countries, and historically underpinned social provision in many others (Alfers et al. 2018). Latin America was by far the leading region in the developing world in terms of social expenditure and social protection coverage, although it still fell far behind European states on both counts (Molyneux 2008). However, the project of building social insurance systems, which was more extensive in countries such as Argentina, Chile, Costa Rica, and Uruguay, was rudely interrupted by the rise of liberalization agendas of the early 1980s and policy-based lending from the international financial institutions that ushered in a “lost decade”.

Much has been said about the labour market policies associated with structural adjustment programmes and market liberalization that swept the world from the 1980s. The one-size-fits-all prescriptions were aimed at removing “distortions” within the labour market, such as minimum wage laws and social protection, considered to be at the root of the employment problems, as well as collective bargaining processes which were allegedly raising labour costs and stifling job creation. The theoretical premise was that labour markets operate much like other markets: if the number of jobs available is less than the number of people wanting jobs then wages must be too high, and “the solution is to remove whatever constraint was keeping labour costs above the market-clearing level, whether this meant deregulation or reducing the bargaining power of employees” (Heintz 2013: 799). Not only were the benefits of such regulations to economic development and well-being ignored (Berg and Kucera 2008), but the impoverished toolkit furnished by neoclassical economics also had very little to say about the more serious barriers to providing good jobs which stood outside the labour market. The latter includes deregulated financial markets which have wreaked havoc on the real economy and reduced the number of formal jobs and forced workers into informal employment, the skewed distribution of income and wealth, poor infrastructure, problematic trade policies which have incentivized ‘race-to-the-bottom’ precarious working conditions across value chains, and an unstable and inhospitable macroeconomic environment (Heintz 2013:

799). Nor did these policy prescriptions have much to offer by way of solutions for facilitating much-needed structural change, moving labour from low- to high-productivity sectors, including the transition from informal to formal employment.⁵

Since the early-1990s, there has been far greater recognition of the social domain and of the need for the partial rehabilitation of the state to eradicate poverty and ensure adequate “social investments” (Jenson and Saint-Martin 2006) within a broadly transformed ideational landscape, especially when set against the “roll-back neoliberalism” that held sway in the 1980s (Peck and Tickell 2002). With poverty no longer seen as a transitional phenomenon, as the World Bank and others had assumed, but a structural effect of the new economic model, social protection witnessed a come-back, “requiring closer attention to social assistance, primarily in the form of poverty relief” (Molyneux, 2008: 779). The New Poverty Agenda, as it is sometimes called, incorporated elements that were in some ways novel into policies and programmes, with variations across and within regions, including an embrace of poverty targeting “as a key instrument for reducing extreme poverty”, and an emphasis on participation, empowerment, and beneficiary co-responsibility as an antidote to alleged state failure and a “dependency culture” (Molyneux 2008, 784).

The emphasis on social assistance, and the proliferation of conditional and unconditional cash transfer programmes over the past decades, though welcome, has been accompanied by a questioning of the role of contributory social insurance schemes, and a push for a strengthened social assistance core that is entirely financed from general revenues (Packard et al. 2019; World Bank 2019). This side-lining of social insurance constitutes the second barrier standing in the way of realizing the right to social security for all workers, as we elaborate below.

Social protection schemes that provide mainly flat-rate benefits, usually financed from general revenues, whether in the form of means-tested social assistance schemes or categorical and universal benefits (e.g. universal social pensions), including for those who do not have any employment-based social protection, can indeed be a key mechanism for realizing the right to social protection, especially for many women who have tenuous links to the labour market. However, a lot depends on whether these benefits are rights-based, that is, whether their eligibility criteria, benefit levels and modalities are set out in the national legislation, to ensure transparency and accountability. Being rights based implies that those who are eligible for social assistance benefits have a right to receive the benefits when needed (and will not end up on waiting lists)—it is the government’s responsibility to make available the necessary financial resources. Social assistance programmes that are ad hoc, however, do not often fulfil the requirements of rights-based social security.

In the case of targeted mechanisms, workers in the informal economy often face difficulties in accessing them. Proxy means tests, for example, may exclude them from coverage if they own some assets or are otherwise deemed “not poor enough”, while programmes that target households with very limited or no earnings may also

⁵ The traditional trajectory of structural change is associated with labour shifting from agriculture to industry (Kaldor, 1967; Kuznets, 1971); but in today’s world, it has many other dimensions, including pathways from informality to formality, as well as shifts from high-carbon to low-carbon sectors and jobs.

exclude them (ILO 2021d). The problem with poverty targeting is that it often cannot account for the fact that there is no fixed group of poor as poverty is a dynamic phenomenon. And the fluctuations cannot be captured by the infrequent certification processes that determine eligibility (Kidd et al. 2021). Research also shows that targeted schemes that seek to reach the poorest, produce huge exclusions: out of 25 programmes or registries with coverage under 25 per cent, 12 had exclusion errors above 70 per cent and 5 had errors above 90 per cent (Kidd and Athias 2020). There is also a strong relationship between higher coverage and lower exclusion of intended recipients, with universal schemes performing well and having exclusion errors that are below 10 per cent (ibid.).

