



Supporting livelihoods during the COVID-19 crisis: closing the gaps in safety nets

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The COVID-19 crisis has laid bare pre-existing gaps in social protection provisions. As employees fell ill, reduced their working hours or lost their jobs, paid sick-leave schemes, short-time work schemes and unemployment benefits have kicked in. This has helped to sustain the incomes of many, but even in countries with the most advanced social protection, some workers with non-standard jobs and their families miss out. The situation is worse in countries with large informal sectors where growing numbers of people lose work without any access to income. This policy brief discusses the measures countries have taken to support the livelihoods of those who cannot access unemployment benefits or short-term work schemes. It examines the raft of new programmes introduced across the OECD and beyond, including means-tested assistance, new cash transfer schemes, and direct support for those struggling to meet their expenses. It also discusses how to close social protection gaps beyond the crisis to ensure inclusive growth post-COVID-19.



Key findings

As massive policy efforts to contain the global COVID-19 pandemic continue, countries are grappling to minimise the impact on the livelihoods of their citizens. As employees fell ill, reduced their working hours or lost their jobs, paid sick-leave schemes, short-time work schemes and unemployment benefits have kicked in, and many countries have taken steps to make these programmes more widely accessible or more generous.

These measures have helped to sustain the incomes of many and minimise initial job losses. But they have not reached all those whose livelihoods are affected. Even in countries with the most advanced systems of social protection, some workers and their families miss out: workers with non-standard jobs – the self-employed, temporary, and informal workers, and those who work very short hours – are often not covered by insurance-based unemployment and sickness benefit schemes. Others, who were already out of work before the crisis, now face protracted hardship. The situation is worse in countries with large informal sectors and weak social protection systems where growing numbers of people lose work without any access to income support.

As countries turn their attention to these groups, they must balance the need for fast relief with efforts to target benefits to those who need them most urgently. Speed is of the essence as workers and their families are seeing their livelihoods compromised, their savings eroded (if they have any) and their current and future wellbeing put at risk. The unprecedented scale of the crisis means that this is not only a short-term challenge, but it will require sustained policy efforts over the coming months and, possibly, years. Careful consideration of how support programmes can be made as effective and as sustainable as possible is needed.

The COVID-19 crisis has laid bare pre-existing gaps in social protection provisions. In many countries, the insurance function of social protection works well for employees with stable work histories. But those with unstable or short employment histories, the self-employed and other non-standard workers are often poorly or not protected. At the same time, the assistance function of social protection systems – providing last-resort minimum-income benefits for those with little or no other resources – is currently being put to a severe test. Accessibility and generosity of these programmes differ markedly across countries; even in normal times, many households in urgent need receive insufficient support. The abrupt and unprecedented income loss in the COVID-19 crisis has required countries to quickly design new programmes to patch these gaps. These programmes, while essential, can be poorly targeted, and may need to be reconsidered as broader fairness and fiscal considerations reimpose themselves. Post-crisis social protection systems should be reformed to close the gaps and support inclusive growth.

This Policy Brief discusses the measures countries have taken to support the livelihoods of those who cannot access unemployment benefits or short-term work schemes. It examines the raft of new programmes introduced across the OECD and beyond, where countries have scaled up means-tested assistance of last resort, introduced vast new cash transfer schemes, or provided direct support for those struggling to meet their expenses.



1. Introduction

Across the globe, many countries have introduced strict confinement measures to “flatten the COVID-19 curve”; to assuage the otherwise unbearable pressure on hospitals and, ultimately, reduce the death toll of the pandemic. The side effect of these measures has been a major supply shock, as workers are forced to stay home and many businesses are temporarily shut down. At the same time, demand for many goods and services has plummeted, as households and companies are no longer able, either physically or financially, to maintain their spending. In this unprecedented situation, as countries grapple to minimise the impact of the lockdown on the livelihoods of their citizens, the usual trade-offs between support and incentives, and between generosity and fiscal sustainability, have been temporarily laid aside. Concerns about undermining incentives to work appear secondary as workers have been asked to stay at home; worries of fiscal sustainability have been put on pause as policy makers move fast in attempts to avert a deeper social and economic crisis.

The speed and severity of the shock have been met with unprecedented levels of support, both in depth and in scope. As employees fell ill, were quarantined or lost their jobs, paid sick-leave schemes and unemployment insurance kicked in. Some countries expanded the support provided by unemployment benefits, made them more accessible, or extended their duration. Alongside this, many European countries have eased companies’ access to short-time work schemes, and made them more generous with lower conditionalities. These job retention programmes often replace a significant share of lost wages for employees who work reduced hours on a temporary basis; thereby they seek to minimise job losses and enable a quick resumption of economic activity once the shut-down period ends. Such measures have helped provide a degree of income security for many, but have not reached all those whose livelihoods are affected. Indeed, while unemployment benefits and short-time work schemes are, quantitatively, the most prominent tools in countries’ early policy response, they mostly benefit dependent employees.

The COVID-19 pandemic is accentuating a range of structural challenges of social protection systems which existed well before the crisis and will need to be addressed to ensure that social protection serves inclusive growth (see also OECD (2020^[1])). Even in countries with well-developed social protection systems, many workers without standard employment contracts (e.g. across the OECD on average, one in seven workers is self-employed (OECD, 2019^[2])), who have suddenly lost their income, are struggling to make ends meet. Those who were already out of work before the crisis began now face protracted periods of hardship. Meanwhile, in countries with large informal sectors and weak social protection systems, many affected workers do not have access to any form of income support.

Countries across the OECD but also emerging and developing economies have introduced a raft of new programmes to cover those whose incomes may have been unprotected while being particularly exposed to deteriorating earnings prospects (Table 1). The focus of this brief is on these complementary and safety-net programmes – those aimed at reaching the groups most at risk of falling through the cracks of existing social protection systems. The brief also highlights avenues for post-crisis reforms to ensure that social protection systems reach all people regardless of their employment situation, thus contributing to inclusive growth.



Table 1. Countries across the OECD have announced new, or extended existing, safety-net measures in response to COVID-19

	New and existing job retention schemes ¹	Extensions to unemployment insurance	Extensions to means-tested programmes	New targeted transfers to specific groups	New universal transfers	Additional direct help with expenses, including moratoria on taxes, social contributions and housing costs
Australia	✓	✓	✓			✓
Austria	✓	✓		✓		
Belgium	✓	✓		✓		✓
Canada	✓			✓		✓
Chile		✓	✓	✓		
Colombia			✓	✓		✓
Czech Republic	✓			✓		
Denmark	✓			✓		
Estonia	✓					✓
Finland	✓	✓	✓	✓		
France	✓	✓		✓		✓
Germany	✓	✓	✓	✓		✓
Greece		✓		✓		✓
Hungary	✓			✓		✓
Iceland	✓	✓		✓		
Ireland	✓	✓	✓	✓		✓
Israel		✓		✓		✓
Italy	✓		✓	✓		✓
Japan	✓				✓	✓
Korea	✓			✓	✓	✓
Latvia	✓	✓	✓	✓		✓
Lithuania	✓			✓		
Luxembourg	✓	✓				✓
Mexico						✓
Netherlands	✓		✓			✓
New Zealand	✓			✓		✓
Norway						✓
Poland	✓			✓		
Portugal	✓	✓		✓		✓
Slovak Republic	✓	✓				✓
Slovenia	✓	✓	✓	✓		✓
Spain	✓	✓		✓		✓
Sweden	✓	✓				✓
Switzerland	✓	✓		✓		
Turkey	✓			✓		
United Kingdom	✓		✓	✓		✓
United States (federal level)	✓	✓		✓	✓	✓

1. Job retention schemes are public schemes that are intended to preserve jobs at firms experiencing a temporary reduction in business activity by alleviating labour costs for firms or supporting the incomes of workers whose earnings are reduced. They can take the form of short-time work or temporary layoff schemes that subsidise hours not worked or of special subsidies to hours worked which can also be used to top up the earnings of workers on reduce hours (as in for example in the Netherlands, New Zealand, Australia and Canada).

