Income Support for Non-covered Workers during COVID-19:
A Review of Policy Responses

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This paper provides an overview on the income support measures for non-covered workers implemented in response to the COVID-19 crisis, describing the collection of measures and policies in place in each selected country. This document provides a comparative overview of the different measures implemented in the context of the crisis, considering their design and evolution across the course of the crisis. In sum, there has been a worldwide wave of income transfers to support those hit hard by the pandemic. While the bulk of fiscal resources for these measures was (unsurprisingly) concentrated in high-income countries, there has been an impressive policy effort in middle- and low-income countries as well. Particularly the novel tools to identify potential beneficiaries and to distribute assistance is worthy of further research and evaluation. The sheer amount of policy activity should not blind us to the fact that responses were often insufficient to alleviate even the most extremes of poverty. In this sense, the pandemic is yet another reminder for how important investments in sustainable social protection systems, including infrastructures, in the global South will be for the future.

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Introduction

This is an overview on the income support measures for non-covered workers implemented in response to the COVID-19 crisis, describing the collection of measures and policies in place in each selected country. This document provides a comparative overview of the different schemes implemented in the context of the crisis, considering their design and evolution across the course of the crisis.

Policy design and reforms

The pandemic and public health measures to fight COVID-19 imposed restrictions on the economic activities of workers around the world. One of the core questions during the pandemic has been how to keep workers in jobs and stabilize incomes of workers in the sectors that were affected by lockdowns or diminished economic activity. The answers have differed dramatically by country and type of employment, but some general trends can be discerned. For dependent workers from high-income countries, unemployment insurance and various versions of short-time work schemes tended to provide relatively decent protection (often complemented by expanded sickness benefits). The diffusion of short-time work as a prominent response mechanism is discussed in more detail in the companion policy brief (Eichhorst et al. 2022). Such programs were rapidly set (or scaled) up, partly because of learning effects from the financial crisis, and broadly successful in stabilizing incomes of large groups of workers.

A more difficult policy challenge has been to prevent income losses among (solo) self-employed workers that by now make up a relevant share of service sector employment. In many countries of the world, high levels of informal employment created an even more difficult challenge. In any case, large shares of the population lacking social-insurance coverage suddenly created a scenario of increased (relative or absolute) poverty, particularly because affected workers often do not have sufficient income to accumulate private savings. In principle, countries can react in different ways to such a challenge:

- **Ad-hoc support measures:** special benefits that are paid out under certain conditions to categories of workers not covered by social insurance, either as flat rate benefits or proportional to previous income/revenue, or as a lump-sum.
- **Reliance on existing minimum income benefits:** Many countries have social assistance schemes in place that at least cover the social minimum, yet with often limited coverage. Crisis reactions can take the form of suspending or relaxing means-tests, including additional categories of the population, or providing higher benefits.
- **Adapting active labor market policies:** Provided that social distancing protocols can be observed, governments can expand or set up public-works or training programs that target non-covered workers without current income. Such programs can be used to fight the
pandemic through improving public hygiene or, in principle, to invest in the training of the workforce.

- **In-kind benefits**: Not only in the global South, the pandemic created the risk of absolute poverty and hardship for workers and their families outside social insurance, for example because they are missed by narrowly targeted safety net benefits. Because of school closures, many children lost access to school feeding. While this is a task often performed by NGOs and private donations, governments during crises can (and sometimes must) provide in-kind benefits in the form of food, hygiene products, or electricity.

Many countries reacted to the difficult situation of non-covered workers by relying on tax-funded pre-existing or ad-hoc support schemes complementing social insurance as a crisis response mechanism. The peculiar situation of the solo self-employed meant that personal income stabilization for this group sometimes overlapped with support for small companies. Often, special programs were created to provide one-off payments or a limited number of monthly payments to self-employed with significant losses of income or economic activity. The design of such programs varied. While some countries granted lump-sum payments to enterprises and the self-employed, others made payments corresponding to losses or operating expenses. The duration of these temporary measures has usually been aligned with the duration of lockdown periods (Eichhorst et al. 2021).

Also, the second option, the temporary relaxation of eligibility criteria for social assistance benefits, has been a popular (alternative or complementary) step. The goal is to make social assistance more inclusive and less stigmatizing. An example is the suspension of means-testing, or behavioural conditionalities in a number of countries (ibid.). Despite these policy adaptations to support vulnerable self-employed workers, there is a general consensus that in most cases, the protection of groups not covered by social insurance has turned out to be significantly less generous than for dependent workers (ibid.).