While universal or categorical tax-financed schemes are able to reach workers in the informal economy, in most cases the level of benefits they provide is modest. As such, they do not substitute nor can they replace the need for social protection schemes that can help workers maintain their standard of living, especially in the case of workers with relatively higher earnings and contributory capacity. There is thus a need to maintain a dual focus (along the lines of the two-dimensional strategy proposed by ILO Recommendation 202). Supporting universal state-provided social provision should not mean a loss of focus on work-related provisions (Rubery 2015 cited in Alfery et al. 2018: 7). This is not to deny the fact that social insurance schemes and other contributory mechanisms have tended to cover the easiest-to-cover-groups first and not to cover, or not sufficiently cover, many workers, either because they are excluded from the scope of social security legislation or because the legislation is not fully enforced for various reasons (see Section 4).

However, blanket propositions that “the contributory approach is not a good fit for developing countries, where formal and stable employment are not common” (World Bank 2019: 113) is empirically unsubstantiated and conveniently ignores the huge variations in the social security systems of developing countries and the fact that in some of these, contributory systems not only cover a significant share of workers but have also been adapted to become more inclusive of both informal workers and women (Razavi and Staab 2019), as we elaborate in Section 4. Alongside the introduction of minimum wages, for example, South Africa, reformed its unemployment insurance to cover domestic and seasonal workers for job loss, maternity and sick leave. Countries such as Ecuador and Uruguay have also made progress in bringing greater numbers of domestic workers under contributory coverage over a relatively short period of time. And second-generation pension reforms across Latin America have introduced care credits in contributory systems alongside social pensions, to improve outcomes for women. Limiting social insurance, or replacing it with individualized savings and capitalization accounts, and doing away with labour standards while aspiring to create some vague ‘guaranteed social minimum’ through social assistance is wholly insufficient.

Weakening existing social insurance mechanisms in favour of private insurance and savings arrangements, with their limited potential for risk-pooling and redistribution, and with limited or no contribution from employers will also likely exacerbate inequality, including gender gaps (Behrendt and Nguyen 2018). It will also divert attention from employers’ responsibility to pay their fair share to social security systems. In the words of the ILO Committee of Experts on the Application of

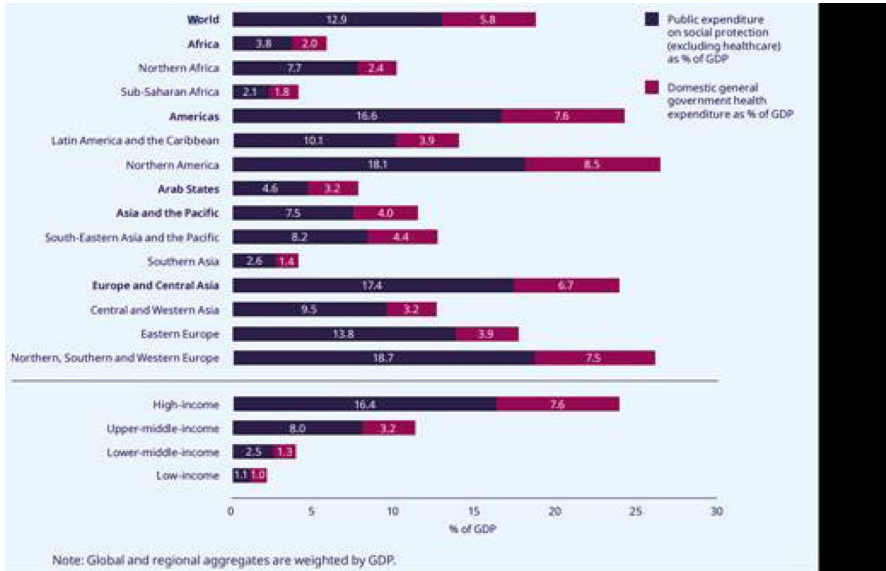


Fig. 2 Public social protection expenditure (excluding health), percentage of GDP, 2020 or latest available year, and domestic general government health expenditure, percentage of GDP, 2018, by region, subregion and income level *Source: ILO 2021c*

Conventions and Recommendations (ILO 2020a): “Social security represents an integral part of employment and cannot and should not be dissociated from it ... for workers in a dependent employment relationship, social security must remain an integral part of their employment, namely with contributions also being made by the employer (even if sometimes these may be largely subsidized to foster formalization processes). Delinking social security from employment would result in reduced protection.” (pp. 315–6).

The fiscal responsibility of employers to contribute to social security should be placed within the broader context of the challenges countries are facing in expanding fiscal space, and the insufficient investment in social protection that constitutes the third barrier to the realization of the right to social security. The dismantling of social insurance systems weakens a fundamental element of social protection systems while expanding the number of potential social assistance claimants.

Prior to COVID-19, countries spent on average 12.9 per cent of their GDP on social protection (excluding health), with staggering variations across regions and income groups (see Fig. 2). Significantly, high-income countries spend on average 16.4 per cent, or twice as much as upper-middle-income countries (which spend 8 per cent), six times as much as lower-middle-income countries (2.5 per cent), and 15 times as much as low-income countries (1.1 per cent).

ILO estimations show that low-income countries would need to invest an *additional* US\$77.9 billion or 15.9 per cent of their GDP to close the annual ‘financing

gap’ (Durán Valverde et al. 2020). Lower-middle-income countries would need to invest an additional US\$362.9 billion and upper-middle-income countries an extra US\$750.8 billion, equivalent to 5.1 and 3.1 per cent of GDP, respectively. The magnitude of this challenge can be appreciated if we compare it to current tax to GDP ratios. According to the OECD Global Revenue Statistics Database, in 2019 tax revenue as a percentage of GDP was on average 16.6 per cent in Africa, 21.0 per cent in the Asia–Pacific and 23.0 per cent in Latin America compared to 33.8 per cent in the OECD countries.⁶ However, as many observers have warned, the effort to increase taxes too quickly can result in a more regressive tax system that hinders poverty reduction by relying too heavily on consumption taxes that tend to be regressive (Bastagli, 2015).