Source: Adapted from OECD (2020), "Supporting people and companies to deal with the COVID-19 virus: Options for an immediate employment and social-policy response", ELS Policy Brief on the Policy Response to the COVID-19 Crisis, OECD, Paris, <http://oe.cd/covid19briefsocial>. Accessed 19 May 2020.



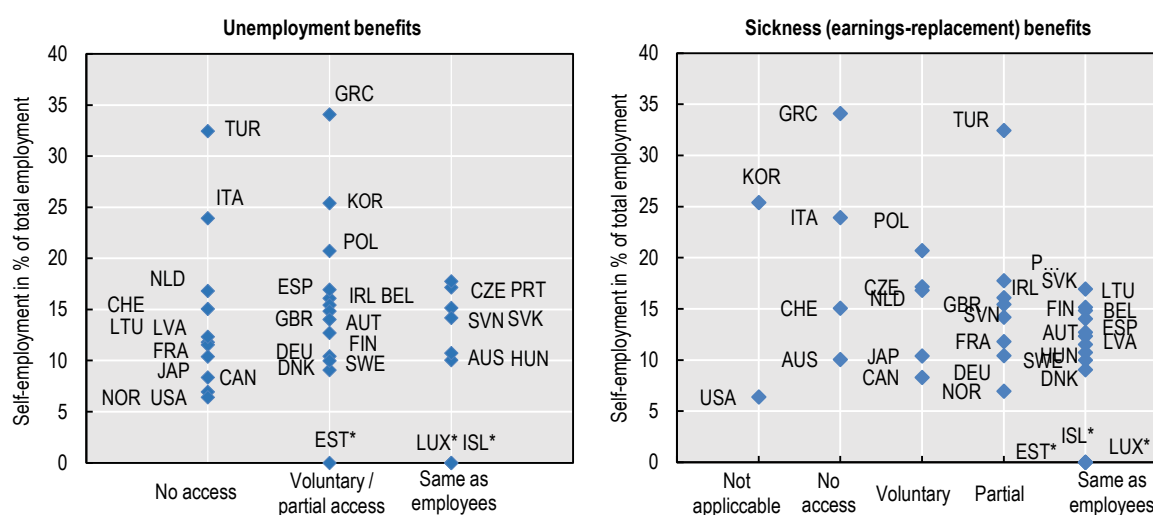
2. Which groups are in urgent need of support?

Some self-employed, including own-account workers and small business owners, are particularly at risk of falling through the cracks of existing social protection schemes in the current crisis. They are overrepresented in some of the industries that have been restricted or shut down because of quarantine, e.g. in the hospitality and culture sectors, but also in services such as hairdressers. For instance, a survey carried out in the Netherlands immediately after the start of lockdown shows that 48% of self-employed workers experienced a reduction in hours, compared to only 27% of employees (von Gaudecker et al., 2020^[3]).

In most OECD countries, self-employed workers had limited access to unemployment and sickness benefits before the COVID-19 crisis (Figure 1, (OECD, forthcoming^[4]; OECD, 2019^[5])). There are a number of challenges of extending unemployment and sickness benefits to the self-employed. First, there is the consideration of moral hazard. In the case of unemployment benefits, the absence of an employer confirming a layoff makes it difficult to distinguish demand fluctuations from voluntary idleness, and efforts to re-establish a business operation are more difficult to monitor than the search for dependent employment. In the case of sickness benefits, it is difficult to ascertain whether the self-employed actually ceases work or not. Second, the self-employed often have highly fluctuating earnings. This complicates the calculation of both contributions and entitlements. Self-employed workers may also be able to avoid or lower contribution payments by optimising their contribution base, e.g. through timing their work or earnings. Finally, many of the self-employed are simply unable or unwilling to pay both the employer and employee social contributions.

Figure 1. Self-employed workers often have limited access to income replacement benefits

Statutory access to social protection for the self-employed compared to dependent employees (“employees”) by social protection branch and incidence of self-employment, 2017



Note: Differences in statutory access rules between standard dependent employees (full-time open-ended contract) and self-employed workers. “Not applicable”: no compulsory sickness benefit scheme for dependent employees in Korea and the United States. “No access”: schemes are compulsory for dependent employees but self-employed are excluded. “Partial access” to benefits can arise a) because eligibility conditions, benefit amounts or receipt durations are less advantageous for self-employed workers; or b) if insurance-based and non-contributory benefits co-exist and individuals can access only the latter (e.g. only basic pension and not earnings-related). *Data on self-employment incidence is missing/incomplete for Estonia, Iceland and Luxembourg and refers to 2015 for the Slovak Republic and to 2014 for Latvia.

Source: OECD (2019^[5]), “Left on your own? Social protection when labour markets are in flux”, <https://doi.org/10.1787/bfb2fb55-en>.



Without adequate support, many self-employed workers will struggle to cover recurring expenses such as housing costs, which are the single largest expenditure item for most households. Housing costs are difficult to bring down in the short term, especially during lockdown periods when moving house is not an option (OECD Affordable Housing Database).¹ And, while others will be able to cushion a short-lived drop in income by eating into their savings, requiring the self-employed to run down their savings is problematic when business closures are part of a government-mandated health measure (Baldwin and Weder di Mauro, 2020^[6]).

Means-tested minimum-income benefits are often the only form of support that is available to workers who are not covered by social insurance. These benefits are meant to alleviate poverty and protect against entrenched livelihood risks. But they typically do not provide immediate help for the middle-class, such as workers on moderate earnings, whose primary income source suddenly falls away, and who are therefore unable to meet ongoing expenses. Another problem can arise from asset tests for social assistance benefits; many of the self-employed who are now in urgent need may own illiquid assets, such as firm capital or equipment, which makes them ineligible for cash benefits. More importantly perhaps in the current situation, processing claims takes time; time that these individuals do not have as they see their livelihoods disappear and their bank accounts empty.

Low-income households, who relied on income support before the crisis, also stand to lose much of their income. For instance, those receiving unemployment support before the crisis may have run out of entitlements, and experience very poor re-employment prospects even in the de-confinement phase. In the United States, Finland, France, the United Kingdom amongst others, low-income workers, including many part-time employees, receive earnings top-ups through in-work benefits. When they lose their jobs, they lose these benefits as well, since payments are tied to wages and working hours. Low-income individuals with limited or irregular working hours, as well as young people with short work histories, may also not qualify for short-time work schemes or unemployment benefits.

