

The pre-COVID-19 situation: Some progress made, but significant gaps remain

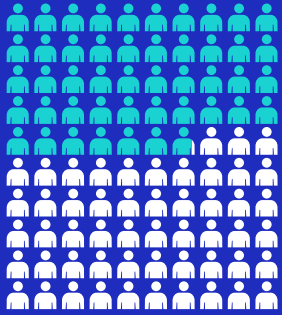
This chapter provides an overview of the pre COVID-19 state of social protection systems worldwide: their coverage, comprehensiveness and levels of benefits and expenditure. It highlights progress in expanding social protection towards SDG target 1.3, as well as the gaps that remain to be closed.



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| 2.1 | Progress in building social protection systems | 2.3 | Adequacy and comprehensiveness of protection |
| 2.2 | Social protection coverage: Some progress made, but significant gaps remain | 2.4 | Social protection expenditure and financing |

► The state of social protection worldwide: Progress made, but not enough

Global effective coverage rates (excluding health and sickness)

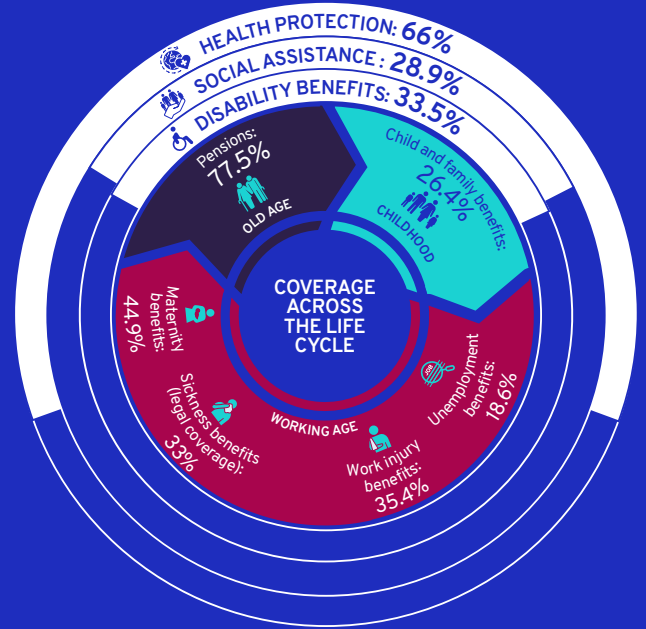


46.9%

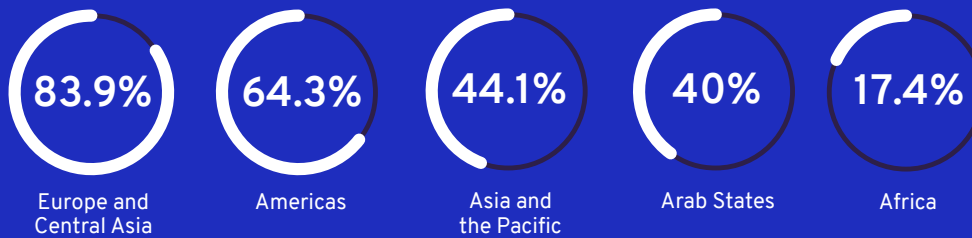
of the global population are effectively covered by at least one social protection benefit (SDG 1.3)

Social protection coverage across the life cycle (SDG 1.3)

Coverage ratio in per cent of the respective reference group



Population receiving at least one social protection benefit (SDG 1.3) by region



The financing gap in social protection urgently needs to be closed to ensure at least minimum provision for all – a social protection floor

The financing gap has increased by approximately

30%

since the onset of the COVID-19 crisis

Lower-middle-income countries require an additional

US\$362.9 billion

5.1% of GDP

Upper-middle-income countries require an additional

US\$750.8 billion

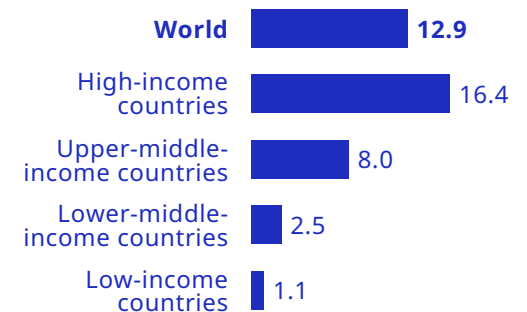
3.1% of GDP

Low-income countries require an additional

US\$77.9 billion

15.9% of GDP

Public expenditure on social protection (excluding healthcare) as % of GDP



The persistence of protection gaps is associated with **significant underinvestment in social protection**

- ▶ There is an unmistakable historical trend of growth in the number of countries building their social protection systems, yet large gaps in coverage, comprehensiveness and adequacy remain.
- ▶ Only 46.9 per cent of the global population are effectively covered by at least one social protection benefit* (SDG indicator 1.3.1), while the remaining 53.1 per cent – as many as 4.1 billion people – are left wholly unprotected. Behind this global average there are significant variations across and within regions, with average coverage rates in Europe and Central Asia (83.9 per cent) and the Americas (64.3 per cent) above the global average, while Asia and the Pacific (44.1 per cent), the Arab States (40.0 per cent) and Africa (17.4 per cent) have pronounced coverage gaps.
- ▶ The lack of protection renders people vulnerable, particularly informal workers, migrants and the forcibly displaced, and especially women in those groups who face multiple discriminations. The rapid extension of social protection coverage to those not yet adequately covered, through social insurance, tax-financed schemes or a combination of both, is essential for reducing their vulnerability and promoting decent work.
- ▶ Progressively ensuring comprehensive social protection against the full range of risks and contingencies is essential to realize the human right to social security. At present, only 30.6 per cent of the working-age population are legally covered by comprehensive social security systems that include the full range of benefits.
- ▶ In addition to universal coverage, adequate and comprehensive social protection benefits are essential for achieving the SDGs. Extending social protection to those in the informal economy and facilitating their transition to the formal economy is of key importance for tackling decent work deficits and alleviating the pressure on non-contributory social protection provision. Ensuring adequate social protection for women and men requires addressing labour market insecurity and inequalities, including gender gaps in employment and wages, which adversely affect the capacity to make contributions and therefore benefit levels. Minimum benefit guarantees or care credits can help to provide adequate levels of benefit for those with interrupted contribution histories or low earnings.

* Excluding healthcare and sickness benefits.

- ▶ Gaps in the coverage, comprehensiveness and adequacy of social protection systems are associated with significant underinvestment in social protection, particularly in Africa, the Arab States and Asia. Countries spend on average 12.9 per cent of their GDP on social protection (excluding health), but this figure masks staggering variations. 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).
- ▶ The financing gap in social protection – that is, the spending required to close gaps in the coverage, comprehensiveness and adequacy of social protection to ensure at least minimum provision for all – has increased by approximately 30 per cent since the onset of the COVID-19 crisis. To guarantee at least a basic level of social security through a nationally defined social protection floor, lower-middle-income countries would need to invest an additional US\$362.9 billion and upper-middle-income countries a further US\$750.8 billion per year, equivalent to 5.1 and 3.1 per cent of GDP respectively for the two groups, while low-income countries would need to invest an additional US\$77.9 billion, equivalent to 15.9 per cent of their GDP.