A recent review of 148 country reports for IMF programmes in 2020, in the context of significant shifts in its global macroeconomic policy framework during the COVID-19 pandemic, finds that recommendations on taxation focused on the introduction or expansion of value-added taxes (VATs) by broadening their base or reducing exemptions. This is despite the IMF’s recognition of the generally regressive nature of VATs. Fewer reports contained recommendations to improve revenue collection from more progressive direct forms of taxation, such as personal income taxes, corporate income taxes or wealth and property taxes (Razavi et al. 2021).

It is worth recalling that even when countries are able to expand the fiscal space by increasing their tax to GDP ratio, only part of the revenues will be available for social protection. It is therefore important to ensure that social insurance schemes that are earmarked for social protection and funded by both employers and workers are maintained and strengthened. Social insurance schemes also ensure that employers contribute to protecting those from whose work they profit—something they are more likely to be able to avoid via general taxation (WIEGO 2021). The burning question, however, to which we now turn is how effectively social insurance schemes have been able to entice the affiliation of diverse groups of workers previously active in the informal economy and what critical reforms are needed to render them more inclusive.

4 Policy Innovations and Enabling Pathways

Despite the constraints identified in Section 3, there are a number of countries that have bucked the trend, by progressively extending social protection to significant groups of workers hitherto working in the informal economy, thereby facilitating their transition from the informal to the formal economy.⁷ Before presenting some of these instructive experiences, it is useful to elaborate on the broad vision that sees a positive relationship between social protection for workers and benefits for firms and economies, which effectively turns the presumption that worker *insecurity* is the engine of economic dynamism on its head.

⁶ The latest available data for Africa is for 2018.

⁷ For details see guide and policy resource package <http://informaleconomy.social-protection.org>.

Ensuring access to social protection for workers in the informal economy closes one of the serious gaps in decent work. It means that in cases of ill-health workers and their family members can access the care they need without having to endure financial hardship. It also means that they are provided with a degree of income security in case they face other life-cycle risks, such as work injuries, maternity, or old age. Apart from the direct positive impacts on their well-being, having social security also increases worker productivity and their capacity to seek new forms of work and adapt to labour market transformations (ILO 2017).

Better social protection for workers has also been shown to have positive impacts on labour productivity and the competitiveness of the enterprises in which they work, due to a healthier workforce, lower rates of absenteeism and enhanced workforce effort. Studies in Asia, for example, have shown that increased social protection coverage has positive repercussions on firm revenues per worker without being inimical to their profit levels (Torm 2020). Such gains in productivity are critical in enabling firms to formalize and be able to absorb the entry and operational costs associated with the formal economy. It also allows firms to hire and retain more workers; invest in machinery and equipment, research and development, and workers' skills development; improve working conditions; and expand the production of goods and services (ILO 2021d). To reap these firm-level advantages, social insurance schemes that allow enterprises to pool financial risks instead of being individually liable for the compensation of workers (employer liability) have distinct advantages. It can allow enterprises to better plan and manage financial flows and handle risks in a more predictable way (ILO 2021d). The same logic applies to self-employed or own-account workers: a street vendor who has social health protection does not have to pay out-of-pocket in the case of ill-health, or forego health care altogether, and can instead invest her limited resources in obtaining better equipment or an improved premise, with gains in productivity and revenues.

In addition to these individual-level and firm-level arguments for the extension of social security to workers in the informal economy, including in small- and medium-sized enterprises, we should also add the macro-level effects. A skewed income distribution, it has been shown, tends to limit the domestic market, while redistribution would provide an impetus to consumption, increasing aggregate demand, doing away with excess capacity, and encouraging further investment in capital (Mkandawire 2001).

With the current existential threat posed by the ecological crisis and the care crisis, and the need for transitions to low-carbon and care sectors, social protection has a critical role to play. In fact, ensuring that a social protection system is ready for the needed transformations is a key precondition for ensuring a just transition. Social health protection is critical for those who are affected by events or conditions associated with green policies as well as by climate change itself, for example, injury due to disasters or changed working/living conditions. Unemployment protection and social assistance will also be critical for workers who lose working hours or their jobs altogether (also due to climate-related events or conditions), such as the phase-out of carbon-intensive industries and related sectors, complemented by active labour market policies that can facilitate jobs-matching and skills development to enable sectoral shifts.

As was already mentioned, in the twin-track approach to the extension of social security coverage, the first policy track encourages formalization directly by fostering higher levels of formal employment, better economic performance and enlarged fiscal space, while the second policy track focuses on the extension of coverage independently of employment status. The latter may not have immediate formalization effects but can foster transition to the formal economy in the long term by enhancing access to health, education, and income security, with positive effects on human development and productivity. However, for this strategy to work, it is essential that the two tracks are clearly delineated by a national social protection policy and well-coordinated within a national social protection system. If a contributory social protection scheme provides inadequate, low-quality benefits that are only slightly higher than those provided by the non-contributory social protection scheme, this may create perverse incentives.

