PROTECTING HUMAN RIGHTS DURING ECONOMIC CRISES

The COVID-19 pandemic renewed impetus to fix gaps in the coverage and adequacy of social security systems worldwide. Today's world is fraught with further compounding covariate shocks: in addition to the pandemic, war and economic turmoil have led to rapid fuel price increases, food insecurity, and, in many countries, pervasive unemployment.

While initial enthusiasm to guard against future shocks following COVID-19 was apparent, too little progress has been made to realise the universal right to social security, with many people still vulnerable to income insecurity and deteriorating living standards.

The primary social security response to unemployment is unemployment benefits, which have a dual purpose to i) provide income security during periods of unemployment and ii) to provide support with reintegration into the labour market.

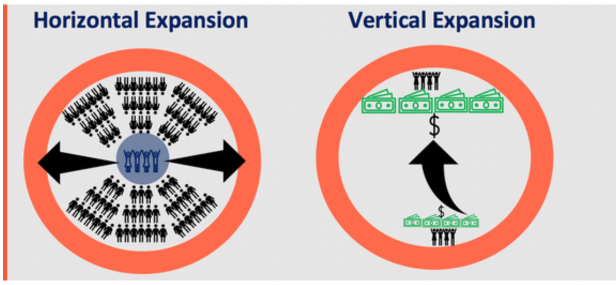
Entitlement to social security is often conditional on participation in the formal labour market, which means that in low- and middle-income countries, where the majority of the workforce is informal, many are left unprotected and without income security.

"Universal, inclusive social security systems can be immediately scaled up to extend coverage to the unemployed and all those affected"

This has been the case in Sri Lanka, where informal workers have been left unable to access income security amid its worsening debt and economic crisis. This results in the implementation of ad hoc emergency measures to plug gaps in protection.

In contexts where there are high rates of structural unemployment, not only are ad hoc emergency measures inefficient in reaching the most vulnerable unemployed people because the unemployed population is already very large, but their ability to guarantee income security during protracted crises is extremely limited.

When comprehensive social security systems are already in place, these can be immediately scaled up to extend coverage to the unemployed and all those affected:



Horizontal expansion involves increasing the number of recipients; vertical expansion involves increasing the value of cash transfers to existing recipients.

Underdeveloped and weak social security systems have limited expansion capacity to respond adequately to crises, particularly those that rely on predominantly poverty-targeted schemes. Global experience tells us that these schemes are not well-targeted, are ineffective in protecting the poor and exclude, by design, the majority of the population (those on middle incomes). During the COVID-19 pandemic, countries characterised by these low coverage social security systems, like Indonesia and Bangladesh, covered just 42 per cent and 23 per cent of their respective populations through social security. As a result, a high proportion of those most affected by the crisis were unable to access protection.

Universal social security systems, comprising lifecycle schemes, such as old age pensions and disability and child benefits, reach a larger proportion of the population and can be more effectively scaled up during crises. For example, during the pandemic, the Bolivian government vertically and horizontally expanded their existing social security system. From this, approximately 95 per cent of Bolivia's population had direct or indirect access to support from a lifecycle benefit such as child benefits or old-age pensions as a member of a recipient household.

The horizontal expansion of Bolivia's system included the introduction of a Universal Bonus, implemented to address the exclusion of informally employed workers and self-employed people. The "Family Bonus" was a vertical expansion of existing child, school and old-age benefits.

Universal, inclusive social security systems can be immediately scaled up to extend coverage to the unemployed and all those affected, upholding the rights of unemployed people by ensuring that they are protected either directly or indirectly through a lifecycle benefit.