In addition, the lockdown has resulted in the closing of childcare facilities and schools, depriving children from low-income families of free school meals. In the United States for example, almost 70% of school districts surveyed at the onset of school closures feared that some children would go hungry until schools re-open.² At the same time, many food banks and other social services are closed or reduced due to social-distancing rules and staff absences while simultaneously they face vastly increased demand. Feeding America projects an increase of 46% in the share of American families facing food insecurity as well as a decline of 60% in the volunteering workforce at food banks.³

Informal workers remain beyond the scope of most income-support schemes. This includes employees who are not registered for mandatory social security, who are paid less than the legal minimum wage, who are employed without a written contract (where this is a legal requirement), and the self-employed who fail to declare some or all of their income for tax purposes (e.g. working cash in hand). For example, many of the 40 000 Romanian care workers for the elderly in Austria are now stranded in either Romania or Austria without qualifying for financial support in either country.⁴

¹ <http://oe.cd/ahd>.

² <http://schoolnutrition.org/news-publications/press-releases/2020/sna-survey-finds-schools-committed-to-emergency-feeding-during-COVID-19-closures/>.

³ <https://www.feedingamerica.org/about-us/press-room/feeding-america-food-bank-network-projects-14-billion-shortfall-due-COVID-19>.

⁴ <https://www.theguardian.com/world/2020/apr/16/stranded-or-shunned-europes-migrant-workers-caught-in-no-mans-land>.



Similarly, workers in ‘partial informality’ (those registered but working some of their total hours for cash) will not receive full compensation for their lost earnings during the confinement phase. Many of these workers, already among the most vulnerable, risk falling into poverty and may therefore seek to continue their work despite quarantine restrictions. Many temporary visa holders are also not entitled to financial support, such as the nearly 90 000 temporary graduate visa holders in Australia, many of whom have previously worked in the heavily hit hospitality sector.⁵ As migrants across the OECD lose their jobs and their livelihoods, they also lose their ability to send remittances to their families. With remittances estimated to fall by close to 20% in 2020, this is likely to put even further strain on the budgets of vulnerable households, including in emerging and developing countries (Kolev and La, forthcoming^[7]).

The situation is far more dramatic in emerging and developing countries where the vast majority of the population does not have access to formal social protection arrangements. For example, a large fraction of workers in South Africa cannot access income support as many employers did not register their employees for unemployment insurance.⁶ In India, up to 100 million citizens might be left out of the countries’ COVID-19 food security scheme as coverage at the state level is calculated using outdated population figures.⁷ Box 4 illustrates and discusses policy responses to support people’s livelihoods in the wake of the COVID-19 crisis in emerging and developing economies.

3. What systems are in place to help people with urgent income needs?

Countries use different policies to support those in need: Some rely very strongly on means-tested benefits, which are delinked from employment and paid only to households below a certain income or wealth threshold (for example, the United Kingdom and Australia). This results in tightly targeted transfers. Other countries instead provide the majority of support in the form of insurance-type transfers which require beneficiaries to have made contributions to the system (for example Italy and Spain). In insurance-based social-protection systems, a high share of total social expenditure can go to higher income households (Figure 2). Many continental European countries use “layered” systems that combine insurance-based benefits for people not working with universal support for families with children and minimum-income benefits as a lower-level safety net (e.g. Austria, Germany, France, and the Slovak Republic).

All OECD countries have some form of minimum-income schemes in place, but their benefit levels, eligibility conditions and actual coverage of low-income households vary widely across countries, even in normal times. A forthcoming OECD study (Hyee, Fernández and Immervoll, forthcoming^[8]) looks at the de-facto accessibility and generosity of minimum-income schemes selected in European countries. It shows how many households in acute economic need – defined as jobless households whose income from market sources and insurance-based transfers (including unemployment benefits) puts them into the poorest 10% of households – receive means-tested support.⁸

⁵ <https://www.thebigsmoke.com.au/2020/04/23/a-humanitarian-crisis-in-the-making-theres-90000-visa-holders-trapped-here-without-financial-support/>.

⁶ <https://www.iol.co.za/news/opinion/gaps-in-COVID-19-relief-scheme-leave-some-workers-with-no-income-47025406>.

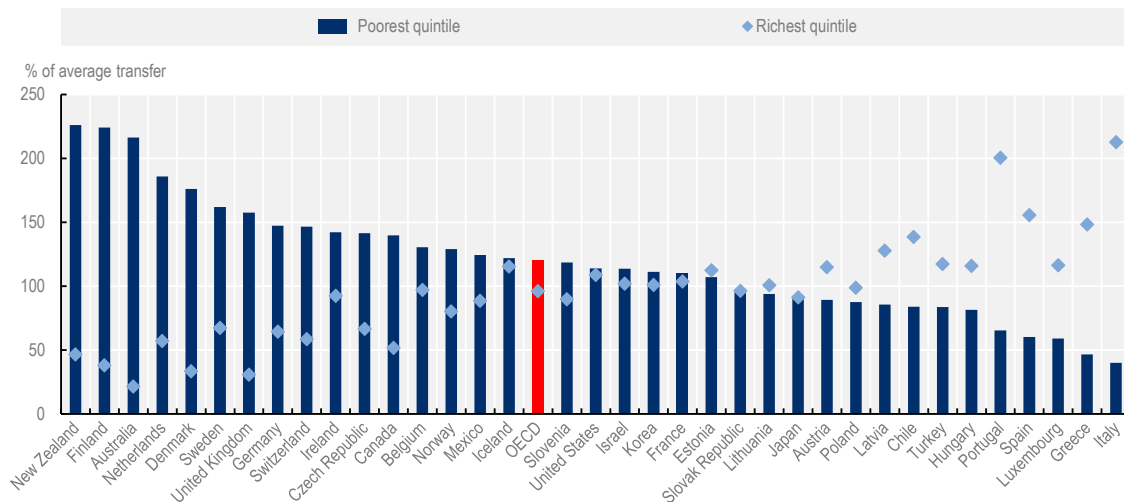
⁷ <https://scroll.in/article/959235/100-million-indians-fall-through-gaps-in-food-safety-net-economists-urge-rethink-on-COVID-19-relief>

⁸ “Jobless” includes those who work very little during the year as a whole (up to 10% of their potential full-time work hours, less than one month of full-time work). “Poorest 10%” is the bottom 10% of the distribution of market income and contributory earnings-replacement benefits (*excluding* means-tested and universal benefits).



Figure 2. Insurance-based transfers tend to be less targeted to the poor

Transfers received by working-age individuals in low and high-income groups, 2018 or latest year available



Note: Working-age person are defined as those aged 18 to 65 years. Transfers include all public social cash benefits. The lowest and highest quintile are defined as the 20% of the population living in households with the lowest / highest equivalised disposable income, respectively. OECD refers to all Member countries of the OECD except Colombia.

Source: Calculations based on the [OECD Income Distribution Database](#).