4.1 Recognizing Diversity in the Informal Economy: Extending Coverage to Micro and Small Enterprises and the Self-Employed

The informal economy comprises more than half of the global labour force (61.2 per cent) and more than 90 per cent of micro and small enterprises (MSEs) worldwide. The 61.2 per cent of global employment that is informal is comprised of 51.9 per cent in the informal sector, 6.7 per cent in the formal sector and 2.5 per cent in households (ILO 2018). In all regions, employment in the informal sector is the largest of the three components of informal employment. Apart from contributing family workers, all of whom are considered to be informal by statistical definition, the employment status category with the highest percentage of informality is own-account workers, both globally and regionally. Globally, 86.1 per cent of own-account workers are informal. Only in Europe and Central Asia (60 per cent) is the rate of informal employment among own-account workers lower than the global average (ILO 2018).

Given this diversity, a uniform approach cannot sufficiently address the challenges that workers in the informal economy encounter. Groups with a high risk of informality but very different characteristics include self-employed workers, including own-account workers; workers employed in micro and small enterprises; agricultural workers, including wage-earners; construction workers; and domestic workers (see ILO 2021d for full elaboration). Given the limited space, this section will focus on the first two broad categories, providing a number of examples of countries where policy innovations have extended both legal and effective coverage.

Many groups of workers are not protected (or insufficiently protected) by the existing legal framework, namely by social security and labour legislation. This may be the case for agricultural workers, domestic workers, self-employed workers, workers in enterprises employing less than five workers, as well as workers in 'new forms' of work, such as workers on digital platforms. In other cases, the legislation may exist but not be implemented or enforced due to weak capacity (human or financial), inappropriate formulation or adaptation, or lack of political will.

Given that the large majority of employees worldwide work in micro and small enterprises (MSEs),⁸ efforts to formalize these enterprises can be effective for the extension of social protection to their employees as can lowering or removing minimum thresholds with regard to enterprise size in social security or labour legislation.⁹ A case in point is the Republic of Korea, where health and pension coverage was gradually extended to workers in smaller companies. The compulsory health insurance scheme was initially implemented in 1977 for those working in companies hiring more than 500 employees, but was expanded in 1979 to firms with more than 300 employees, in 1981 to those with more than 100 employees, in 1983 to those with more than 16 employees, and in 1988 to firms with more than 5 employees. Mandatory pension coverage started in 1988 for companies with more than 10 employees and was expanded to those with more than 5 employees in 1992 (Kwon 2009).

While bringing workers in micro and small enterprises (MSEs) under social security and labour legislation is a critical first step in extending coverage to these groups, in many cases this will not be sufficient to effectively ensure coverage for them. Additional measures are needed to make sure that administrative processes and contribution rates do not pose an excessive burden on small enterprises. Considering that low productivity and weak financial capacity are among the key constraints that MSEs face, it is important to complement those measures with a coherent and comprehensive strategy to enhance their productivity growth and ensure a conducive business environment so that their transition to the formal economy is facilitated (ILO 2021d).

In Brazil, a series of measures have been put in place to create jobs and encourage the formalization of both own-account workers and micro and small enterprises. The tax regulations have been simplified for micro and small enterprises by the Simple Federal Law 9317 in 1996 and further reformed by the introduction of the Simple Nacional in 2007. This mechanism allows eligible companies to file a single simplified annual tax declaration, instead of monthly tax declarations for eight different taxes. Micro and small businesses with a gross annual income of less than R\$ 3.6 million can use this option. Micro-entrepreneurs with a maximum of one employee can use another simple mechanism that allows for one flat payment integrating seven different taxes and social security contributions. Payments can be effectuated online, on a monthly or quarterly basis, to attend to the situation of workers with income fluctuations or revenues that are seasonal. Between 2009 and 2018, the number of registered MSEs increased from about 3 million to 5 million. The monotax regime (*monotributo* or unified contribution) also facilitated the formalization of workers; the entities registered under this regime reported to have employed 10.2 million workers in 2020 (45 per cent of these workers were women) which is equivalent to a

⁸ Micro-enterprises are defined as enterprises with 2 to 9 employees, small enterprises as those that have 10 to 49 employees.

⁹ It is important to recall that while social protection is one of the core components of formalization strategies, it cannot be effective in isolation from other policies—employment and labour market policy, tax policy, education and skills training, etc. In other words, effective formalization strategies require mobilizing a range of public policies that are often under the purview of different ministries (requiring effective coordination).

quarter of all employees in Brazil. The main motivation to participate in this regime is to gain access to social security (ILO 2021d, 2019).

Self-employed workers are another category of workers that are often outside the scope of social protection, even though many countries have brought at least certain categories of self-employed workers under social security legislation under a general regime or usually through a special self-employed regime. Apart from the diversity of circumstances and needs of this very heterogeneous group (from liberal professions to small farmers), the relatively high administrative burden (in terms of income declaration, record-keeping and benefit claims) and having to assume the full contribution burden (the “double contribution challenge”) are some of the key constraints that stand in the way of effective social security coverage.

Various countries have included self-employed and own-account workers in their general social security schemes, including Brazil, Cabo Verde, Costa Rica, Ghana, Jordan, Kenya, Mexico and the UK (ILO 2021d). The reforms conducted in Costa Rica are a good example of how self-employed workers have been included in the general pension and/or health insurance schemes by making their participation mandatory, reducing their contribution rates, and adapting benefits to those of employed workers. Being part of the general social security scheme helps create large risk pooling, but it does not preclude the option of having a special regime, whether in terms of the range of benefits or benefit parameters.