Overall, many high-income countries have witnessed unprecedented government interventions to stabilize incomes and protect jobs. The fiscal efforts have been enormous with on average 2.1% of GDP spent on social protection and labour market measures in high-income countries (Gentilini et al. 2022, p. 8). While many of the temporary emergency support programmes were initially planned to be quickly phased out again, the bulk of them was continued into subsequent waves of infections. In the past months, the focus in many countries shifted from income stabilization to overcoming skill shortages through activating workers who left the labor force in the pandemic. However, the fact that the economic effects of the pandemic in some sectors morphed into a crisis of global supply chain disruptions and now of the war in Ukraine increases calls for more permanent structures of social protection provision. In some high-income countries, responses relied already to a larger extent on automatic stabilizers in the form of pre-existing schemes, but the amount of additional discretionary measures has been large, too. So far, the degree of lasting policy innovation appears low and incremental at best. There are some exceptions, however, such as the introduction of a national minimum-income benefit in Spain (discussed below). Other countries have implemented very generous but temporary measures. The most notable examples are the United States’ expansion of unemployment benefits and three-time stimulus payments (also discussed below).
The situation is entirely different for countries from the global South where social insurance institutions and coverage were less developed before the pandemic, not least because of high shares of informal employment. Based on their comparative study of 31 developing countries covering a population of around 1.5 billion people, Bundervoet et al. (2022) estimate that around two-thirds of households in this country group experienced income losses. Particularly affected were workers outside (formal) dependent (or wage) employment. The absence of sufficiently solid social protection systems, weak infrastructures for rapid identification of potential recipients and for benefit disbursement, as well as the risk of absolute poverty makes them much more vulnerable. According to the International Labour Organization, there are around 2 billion informal workers worldwide and more than half of the world population is not covered by any social protection benefit (Bierbaum et al. 2021).

In Africa, informal workers in urban centers, who were significantly affected by the crisis and hence at risk of extreme poverty, are a large segment of populations (Gronbach and Seekings 2021). The initial crisis effects cost informal workers in Africa around 80 percent of their usually already quite low incomes (ILO 2020a) and destroyed 60 million jobs (ILO 2020b). As in high-income countries, also the self-employed constitute an often precious segment not covered by social protection benefits.

As a response, many governments set up cash or in-kind benefits to support otherwise unprotected workers, sometimes co-financed through international financial assistance or ad-hoc solidarity taxes (Deveureux 2021). A general tendency has been the above-mentioned option to increase social assistance and other non-contributory benefits. In fact, in developing countries from Africa, South Asia and Latin America, such measures accounted for around two thirds of social policy reactions to the pandemic (Gentilini et al. 2022).

Expanding benefit coverage through identifying and supporting workers from the informal sector has turned out to be an administrative challenge for many governments in Africa and elsewhere. Key problems are incomplete or outdated registries and tax databases. This confronted many governments with the need to find creative solutions to identifying citizens in need. An example that received some attention was Togo (The Economist, February 5th, 2022, p. 53), which used an up-to-date voting registry to rapidly identify potential beneficiaries for a new cash transfer program. Enrolment was possible online and also the pay-out worked through wallets on mobile phones.

In spite of these problems, the pandemic brought an unprecedented temporary expansion of social protection recipients in many low-income countries (Devereux 2021; Gentilini et al. 2022). As mentioned already, some of the programs were innovations outside the pre-pandemic repertoire for income stabilization. That said, it is clear that social policy reactions in the global South were in many cases insufficient to prevent hardship in the population. As for high-income countries, it is also unclear whether lasting policy changes will be created by the pandemic (for some encouraging examples, see Bierbaum et al. 2021). The main reason is that fiscal capacities and funding

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5 Women are usually over-represented in informal employment. In combination with the disproportionate care burden during school closures, this meant that the economic effects of the pandemic were more severe for women and households headed by women. Some African government responded to that by targeting benefits at women, although this remained the exception (Rafalimanana and Sherif 2021). Often, they were insensitive to the needs of women, children and persons with disability.
mechanisms tend to be very limited in low-income countries. The policy reactions during the pandemic were massively supported by international donors whose contribution might not be sustainable at that scale.

The measures to sustain incomes during the pandemic can be grouped into different categories. Cash transfers of some form have been a central pillar of the crisis reaction worldwide. In high- as well as low-income countries, this frequently took the form of special benefits for children and their families or of suspending conditionalities of pre-existing family benefits (ILO 2021). The overview in Table 1 shows that virtually all countries in the sample have relied on some form of cash benefit.

Particularly in countries with high risk of absolute poverty and food insecurity (Bundervoet et al. 2022; Mueller et al. 2022), in-kind benefits were important. Lower incomes often met price increases of food because of disrupted global supply. Moreover, as mentioned above, school feeding sometimes had to be replaced because of school closures. A large number of countries therefore set up or scaled up food programs. A comparative analysis tracing a number of countries over the pandemic suggests that cash transfers were more effective in alleviating food insecurity than direct provision of food (Dasgupta and Robinson 2022), although the quality of food was not accounted for in the analysis. A reason could be that – while cash transfer generally lasted for at least a couple of months – food programs often had a short-term character or comprised only a single food parcel (Gronbach and Seekings 2021).