The study finds that accessibility of minimum-income support for this group varies widely across countries: for example, more than four out of five poor workless households in the United Kingdom receive these assistance benefits, but only one out of five in Greece (Figure 3, left panel). Receiving minimum-income support is more common in countries that provide comparatively little insurance-based support (e.g. United Kingdom, Figure 3, left panel), or who have “layered” systems combining insurance-based support with last-resort, means-tested benefits (e.g. France, Austria and Germany). It is lower in countries who mainly rely on insurance-based benefits, including those where coverage with insurance benefits is limited as well (e.g. Italy, which introduced minimum income only recently, and Greece)⁹. Less demanding asset tests can make benefits more accessible: in the United Kingdom, for example, primary homes do not enter the asset tests at all, whereas they are at least partly taken into account in Austria, Belgium and Greece (Marchal et al., 2020^[9]). For those receiving minimum-income support, expected benefit levels are well below commonly used (relative) poverty thresholds, ranging from under 20% of median household income in Greece, Italy and the Slovak Republic, to around 40% in Belgium and the United Kingdom (Figure 3, right panel).

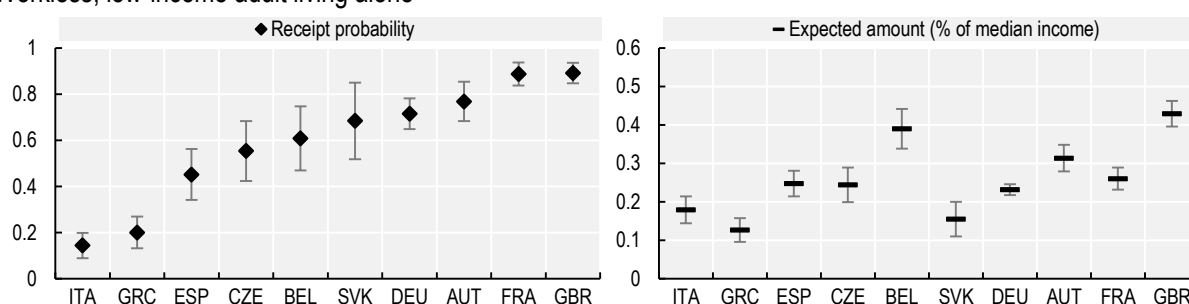
In the current crisis, countries with “tried and tested” minimum-income benefit programmes may be in a good position to scale them up quickly. By contrast, poor accessibility already before the crisis may signal significant bottle-necks during the claiming process. In these cases, existing safety-nets may not be able to cope with significant additional demand and may need to be complemented by other, more accessible support measures.

⁹ Both countries did not have generally applicable MIB schemes in 2015, but both have since introduced them (Bulman et al., 2019^[24]).



Figure 3. Accessibility and value of non-contributory benefits, 2015

Workless, low-income adult living alone



Note: How to read the chart: in Belgium, 60% of workless, low-income (in the bottom 10% of the income distribution, income from market sources and contributory benefits) one-person households receive at least some non-contributory benefits (left panel). The expected amount for those who receive benefits is about 40% of the median equivalised household income in Belgium (right panel). Bars indicate 90% confidence intervals. Predicted non-contributory benefit receipt for able-bodied low-income working-age adults in privately rented accommodation paying a “low” rent (bottom quintile of the national rent distribution). Benefits include refundable means-tested tax credits. Data refer to 2015, before the introduction of national-level minimum-income benefit in Greece and Italy. See Hye, Fernandez and Immervoll (forthcoming^[8]) for details. Source: Estimates based on EU-SILC and GSOEP, 2016 waves.

Emerging economies often use a mix of insurance-based protection, social assistance and in-kind support. In Chile, for example, employers and employees pay into an individual unemployment account that workers can draw on in the case of unemployment; on top of this the Ministry of Social Development selects certain vulnerable households for a range of social assistance and personalised support measures (OECD, 2020^[10]). India offers a wide range of in-kind support programmes, the two biggest programmes being a reduced-price food distribution programme and an employment guarantee for rural households (Srivastava, 2013^[11]). Turkey combines statutory unemployment insurance for employees with social-assistance cash transfers and in-kind benefits for education, heating and food for working-age households in need (OECD, 2020^[10]).

4. Income support during the COVID-19 crisis – what are countries doing

The COVID-19 pandemic has required policy makers to ramp up their income-support programmes and get money into the hands of those who need it most as quickly as possible. OECD countries’ responses to this challenge fall into four broad categories:

- Stepping up means-tested support to bolster the incomes of those with the least resources (11 of 37 OECD countries, see Table 1);
- Providing targeted transfers to support those whose vulnerability has been revealed by the crisis (28 countries);
- Offering universal transfers, to ensure a rapid pay-out and limit the number of people that fall through the cracks (3 countries); and
- Providing direct relief to those unable to meet their expenses (27 countries).

Most countries have pursued a mix of policies in order to maximise the speed, coverage, and efficiency of support to provide as much protection as possible to those who need it most.



4.1. Providing a minimum income through social assistance and other last-resort programmes

Many countries are using existing minimum-income schemes as a principal instrument to channel support to groups that do not qualify for the main earnings-replacement programmes, such as unemployment benefits or short-time work schemes. Often, countries loosened the conditions for benefit receipt during the pandemic, both to deliver support more quickly and to widen the circle of potential recipients to include those with some income and / or assets. The Netherlands, for example, abolished means tests on partner income as well as asset tests in the social assistance programme for low-income self-employed workers; and, importantly, in contrast to the pre-crisis benefit, this allowance does not have to be repaid.¹⁰ Australia temporarily waived asset tests and relaxed income tests on partner income for its means-tested out-of-work benefits; asset tests for family benefits were also waived. Waiting periods to get payment have been removed or reduced, including for newly arrived residents.¹¹ Germany has temporarily suspended all asset tests for its minimum-income benefit programme (Unemployment Benefit II); additionally, all housing costs (as opposed to “reasonable” housing costs before the crisis) will be reimbursed, and income tests will be eased. This will especially benefit self-employed people who are severely hit by the COVID-19 crisis.¹² Furthermore, many countries have suspended job search and other activation requirements because of strict social distancing measures, and to avoid delays in payments. For example, Italy has suspended all requirements to look for work for recipients of the minimum-income benefit for two months, given quarantine rules,¹³ while the United Kingdom has suspended all in-person appointments with the public employment service as well as all medical assessments.¹⁴

Some countries are also increasing the level of minimum income benefits to compensate the most vulnerable groups for a larger portion of lost income or other support (such as free school meals). The United Kingdom, for example has temporarily increased Universal Credit entitlements by 28% for a typical new claimant living alone.¹⁵ Australia has introduced a coronavirus supplement of AUD 550 per fortnight for the next six months for all recipients of the main out-of-work benefits, student benefits and means-tested family benefits – this will almost double the maximum monthly payments for jobseekers living alone.¹⁶

4.2. Paying temporary cash transfers to specific groups

Using existing social programmes to administer crisis support can be the most efficient choice. But this might not be suitable for an emergency situation. Applying for minimum-income benefits can be long and cumbersome because means- and asset tests typically take time. Many countries have therefore introduced new, often time-limited cash support programmes for people in urgent but maybe not long-term need. Targeted groups include those whose incomes are not protected (such as self-employed workers); those with low incomes, or those with higher needs, such as families with children.