In Costa Rica, the Worker Protection Law, promulgated in 2000, made registration for both social health insurance and pension insurance mandatory for self-employed workers and established the procedures for its gradual implementation. The legal reform was implemented in 2004, with a regulation establishing that the self-employed must register within eight working days after the start-up or acquisition of their company or business, reinforced in 2005 with a national programme for the registration of self-employed workers which established different registration requirements for different categories of the self-employed (Duran Valverde et al. 2013). To ensure the registration of the largest number of workers, the social security institution introduced mechanisms for reducing the transaction costs related both to making contributions and to claiming benefits. In view of the already mentioned double contribution challenge, those with earnings greater than the minimum wage contribute to social insurance, covering disability/invalidity, maternity, old age and survivor benefits. Those with low contributory capacity receive government subsidies, and the size of the subsidy is progressively reduced as their contributions increase. The inclusion of self-employed workers within the social security system also supports labour mobility and ensures the portability of entitlements given the well-integrated and coordinated nature of the social protection system. Between 2005 and 2009, the proportion of self-employed workers contributing to health insurance grew from 30.5 to 49.0 per cent. Despite this important achievement, only 29 per cent of the self-employed who registered were women.¹⁰ There is thus still some way to go to achieve universality of coverage for self-employed workers.

¹⁰ The sex-disaggregated data were provided by Fabio Duran Valverde, ILO Social Protection Specialist, San José.

4.2 Extending Coverage to Workers on Digital Platforms

In some situations, the employment relationship is unclear or ambiguous. The correct classification of the employment relationship based on clear criteria is thus critical to avoid its misclassification as self-employment in the case of dependent contractors. This issue has gained salience with the growth of employment mediated by digital platforms.

Dependent contractors may depend on a single client, a single supplier of raw materials, or a single intermediary for access to clients. In such situations the client, supplier or intermediary exerts a similar level of control over their working conditions as an employer, rendering the terms and conditions of employment of dependent contractors akin to paid employment. Preventing misclassification is important, so the employer does not unduly transfer the entire cost and risk to the worker. Recent litigation in France, for example, has found the status of Uber drivers as self-employed to be “fictitious” because “work was carried out under the authority of an employer which had the power to issue orders and directives, to supervise their implementation, and to sanction breaches” (ILO 2021e: 232).

In recent years, a number of countries, including China, Indonesia and Uruguay, as well as France and Spain, have introduced measures to facilitate the payment of social security contributions by workers on digital labour platforms, showing that states can regulate these forms of work. In Indonesia, for example, the government agency responsible for social security works in partnership with the financial sector to facilitate the registration and payment of contributions so as to extend the coverage of work injury and death benefits to *Gojek* drivers (Indonesia’s largest ride-hailing on-demand platform). This encourages *Gojek* drivers to register online with the agency, while their social security contributions are drawn directly from their driver accounts (Nguyen and Cunha 2019, cited in ILO, 2021e). In both Brazil and Uruguay, specific measures are being introduced to extend the coverage of their *monotax* mechanisms to drivers working on digital platforms, granting them access to sickness, maternity and disability benefits as well as old-age pensions (ILO, 2021e).

4.3 Extending Social Health Protection to Workers in Informal Employment

Along with income security, access to health care without hardship is at the heart of comprehensive social protection systems. Below we will look at two examples of reforms in social health protection that have achieved impressive results in a relatively short period, namely Thailand and Rwanda. But before doing so, it is useful to underline the close interconnections between income security and social health protection, and the key factors driving success in social health protection reforms.

There are close interconnections between income security and social health protection (ILO 2021f). First, income insecurity and poverty are both among the key social determinants of health. Indeed, they are strongly correlated with poor access to health care services and relatively poor health outcomes. Access to adequate child benefits, old-age pensions or disability benefits provides the necessary income

security to live a dignified life while empowering those who receive them, facilitating their access to health care and better addressing the social determinants of health.

Second, poor health can jeopardize income security by reducing the capacity to fully engage in the labour market. Conversely, adequate cash benefits are essential to guarantee income security when health is affected—in the case of maternity, illness, employment injury or occupational diseases as well as in old age. Sickness cash benefits, in particular, play an essential role in guaranteeing income security and preventing the spread of communicable diseases, as the COVID-19 pandemic has demonstrated.

Third, where long-term care, childcare or social care services are not available, the burden of caring for a sick or dependent relative usually falls on family members, often women, depriving them of the opportunity to fully engage in income-generating activities. For these reasons, health care benefits need to be closely coordinated with cash benefits and social care within comprehensive social protection systems to respond to population needs and maximize the socio-economic impacts of social policies.

Many countries have made progress in extending social health protection (SHP) across the population, with 66 per cent of the global population having effective coverage in 2020, but the adequacy of and ease of access to benefits and services remains a serious challenge (ILO 2021c).

Three main factors determine adequacy. First, many countries remain focused on curative care and do not sufficiently privilege prevention measures. At the same time, adjustments are also needed to respond better to changes in demography and the burden of disease. This means countries need to adapt both their guaranteed benefit packages and the focus of service delivery on the ground. Second, high levels of out-of-pocket expenditure (OOP) are pervasive, in part driven by the increased costs of care due to new technologies, population ageing and the prevalence of chronic diseases. The high levels of OOP expenditures are also driven by a growing middle class that is demanding services and protection of higher quality, particularly from private for-profit providers. Lastly, high levels of coverage do not necessarily translate into equitable access to services and health outcomes when both the distribution and quality of facilities and the services they offer are inadequate. Despite policy efforts, the distribution of services and retention of a skilled health workforce remain of concern, in addition to disruptions in medical supply chains. Moreover, the regulation of private provision of health care is still at a nascent stage in most low- and middle-income countries which affects the quality of services and points to the fact that purchasing them in pluralistic health systems requires strong stewardship and regulatory capacity on the part of the State (ILO 2021f).

As was clear from the earlier discussion of the extension of social insurance to workers in the informal economy, workers with limited contributory capacity need government subsidies to match their contributions, underlining the importance of hybrid financing strategies. This is, even more, the case when it comes to social health protection.

Most countries use a mix of taxes/general government revenue and social security contributions to finance SHP, making the traditional yet often exaggerated

distinction between tax-financed and social security schemes less relevant today (ILO 2021f). Examples of success and failure exist for both financing models. Tax financing has been identified as an effective means of raising revenues for SHP. However, the extent of labour market informality influences the tax base for progressive taxation measures and constrains revenue collection. Therefore, many governments have resorted to consumption taxes of various types, including earmarked health taxes on consumption items that are harmful to health, the so-called sin taxes. While taxes on consumer goods are an important source of revenue and health taxes, in particular, have some proven benefits with regards to prevention (by changing behaviours), some consumer taxes can be regressive. Therefore, the adequate financing mix for SHP needs to be balanced and considered within the overall fiscal framework of a country to ensure it fosters solidarity in financing.

Thailand has made impressive progress in extending social health protection to the entire population. Before implementing the Universal Coverage Scheme (UCS) in 2002, which is widely perceived to have been instrumental to the achievement of universal health coverage, the country had separate health protection schemes, including schemes for civil servants (CSMBS) and formal private-sector employees (SSS). The introduction of the UCS followed a number of unsuccessful attempts to extend social insurance coverage to informal workers, who represent about 62 per cent of the workforce. The UCS was conceived as a scheme for everybody and not as one targeted at the poor, vulnerable and disadvantaged. As of 2020, 71.2 per cent (47.5 million beneficiaries) of the Thai population was covered by the UCS scheme, 18.9 per cent (12.6 million beneficiaries) was insured under the SSS scheme and 7.7 per cent of the population (5.2 million beneficiaries) was covered by the CSMBS (NHSO, 2020).

The UCS is a tax-based scheme providing free health care for those not covered by the two other schemes. Despite varying eligibility requirements and governance and financing structures, the three main schemes (CSMBS, SSS and UCS) offer essentially the same range of benefits. In addition to rapidly expanding coverage, the creation of UCS led to sweeping reforms in the health financing system. In 2002, the implementation of a purchaser-provider split was introduced through the establishment of the National Health Security Office, which contracts health care providers to provide health services for its beneficiaries. This signalled a move away from the previous model of budget allocation from the central Ministry of Public Health to health care providers.

For migrant workers in Thailand, coverage is provided either through the scheme for private-sector workers, in the case of regular formal sector migrant workers, or the Migrant Health Insurance Scheme (MHIS) for those working in the informal economy. While reliable data are not available, it is believed that a significant number of undocumented migrant workers are not covered by the MHIS due to problems of affordability and lack of information and transparency. Health protection for undocumented migrants, therefore, remains a challenge, as only migrant workers with valid work permits are fully covered.

Through UCS, financial protection has drastically increased, allowing more people, especially marginalized and vulnerable populations, to access health services when needed without hardship. This is reinforced by the relatively minimal

co-payments and comprehensive benefits packages offered by all the schemes, despite some significant exclusions. Since the introduction of UCS, out-of-pocket (OOP) payments have drastically decreased from 33.9 per cent in 2002 to 11 per cent in 2018 (World Bank n.d. cited in ILO 2021f). There has been steady progress in terms of health service access and utilization, along with positive health outcomes. In tandem, government expenditure per capita has steadily increased, rising from US\$232 per capita, and reaching US\$723 in 2018. Yet overall health expenditure over the past decade has remained around 3.7 per cent of GDP.

Rwanda has made significant efforts to develop its healthcare system at the national and community levels, making it possible for most people to access affordable health care: 85 per cent of its population was covered by the various health insurance schemes in 2011, most of them (91 per cent) through community-based health insurance (CBHI) schemes. Progress in coverage in Rwanda was achieved through political commitment by a decentralized and strong network of health facilities and health workers, and the use of cultural elements of collective action and mutual support. The CBHI schemes subsidize the contributions for poor and vulnerable people, which has helped to extend coverage to otherwise excluded groups. They have greatly contributed to improving health standards in Rwanda, including increased life expectancy and reduced child and maternal mortality. The experience of Rwanda shows that progress is possible for low-income countries, even when the vast majority live in rural areas and work in the informal economy.

5 Social Protection at a Crossroads: A Turning Point or a Tragic Setback?

The jury is still out on the medium- to long-term implications of the COVID-19 response measures on national social protection systems, especially as countries brace themselves for the potential impact of the Russian Federation's aggression against Ukraine, which has already increased global food and energy insecurity, with rising food and energy prices and risks of increasing poverty and inequalities in several regions in the world. The uncertainty of the present moment notwithstanding, this section provides an overview of social protection systems two years after the outbreak of the COVID-19 crisis, drawing on the latest edition of ILO's *World Social Protection Report* (ILO 2021c).