¹⁰ <https://meijburg.com/news/additional-corona-crisis-measures-government-emergency-package-covering-jobs-and-economy>

¹¹ https://treasury.gov.au/sites/default/files/2020-04/Fact_sheet-Income_Support_for_Individuals.pdf

¹² <https://www.bmas.de/DE/Schwerpunkte/Informationen-Corona/sozialschutz-paket.html>.

¹³ <https://www.anci.piemonte.it/wp-content/uploads/2020/03/Nota-2191-del-19-03-2020-Sospensioni-Rdc-DL-18-2020.pdf> [accessed 5 May 2020].

¹⁴ <https://www.gov.uk/guidance/coronavirus-COVID-19-what-to-do-if-youre-already-getting-benefits> [accessed 5 May 2020].

¹⁵ Percentage applies to a Universal Credit claimant aged 25 and older, <https://www.understandinguniversalcredit.gov.uk/coronavirus/>.

¹⁶ https://treasury.gov.au/sites/default/files/2020-04/Fact_sheet-Income_Support_for_Individuals.pdf, <https://www.servicesaustralia.gov.au/individuals/services/centrelink/jobseeker-payment/how-much-you-can-get>.



Several countries introduced new cash transfers for self-employed workers. Often, these transfers depend on either previous earnings, or on losses due to the crisis. In the United Kingdom, for example, the self-employed will receive a taxable grant of up to 80% of their previous earnings over the last three years. The support will be capped at GBP 2 500 a month; it is available for self-employed with average annual profits of less than GBP 50 000. Similarly, in Austria, self-employed workers will receive a benefit replacing 80% of their net income loss compared to the same month in 2018 (the last completed fiscal year), up to a limit of EUR 2000 a month. Newly self-employed workers who only started their business in 2020 (and therefore cannot prove their income with a tax declaration) will receive a flat rate payment of EUR 500 per month.¹⁷ In the United States, where the Department of Labor estimates that the self-employed account for 16 million workers, with an additional 1.5 million gig workers, the Federal Government's relief package has extended the coverage of unemployment support to cover these workers. However, applicants are experiencing long delays to receiving the support, as most states have yet to establish a system to process these new claims and distribute the money.¹⁸

To speed up payments Italy introduced a tax-free, flat-rate payment of EUR 600 payable to most self-employed workers instead of conditioning support on past earnings or crisis-related losses. Also seasonal and agricultural workers, as well as certain workers in the entertainment sectors can apply; however, there are conditions that apply to dependent workers (e.g. seasonal workers must have lost their jobs).¹⁹ Similarly, in Ireland, self-employed workers who have lost all of their income can receive the COVID-19 Pandemic Unemployment Payment, a flat-rate payment of EUR 350 a week paid for the duration of the crisis. Those with only partial losses will not receive income support, however.²⁰

Germany rolled out a federal "Corona Supplement" for self-employed workers with up to ten employees, providing lump-sum cash support of up to EUR 15 000 depending on the number of employees and costs that the self-employed / small firms are unable to cover because of the COVID-19 crisis. It only covers operating costs of the business such as rent, wages of employees not covered by short-time work schemes etc.; for their own living costs, self-employed workers will have to rely on the means-tested minimum-income benefit (Unemployment Benefit II), eligibility to which has been temporarily relaxed (see above). The city of Berlin provided an additional top-up of EUR 5 000 Euros for small firms; however, this programme had to be suspended within days as earmarked funds (EUR 1.3 billion) were depleted following a large number of claims – any claims made after the 1 April will not be eligible for the regional top-up.²¹

Most of these earnings-replacement programmes are designed to deliver support quickly. But determining previous earnings is complex without a structure in place to do so – especially for the self-employed, whose earnings fluctuate. Therefore, some people may still fall through the cracks. Particularly those with short work histories, or those who have taken career breaks for parental leave, might have lower earnings in the assessment period than normally. A "pay now, assess later" approach to payments – see Box 1 – can be used to ensure that those in need receive payments quickly. The exact policy design can be ironed out at a later date. Requiring self-certification of current need, as in the German "Corona supplement" scheme can also speed up payments. In Austria, the first "immediate hardship fund" for self-employed workers required claimants to self-certify their need for assistance and preserve documentation, with random checks to be carried out at a later date (see also Box 3).²²

¹⁷ <https://www.wko.at/service/haertefall-fonds-phase-2.html>

¹⁸ <https://apnews.com/e17fdbbd8a49169e9a5d131d961d472c>.

¹⁹ <https://www.inps.it/nuovoportaleinps/default.aspx?itemDir=53544>.

²⁰

https://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/unemployed_people/covid19_pandemic_unemployment_payment.html.

²¹ <https://www.ibb.de/de/wirtschaftsfoerderung/themen/coronahilfe/faq-corona-zuschuss.html>.

²² https://www.wko.at/service/haertefall-fonds-epu-kleinunternehmen.html#heading_beantragung.



Box 1. Ex-post targeting: transfer now, target later

To simplify the procedures for income transfers and, in particular ensure a quick roll-out to all households who need help, some economists (e.g. Mankiw (2020_[12])) have proposed to use ex-post targeting: transfer money to everyone now, and recover funds from those whose incomes were not affected later via a surtax.

Practically, this would mean that all households would receive payments immediately. For some of them, it would be genuine transfer, while for others, it could be a loan, to be repaid at a later date. For instance, repayments could be conditional on the change, once realised, in households' income between 2019 and 2020. Households maintaining their income in 2020 (as compared to 2019 income) would repay the transfer in full, while partial repayment would be required from households who lost part of their income.

Obviously this would make universal transfers less simple and administrative costs would be incurred during the repayment phase. This approach also implies a high marginal tax rate on income received during the COVID-19 crisis and beyond. In normal times, this is undesirable because it can compromise incentives to work. But during the initial phase of the current crisis, incentivising labour supply may not be a primary concern given quarantine rules and while the unprecedented rise in unemployment is due to the collapse of demand for workers.

Source: Mankiw (2020_[12]): *A Proposal for Social Insurance During the Pandemic*. <https://gregmankiw.blogspot.com/2020/03/a-proposal-for-social-insurance-during.html>.

Providing social protection to informal workers in the current situation is a challenge (Alfers, Moussié and Harvey, 2020_[13]). In Colombia, for example, a one-off cash transfer of COL 160 000 (EUR 38), is planned for 3 million households who are outside of existing welfare programmes. Delivery is being made through bank transfers, for those who have accounts, or by electronic transfers via mobile phone.²³ In Morocco, cash has been transferred by mobile payments to informal workers; only those who have been directly affected by compulsory confinement are eligible for this programme which is expected to reach 3 million workers (approximately half of the informal sector). The speed and scale of the programme (the first payments began just one week after the opening of registration) have been facilitated by the use of an existing health insurance fee waiver registry, and a simple payment mechanism (Gentilini, Almenfi and Dale, 2020_[14]). In the Philippines, alongside a cash transfer, informal sector workers who have lost their livelihood have been offered access to a temporary employment programme, limited to ten days, to disinfect and clean the houses in their immediate neighbourhood (Gentilini, Almenfi and Dale, 2020_[14]).