Governments around the world mobilized all the means at their disposal to respond to the COVID-19 pandemic and its socio-economic fallout. Countries already equipped with solid social protection systems were in a much stronger position to respond, being able to rely on their pre-existing statutory schemes that automatically kicked into action, even though they had to inject more financing where needed and focus on massive emergency programmes to help groups in need of additional support. Countries with weaker social protection systems faced greater challenges. In addition to relying on pre-existing statutory schemes, many had to urgently fill gaps by introducing new measures or extending the coverage, comprehensiveness, and adequacy of benefits, on the hoof, while adapting their delivery mechanisms to meet the new public health requirements.

The 1730 measures adopted worldwide covered all functions of social protection, including measures to ensure access to healthcare (including for vulnerable groups, such as migrants); measures to protect incomes (by increasing the coverage and value of a wide range of benefits, and introducing new benefits); measures to protect jobs and the liquidity of enterprises (through job retention schemes and waiver of contributions); and measures to ensure access to childcare and other social services.¹¹ Approximately 70 per cent of these measures comprised non-contributory responses, while the remainder were mainly delivered through contributory social insurance schemes. Looking beyond the specifics of the measures adopted, a number of broader trends stand out.

First, while countries put in place extraordinary fiscal stimulus measures to finance social protection responses to COVID-19, the global fiscal stimuli have been strongly concentrated in high-income countries (“stimulus gap”) (ILO 2020b). Lower-middle-income countries could muster fiscal stimulus measures to the value of only 1 per cent of those mobilized by high-income countries, incommensurate with the labour market disruptions they have suffered. The global inequity in terms of stimulus packages is also tragically replicated in the pronounced inequity across countries in their effective access to COVID-19 vaccines. Today, we are in the midst of a dangerous two-speed recovery that risks pushing many developing countries behind, and scarring the lives of millions of informal workers, women, and young people. According to the latest *ILO COVID-19 Monitor*, despite the resumption of global economic growth, the number of hours worked in the world has deteriorated in the first quarter of 2022 and remains 3.8 per cent below the level of the fourth quarter of 2019 (the pre-crisis benchmark), equivalent to a deficit of 112 million full-time jobs, indicating a significant setback in the recovery process; although by the end of 2021, employment had returned to pre-crisis levels or even exceeded them in the majority of high-income countries, deficits persisted in most middle-income economies (ILO 2022).

Second, many social protection responses were “maladapted, short-term, reactive, and inattentive to the realities of people in poverty” (de Schutter 2020). Despite the impressive scale of the response, this often flattered to deceive as many of the measures introduced were typically one-time payments or short-term support: the average period over which benefits were paid was 4.5 months,¹² and benefit levels were often wholly insufficient. Such measures were therefore limited in their ability to protect people’s incomes and health in a protracted crisis such as the COVID-19 pandemic.

Third, despite the stress on families with care-dependent children and adults, the global jobs and social protection response to the crisis has been largely gender-blind. Out of a total of 3,098 social protection and labour market measures across 221 countries and territories, just 380 (12 per cent) aimed to strengthen women’s

¹¹ <https://www.social-protection.org/gimi/ShowWiki.action?id=3426>

¹² <https://documents1.worldbank.org/curated/en/110221643895832724/pdf/Social-Protection-and-Jobs-Responses-to-COVID-19-A-Real-Time-Review-of-Country-Measures.pdf>

economic security by targeting them with cash or in-kind support, training or entrepreneurship opportunities. Support for unpaid care was even more limited with 225 measures (7 per cent of the total) taken across 93 countries, mainly in the global North.¹³

Finally, barring some countries with well-established institutions of social dialogue, in many others, participation, accountability and oversight mechanisms were lacking, and compliance with human rights principles was insufficient (de Schutter 2020). To this democratic deficit, we should add another oft-praised feature of the response: namely, the innovative ways in which digital technologies were used to identify beneficiaries and deliver benefits to them. While this has indeed been an important innovation in many countries, digital technologies also carry the risk of exclusion, especially among groups who are digitally illiterate, unbanked, without mobile phones/Sim cards, access to the internet and formal IDs, unless exclusion is explicitly acknowledged and tackled by putting in place additional non-digital options and complementary support services (Alston 2019).

The uncertainties of the present moment notwithstanding, are we likely to see a shift to more inclusive economic and social policies? Clearly, some crises in the past have yielded such outcomes, as in the push for greater social protection in East Asia after the 1997 financial crisis, especially where democratic politics facilitated public pressure towards a more extensive welfare system as in the case of the Republic of Korea. Arguably, the COVID-19 crisis has assumed such vast dimensions that it has reconfigured policy mindsets and prised open a unique window of opportunity.

For a start, the COVID-19 crisis underscored the value of social protection to workers' and employers' organizations, as well as citizens. This consensus was clearly reflected in the conclusions of the recurrent discussion on social protection at the June 2021 session of the International Labour Conference, which recognized the urgency of "establishing universal social protection systems adapted to the developments in the world of work that are resilient, effective, inclusive, adequate and sustainable over the long term" (ILO, 2021 g: para 2). The crisis may have also helped citizens to better understand the value of social protection. Many working-age people may have had their first recourse to social protection during the pandemic, thereby increasing appreciation of its value. Everyone can understand that social protection reduces the trade-offs people would otherwise have to make between income and health, and how this protects public health.

The COVID-19 crisis also underscored the primacy and legitimacy of the State as bearing primary responsibility and duty to protect its citizens, and as the only entity that can act decisively to protect health, incomes and jobs at scale. It is not surprising that in some countries people's trust in public institutions has increased (O'Donoghue et al. 2021).

At the same time, the COVID-19 crisis also exposed the limitations of narrowly targeted 'safety nets' given the evident vulnerability of much wider groups of people, and the need for national social protection systems anchored in law to guarantee

¹³ COVID-19 Global Gender Response Tracker Fact Sheets. New York. <https://www.undp.org/publications/covid-19-global-gender-response-tracker-fact-sheets>.

adequate levels of social protection to all by ensuring a well-coordinated system that does not create barriers to labour mobility and the confusion engendered by fragmented systems. In the broader public debate, including among UN agencies, there is renewed discussion about the merits of categorical and universal benefits, including a universal basic income, and questioning of targeting approaches that leave large swathes of the population behind.

Finally, the COVID-19 pandemic has also placed immense pressure on care systems worldwide and exposed the severe under-investment and inequalities that characterize them. Not only did the pandemic amplify the need for caring labour within the home, due to school closures and disruptions in long-term care institutions, and the large number of people contracting the virus and requiring care at home, it also magnified the disproportionate burden falling on the shoulders of women (Kabeer et al. 2021). In parallel, the surge in the number of sick people in hospitals, long-term care institutions, and at home prompted an enormous increase in demand for nurses, nurse assistants, and home health aides, 70 per cent of whom are women. Although the crisis has made visible the “essential” nature of care work, emerging research shows that workers in essential care service jobs, especially women, earn less than other essential workers (Folbre et al. 2021). These care penalties, as research shows, have implications for the future supply of care services. By making visible the “essential” nature of this work, the crisis may have paved the way for efforts to redress its systematic undervaluation. It remains to be seen whether these reconfigured perceptions will have an enduring legacy by ensuring adequate protection and remuneration for care workers.

As encouraging as these glimmers of hope may be, there are serious hurdles that stand in the way of an inclusive global recovery, not least, given the risk on the horizon (if not already here) of a harsh fiscal reaction, climate crises and growing geopolitical tensions unleashed by the war in Ukraine.

While the international financial institutions (IFIs) and central banks have encouraged higher-income countries to pursue expansionary fiscal measures to avoid economic contraction, insufficient availability of financial support for developing countries and lack of sufficient global action over debt cancellation, issuance and reallocation of Special Drawing Rights to countries in need and vaccines severely limits the policy choices available to many developing countries to pursue expansionary policies and build universal social protection systems. Recent analysis indicates that budget cuts are expected in as many as 159 countries in 2022; in 2022 therefore 6.6 billion people or 85 per cent of the global population will be living under austerity (Ortiz and Cummins 2021), reminiscent of the decade of austerity that followed the 2008 global economic crisis. The deep social fractures and inequalities exposed by the COVID-19 pandemic need to be urgently addressed, not through another round of stop-gap emergency measures, but by building on the avalanche of policy action taken in the pandemic to position universal social protection provisioning and redistribution at the centre of socio-economic recovery.

In September 2021, the United Nations Secretary-General launched the *Global Accelerator on Jobs and Social Protection for a Just Transition*, an initiative, which aims to increase integrated policy and financing solutions that can create millions of decent jobs including in the green, care and digital sectors, extend social protection

to the 4.1 billion people that have no social protection at all, and protect workers, enterprises and vulnerable groups from the unintended consequences of climate adaptation and mitigation strategies. Only such integrated solutions have the potential to reverse the rising tide of poverty and inequality and foster social inclusion by deterring the mistrust and intolerance that risks tearing societies apart.

As such, the Accelerator could become a major platform for multilateral cooperation and concrete action leading to the World Social Summit in 2025, as proposed in the Secretary-General's vision document, *Our Common Agenda*. More specifically, it could provide solutions to several recommendations of the *Our Common Agenda*, notably: increasing levels of funding for social protection; promoting the transition of workers and enterprises from the informal to the formal economy; facilitating women's economic inclusion, including through large-scale investment in the care economy; promoting green and digital economy job creation and a just transition towards environmentally sustainable economies; and improving labour market outcomes for young people. In the words of the Secretary-General, "the choices made now would make the difference between a global breakthrough and a global breakdown" (UN SG, 2022).

6 Concluding Remarks

The world of work is going through another major transformation, while the massive socio-economic disruptions of the COVID-19 pandemic have been layered on top of longer-standing inequalities and deficits that have held back progress in making the right to social security a reality for everyone. If there is a silver lining to the pandemic, it is the way in which it has underscored the need for universal social protection systems for everyone and that include workers in all types of employment.

Social protection systems are the enablers of structural change: by protecting workers, enterprises, and vulnerable groups from ordinary life-cycle risks, as well as broader economic changes and the unintended consequences of climate adaptation and mitigation strategies. It is the glue that can hold society together by mutualizing risk and building solidarity. Its well-documented social and economic pay-offs notwithstanding, social protection gaps are associated with significant under-investment in social protection systems. Filling this financing gap is a matter of urgency if we want to ensure everyone has access to social protection when they need it and repair the frayed social contract. Doing so means mobilizing domestic resources in ways that are equitable, through social contributions and progressive taxation, facilitated by the creation of decent jobs and formalization of employment and enterprises, investing in system-building aligned with international social security standards to guarantee the right to social security in a sustainable manner, and stemming illicit financial flows and creating an enabling global financial architecture which requires strong multilateral coordination.

Acknowledgements I would like to thank Christina Behrendt, Kroum Markov, Ian Orton, and one anonymous referee for their helpful comments on previous drafts of this paper, though they bear no responsibility for any remaining shortcomings.

Funding No funding was received.

Declaration

Conflict of interest The authors declare that there is no conflict of interest.

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