Still fewer programmes are in place to reach undocumented migrants. The state of California in the United States – where undocumented migrants account for 10% of the workforce – has announced that it will support these workers with cash transfers of USD 500 – USD 1 000. This effort is to be funded through a blend of state and philanthropic funding which will be dispersed through regional non-profits who have experience serving undocumented communities. Personal information from undocumented workers will not be required.²⁴ Officials estimate that 150 000 undocumented immigrants in the state will benefit.

Some countries have also introduced transfers to provide immediate relief to larger parts of the population. Korea, for example, will provide a payment depending on household size (about EUR 300 for a one-person

²³ <https://www.reuters.com/article/us-health-coronavirus-colombia-trfn/left-jobless-by-pandemic-colombias-informal-workers-to-get-government-aid-idUSKBN21E3JN>.

²⁴ <https://www.gov.ca.gov/2020/04/15/governor-newsom-announces-new-initiatives-to-support-california-workers-impacted-by-COVID-19/>.



household) to the 70% lowest income households according to health insurance premiums paid in March 2020.²⁵ Policymakers in Spain are considering a basic monthly transfer to about a million of the country's poorest households. While specific policy parameters are yet to be announced, the initiative looks set to be a form of minimum-income programme that would be carefully targeted to lower-income groups, although it has been referred to as “Basic Income” by some commentators.²⁶ Details of how much will be paid per month, who will receive it and for how long have yet to be announced. The proposals will go to cabinet for approval in May, and payments are expected to begin weeks thereafter.

4.3. Distributing universal cash transfers

In a crisis situation, universal cash payments, made to everyone, can maximise coverage and, depending on the size of the payment, help the entire population to make ends meet. Universal transfers can be rolled out quickly as they do not depend upon the income, assets, or prior contributions of the recipient avoiding costly and time-consuming means tests. The appeal of this simplicity has led a number of OECD countries to announce plans for such schemes during the COVID-19 pandemic.

Box 2. Universal support during a crisis: ad-hoc lump-sum transfers vs. a genuine universal basic income?

In some OECD countries, the policy responses to the COVID-19 crisis – in particular, the use of universal cash transfers – have revived discussions on the desirability of a universal basic income (UBI, sometimes also referred to as basic income, BI), a recurring payment to every individual, irrespective of employment status, income or means. A genuine UBI is entirely unconditional and not time limited. It is thus different from targeted income transfers based on income or need (social assistance or minimum-income benefits).

Calls for a UBI in the face of COVID-19 largely relate to two objectives: (i) the need for immediate relief for those whose livelihood has suffered during the crisis and (ii) the need to ensure that no one is left without support. Indeed, two of the key concerns often presented in opposition to providing a basic income as a principal pillar of social protection may have seemed less urgent during the initial phase of the current crisis. First, UBI can weaken work incentives as benefits are paid regardless of job-search efforts. Preserving work incentives, and conditioning benefit receipt on active job search and participation in employment support, has been a second-order priority during the immediate lockdown period, though it will become more important as hiring picks up in some sectors.

Second, the immediate budgetary cost of a UBI at meaningful levels is often cited as the main obstacle to introducing it in practice. The fiscal cost of social-spending programmes is currently not at the forefront of the policy discussion as countries vow to do whatever it takes to protect people and the economy from an unprecedented crisis (Furman, 2020^[15]). But as countries move beyond the immediate lockdown period, and perhaps into a more protracted economic crisis, budgetary cost will invariably become a major concern.

The question then becomes whether a UBI is a cost-effective way to provide timely and adequate support. OECD analysis (OECD, 2017^[16]; Browne and Immervoll, 2018^[17]) shows that financing a budgetary neutral UBI (replacing most working-age benefits with a flat-rate payment to all such that net

²⁵ (Ministry of the Interior and Safety): https://www.mois.go.kr/frt/bbs/type010/commonSelectBoardArticle.do?bbsId=BBSMSTR_000000000008&nttlId=76528.

²⁶ See, for example, <https://www.reuters.com/article/us-health-coronavirus-spain-economy/spain-to-pay-basic-income-to-help-poorest-weather-coronavirus-idUSKBN21Z18X> and www.bbc.co.uk/news/world-europe-52707551.



budgetary cost remains constant) would require very large tax increases and eliminate most if not all targeted transfers that effectively reduce the risk of falling into poverty. The distributional effects of such a hypothetical UBI would be complex, but the bottom line is that a fiscally realistic UBI would be too low to provide reliable poverty alleviation on its own.¹ Universal transfers are therefore best seen as a useful element in an overall income-support strategy, rather than the main pillar of social protection.

The COVID-19 crisis also illustrates a further limitation of relying on a UBI as the only or main form of income support: as a transfer that does not depend on income or employment, such programmes do not expand in response to income shocks and cannot act as automatic stabilisers. They also do not provide income insurance and households relying on labour income for a significant share of their consumption would typically need additional income support when income shocks are sudden, sustained, and cannot therefore, be “smoothed” by adjusting consumption and drawing on savings.

The current crisis already presents a major stress test for income-support programmes and will continue to do so over the coming months and, probably, years. In countries with well-developed social protection in place, replacing existing support measures with a “no questions asked” basic income for everybody would be a highly risky strategy that would provide limited income security and be very expensive. Yet, less comprehensive types of universal transfers, restricted to certain population groups or with some form of mild conditionality, can be valuable complements to more targeted support measures. These include universal child benefits or basic old-age pensions that exist in a number of OECD countries, as well as time-limited emergency measures for groups that are known to be poorly served by the main income protection programmes.

¹ Low-income groups who would normally receive other targeted benefits, and higher-income groups paying most of the tax, would typically lose. Those who currently do not receive any benefits would gain – this includes higher-income groups and those who fall through the gaps of existing social-protection systems.

The United States has begun sending transfers of USD 1 200 to all citizens earning up to USD 75 000 a year (with families with children eligible to an additional USD 500 per child under 17). However, individuals classified as ‘dependent’ on another household member’s tax return are excluded from this transfer. This includes many students over the age of 17, and some disabled individuals living with family members. In Singapore, a one-off universal cash transfer of SGD 600 (EUR 390) will be made to all adult residents, while Hong Kong is to provide a one-off transfer of HKD 10 000 (EUR 1 200) for permanent residents over 18 (an estimated 7 million people). The cost is estimated at 4.2% of Hong Kong’s GDP.²⁷ Japan, too, has announced a flat-rate payment of JPY 10 000 (EUR 850) to all its residents,²⁸ a total of EUR 102 billion.²⁹ In a similar vein, Serbia has announced a one-off payment of EUR 100 for all citizens above the age of 18 (approximately 5 million people), and the local government of Gyeonggi province in Korea plans to provide KRW 100 000 (EUR 75) to all residents.

While temporary universal transfers are appealing in the current context to ensure that no-one falls through the cracks they are by design poorly targeted. In the context of COVID-19, many households receiving such support may thus not have experienced a drop in income nor be in the greatest need. In order for such unconditional payments to ensure that vulnerable households can make ends meet, they must be sufficiently high. This in turn implies large budgetary costs when pressures on social spending are already huge. Despite fiscal considerations being temporarily eclipsed by the need for speed, budget pressures

²⁷ <https://www.lesechos.fr/monde/enjeux-internationaux/coronavirus-quand-les-etats-multiplient-les-cheques-directs-aux-citoyens-1196169>.

²⁸ <https://www3.nhk.or.jp/nhkworld/en/news/backstories/1036/>.

²⁹ <https://www.lesechos.fr/monde/enjeux-internationaux/coronavirus-quand-les-etats-multiplient-les-cheques-directs-aux-citoyens-1196169>.



may still result in an insufficient level of support through untargeted transfers. By restricting the payment to poorer groups the benefit level can be increased (OECD, 2017_[16]). As discussed in Box 2, the COVID-19 crisis has also revived the debate about the need for a permanent, unconditional transfers for everyone – a Universal Basic Income (UBI) – but no OECD country has thus far announced plans to introduce such a permanent programme that is truly universal and unconditional.

While the role of unconditional cash transfers in the context of the current crisis is, first and foremost, about social protection. Sweeping, direct cash transfers to households can also play a role in injecting liquidity into the economy and stimulating aggregate demand (see for example (Bénassy-Quéré et al., 2020_[18])). This idea is not new: the United States, for example, used broad-based tax rebates to stimulate demand following the Global Financial Crisis.³⁰ The role of transfers in supporting demand is beyond the scope of this brief. However, where resources reach those who do not require them to support immediate consumption, they are likely to be channelled toward savings, particularly in the current climate of uncertainty. This has already been documented in the United States (Baker et al., 2020_[19]) and was a particular concern during the lockdown period, when opportunities for non-essential spending were limited by restricted economic activity. The fiscal stimulus effect of weakly targeted transfers is therefore limited.

Box 3. The logistics of getting money to people quickly

Most countries rely on online claims to deliver quick payments. Countries with advanced linked administrative data may be able to draw out information necessary to process claims – such as previous earnings – with relative ease. Austria, for example, plans to calculate payments for the second phase of its income support programme for self-employed workers automatically, using relevant earnings from previous years from linked tax data.³¹ Some countries use self-certification of need (e.g. emergency support for small firms in Germany), while others rely on unconditional, flat-rate payments for underserved groups (e.g. Italy for self-employed workers).

For universal income transfers, much of the information – on income, assets, and household structure – typically required prior to the distribution of resources is not needed. This simplifies matters substantially. However, if transfers are to be provided to everyone, a universal population registry is needed. This registry will require information linking each individual to their payment information and proof of residency. As most countries do not have such a database, the majority are basing transfers upon registration on demand; requiring individuals to submit an application with their details. But this will only work if there is sufficient outreach and assistance for people who may struggle to submit an application.

Alternatively, existing databases can be used to reach a proportion of the population, supplementing this by direct application from recipients. In the United States, for example, those who filed a 2018 or 2019 tax return and provided the tax authorities with direct deposit information formed the first wave of recipients of the coronavirus stimulus programme, and received their money directly into their bank accounts. Seniors and disabled social-security recipients were the next to receive their checks, while low-income Americans who did not file a tax return had to apply for their payments, and wait for their checks to arrive by mail.

4.4. Providing direct help with specific household expenses

Beyond cash transfers, the most direct way governments can support households in the immediate term is to pay or delay their bills, or to provide direct in-kind support. Policies of this type have been announced in countries across the OECD, ranging from support for health-related expenses arising from COVID-19 to moratoria on taxes.

³⁰ <https://www.congress.gov/bill/110th-congress/house-bill/5140/text>.

³¹ <https://www.wko.at/service/haertefall-fonds-phase-2.html>.



Support for pandemic-related expenditures

Support for expenses arising directly from the pandemic, such as for health care, are well targeted with little leakage. In the United States, for example, where health insurance is very often employer-provided, rising job losses have meant increased numbers of uninsured people. The Federal Government has announced that it will meet the hospital and testing charges incurred by uninsured COVID-19 patients. Meanwhile, Portugal is granting citizenship rights to all migrants and asylum seekers who have residency applications underway in order to ensure that all have access to social security and health care. France, the United Kingdom and California, United States, have been transforming vacant hotels into homes for rough sleepers to enable them to self-isolate during the pandemic.

Support for regular expenditures

To support individuals and small businesses who are having trouble balancing budgets and making ends meet, countries across the OECD are allowing for delays in big-ticket regular expenditures such as tax and rent.

A number of OECD countries, including Finland, the United Kingdom and Japan, have announced that they will extend the deadlines for tax filing without interest or penalties, while Spain has taken similar steps for delay of social-security contributions. In some cases such measures have been targeted at specific vulnerable groups; in Japan, deferral on tax payments is made upon taxpayers request and limited to individuals and businesses negatively impacted by the COVID-19 outbreak. Going beyond deferral, manufacturing workers in Indonesia with an annual income below IDR 200 million (EUR 12 400) will be exempted from income tax for six months. In contrast to payroll and income tax relief or delays, which benefit those who have retained their earnings Colombia has instead decided to refund Value Added Tax for the most vulnerable.

Governments have also announced moratoria from the immediate payment of rent (Portugal) and mortgages (Belgium until September 2020) asking tenants and landlords to work together on a repayment plan after the lockdown. In some cases these have been targeted at workers who have lost their jobs, or are working reduced hours (Spain, Italy). Spain has extended these measures to cover the self-employed and small businesses. To limit the ripple effect associated with such measures, such as landlords' loss of rental income, Spain has committed to provide 0% micro credit schemes to individuals struggling to pay deferred rent. France has provided a moratorium on rent for small business, as well as the opportunity for private individuals to request a grace period of up to two years on their private loans and mortgages if they are unable to pay. Countries including Australia, France, the United Kingdom and the United States, have announced or extended a freeze on evictions to limit the impact of the crisis on homelessness.

Extensions of in-kind support

Individuals and families that were already close to the poverty line suffer during the lockdown as a result of the closure of food banks and schools that provided meals for their children. Several OECD countries have responded by stepping up direct in-kind support, for example, by providing free meals for children. In the United Kingdom, for example, the government has launched a national voucher scheme to ensure that the 1.3 million eligible school-aged children will continue to have access to meals during COVID-19-induced school closures. Under the scheme, every school-aged child will receive a weekly GBP 15 voucher that can be redeemed at supermarkets – the scheme has been extended to cover the Easter break. In Spain, the government has designated EUR 25 million to provide income support through transfers and vouchers to children who are affected by school closures. The city of Paris is providing compensation to families which usually benefit from reduced-cost school meals through transfers paid out



automatically to eligible families together with their regular family benefits.³² Similarly, the US city of Seattle is mailing grocery vouchers of up to USD 800 to families enrolled in city-funded child-care and food-assistance programmes (Gentilini, Almenfi and Dale, 2020^[14]). In Bogota, Colombia, local authorities have pledged to provide food parcels to support the city's 53 000 registered street vendors.³³

As the lockdown continues, and many families come to the end of their savings, food banks across the OECD are seeing increasing need for their support. France has announced an additional EUR 39 million will be directed to food aid; with an initial EUR 25 million to support food aid associations and a further EUR 14 million to be distributed in emergency food checks.

Box 4. Promoting universal social protection in emerging and developing economies

In emerging and developing economies the COVID-19 crisis has added pressure on social protection systems which were already far less comprehensive and effective in supporting people's livelihoods and preventing poverty. According to ILO data, 55% of the world's population are not covered by any form of social protection (Razavi, 2020^[20]). The current crisis has thus added more urgency to building and bolstering effective and resilient social protection systems that provide coverage for all, in particular informal workers, who make up more than 60% of the global workforce.

The development of universal social protection is being supported and guided by several recent key international initiatives. In 2012, countries adopted ***ILO Recommendation 202 on Social Protection Floors*** which sets out guidance on how to achieve universal social protection. It stipulates that "Members should, in accordance with national circumstances, establish as quickly as possible and maintain their social protection floors comprising basic social security guarantees. The guarantees should ensure at a minimum that, over the life cycle, all in need have access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at the national level."

The "Leave No One Behind" agenda is an integral part of the ***2030 Agenda for Sustainable Development***: SDG goal 1.3 calls for "implementing nationally appropriate social protection systems and measures for all, including floors, and substantially increasing coverage of the poor and vulnerable" while goal 3.8 calls for universal health coverage including financial risk protection.

Non-contributory social assistance and social pensions now exist in the majority of countries worldwide, including in emerging and developing economies. The use of unconditional cash transfers in particular has expanded substantially over past decades; according to World Bank data (Gentilini et al., 2019^[21]), at least 101 low- and middle-income countries have such schemes in place, though their coverage and the benefit levels are often limited. Regional analysis by the OECD Development Centre shows the importance and potential of social assistance to reach the poorest of the poor in East Africa, highlighting the role that cash transfers play in addressing coverage gaps that cannot be closed by social insurance systems based on formal sector employment (OECD, 2019^[5]).

In response to the COVID-19 crisis, the majority of countries have been expanding and introducing new cash transfers. According to Gentilini (2020^[14]) 59% of cash transfer measures are new programmes in 89 countries, including in low- and middle-income countries. They also find that cash transfer programmes are more than doubling in coverage in response to the COVID-19 crisis. The Philippines and El Salvador, for example, are found to be quadrupling their coverage, while countries in Africa like

³² <https://www.leparisien.fr.cdn.ampproject.org/c/www.leparisien.fr/amp/paris-75/coronavirus-la-ville-de-paris-debloque-une-aide-de-3-5-millions-d-euros-pour-les-familles-les-plus-demunies-09-04-2020-8297106.php>.

³³ <https://www.reuters.com/article/us-health-coronavirus-colombia-trfn/left-jobless-by-pandemic-colombias-informal-workers-to-get-government-aid-idUSKBN21E3JN>.



Mauritania are almost doubling coverage (Gentilini, Almenfi and Dale, 2020^[14]). Building on their existing cash transfer programmes, India, Pakistan and Bangladesh have also been expanding their programmes, highlighting the importance of investing in programme infrastructures, such as identification, digital payment capacities and mobile technology to deliver benefits quickly and at scale in a crisis situation (Gelb and Mukherjee, 2020^[22]).

Estimates of global spending on social assistance, however, show that expenditure on this type of cash transfers is very limited in developing countries compared to OECD countries. In 2015 according to ILO most developing countries spent only 5% of GDP or less on social protection (including social assistance and social insurance), compared with 11% of GDP spent on public cash benefits on average in OECD countries (OECD Social Expenditure Database¹). Gentilini, Almenfi and Dale (2020^[14]) estimate that USD 488 billion is spent on social assistance in high-income countries, compared to about USD 50 billion in middle-income countries (USD 23 billion of which in India) and only USD 247 million in low-income countries.

¹ OECD Social Expenditure Database, <https://www.oecd.org/social/expenditure.htm>.

5. Where next? Income support beyond COVID-19

The immediate lockdown measures to contain the COVID-19 pandemic have put social protection provisions, across the OECD and beyond, to an unprecedented test: never before have so many people lost their income so quickly. Many countries have reacted decisively, employing a panoply of tools to support those who have lost their livelihoods. They have created, or stepped up, short-time work schemes to save jobs, and support workers through the crisis. They have made unemployment benefits more generous and accessible to new applicants. They have also sometimes scaled up means-tested assistance of last resort, introduced new ad-hoc cash transfers, and provided direct support for expenses.

With the guiding policy principle of supporting all affected households, and supporting them fast, the usual concerns involved in designing social-protection programmes – such as effective targeting, or preserving work incentives – have temporarily faded into the background. As countries move into the gradual de-confinement phase with activities in many areas re-starting, governments need to re-assess the design and balance of these programmes and carefully consider their effectiveness and longer-term sustainability. While the medium-term economic outlook is uncertain, it is likely that many will continue to require income support for the coming months, and even years. Ensuring an inclusive recovery will require paying particular attention to the most vulnerable, to make sure that no groups are left behind on the path back to inclusive growth.

This crisis has also laid bare pre-existing gaps in social protection systems. In many countries, this *insurance* function of social protection works well for employees with stable work histories. Those with unstable, or short contribution, histories, as well as the self-employed and other non-standard workers, however, are often not or poorly protected. This crisis has shown that workers in independent forms of employment need to be able to build up rights to the types of out-of-work support that are already available to standard employees. While including non-standard workers in earnings-related social-protection schemes can be fraught with moral hazard and other logistical and administrative concerns, several countries have already been successful in establishing well-designed policies that work for their circumstances. For instance, a number of OECD countries do include the self-employed in their unemployment and sickness insurance schemes³⁴ (OECD, 2018^[23]; OECD, 2019^[5]) for specific country

³⁴ For instance, previously self-employed claimants of unemployment benefits in Sweden are required to wind down or “freeze” their business and cannot claim benefits again for several years if they re-start their previous self-employment activity after a benefit spell.



examples). A more equitable treatment of different forms of employment can help minimise future needs for makeshift programmes – that are necessarily less targeted and cost-effective and can be prone to leakage.

Even with well-designed social insurance schemes in place, providing a minimum level of *assistance* to those in need is a basic function of social protection systems. Minimum-income benefits are the last resort safety-net for households without access to any other resources. Yet, even in normal times, the accessibility, the reactivity, and the generosity of these programmes differ markedly across countries. In many cases complex criteria and claims procedures result in low take-up and receipt rates, long waiting periods, and sometimes inadequate levels of support. Country experiences, for example in the United States during the Global Financial Crisis, show that targeted programmes can be made more accessible and scaled up rapidly (Immervoll and Richardson, 2013^[24]). One-off or temporary lump-sum transfers may well have a role in providing fast and scalable support during the immediate crisis. But beyond the very short term, as fiscal pressures mount, sustainable and effectively targeted programmes will be needed. Thus, making minimum-income protection more responsive, through timely reassessments of entitlements in the face of rapidly changing circumstances remains an urgent policy priority during the present crisis and a prerequisite for countries to embark on an inclusive recovery post-COVID-19.

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Contact

Stefano SCARPETTA (✉ stefano.scarpetta@oecd.org)

Monika QUEISSER (✉ Monika.QUEISSER@oecd.org)

Stéphane CARCILLO (✉ Stephane.CARCILLO@oecd.org)

Herwig IMMERVOLL (✉ Herwig.IMMERVOLL@oecd.org)

Emily FARCHY (✉ Emily.FARCHY@oecd.org)

Raphaela HYEE (✉ Raphaela.HYEE@oecd.org)

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