Another type of support measures that was applied in a large number of countries consisted of subsidies for electricity and other utilities. This could take the form of payment deferrals, electricity vouchers, and discounts. Ghana, in its electricity subsidy program, provided for example 50 kWh of free energy per month to already ‘energy poor’ households while other household received 50% of their pre-pandemic energy consumption. The program was seen by the government as a way to deal with the aforementioned problems of identifying and reaching recipients of assistance, because the energy company has a broad dataset of customers. The disadvantage is that meters and households, if they are connected to the grid at all, tend to be only loosely connected, which contributed to coverage gaps and a regressive distribution (Berkouwer et al. 2022). Utilities-related support also played a role in high-income countries. Spain prohibited providers from cutting services when customers missed payments for water, gas, or electricity. In addition, a social benefit for energy costs has been extended to households affected by COVID-19. This was accompanied by a credit moratorium and a ban of evictions for vulnerable household (Ramos 2021).

The role of public works programs was rendered temporally obsolete by this crisis given it required people stay away from workplaces to maintain social distance. Consequently, most of these programmes were adapted to be temporary cash transfers. However, the Philippines’ public employment program recruited, for example, workers for improving public hygiene, which enabled participants to earn the regional minimum wage (for up to ten days) (Bierbaum et al. 2021).

In sum, there has been a worldwide wave of social protection policy responses to the pandemic. While the bulk of fiscal resources was (unsurprisingly) concentrated in high-income countries, there has been an impressive policy effort in middle- and low-income countries as well. The novel tools...
to identify potential beneficiaries and to distribute assistance is worthy of further research and evaluation. The sheer amount of policy activity should not blind us to the fact that responses were often insufficient to alleviate even the most extremes of poverty. In this sense, the pandemic is yet another reminder of how important investments in sustainable social protection systems in the global South will be for the future.

In high-income countries, income stabilization tended to be concentrated on workers in formal salaried employment, who benefitted from short-time work and other benefits provided by social insurance. The pandemic has thrown into sharp relief the more vulnerable situation of freelances, gig workers, and other types of self-employment in the service sector that come with comparatively low earnings. How to better integrate this growing group into social protection schemes is a question that will occupy policy makers beyond the pandemic.

Table 1 offers a more detailed look at the income support measures for non-covered workers implemented from 2020 until the start of 2022 in our country selection. It documents that – while cash benefits were important – existing social protection schemes and programs were usually not sufficient and had to be scaled up or complemented with ad-hoc payments to specific groups.

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<th>Table 1 – Income support measures for non-covered workers in selected countries, 2020-2021</th>
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| Netherlands | Ad-hoc benefit for the self-employed. Municipal governments supplemented income up to the amount of EUR 1,050 / 1,500 for singles/couples (see case study).  
            | A lump-sum payment to those working on non-standard contracts who suffered a substantial income loss but who did not have access to unemployment insurance or welfare (TOFA). It amounted EUR 550 per month for March-May 2020. |
| New Zealand | Many existing benefits were permanently increased by NZD 25 per week, including jobseeker support.  
            | Income Relief Payment as a short-term support for people who lost their jobs or self-employment because of COVID-19. It offered up to 12 weeks up to NZD 490 weekly, depending on previous working hours (expiration February 2021). |
| Peru        | Various targeted cash transfers for vulnerable groups. This included self-employed, rural and informal workers. The payment consisted of twice PEN 380 (USD $ 223). The same amount was paid through the Bono Familiar Universal, a grant targeting household without any income. Overall, these payments reached large parts of the population. |
| Philippines | The Emergency Subsidy Program provided between P5,000 and P8,000 a month for two months to low-income households depending on the informal economy. A second payment round was implemented with adjusted eligibility criteria. Despite some implementation issues, the program achieved a wide coverage.  
            | Informal sector workers could apply for ten-day public employment and receive the minimum wage. Until November 2021, there were around 2.6 million beneficiaries. The Disadvantaged/ Displaced Workers program aimed at creating additional 800,000 jobs for informal workers.  
            | The conditional cash transfer program Pantawid Pamilyang Pilipino Program (4Ps) aimed at the very poor relaxed conditionality and provided a top-up to recipients. |
**Serbia**

All adults received a one-off payment of about EUR 100 in the beginning of the crisis. This was followed by another universal payment of EUR 60 in 2021. In addition, there was a smaller jab bonus to incentivize vaccinations. Social benefits were automatically extended in the crisis.

**South Africa**

“Covid-19 Social Relief of Distress grant” of R350 per month (USD 18) introduced for unemployed who do not yet receive other benefits. Various social benefits were increased through top ups (see case study).

**Spain**

Self-employed workers whose activity was impacted by the pandemic (turnover decline by 75% compared average of previous semester) received a special unemployment benefit of minimum EUR 661 per month.

Introduction of a national minimum income benefit (see case study).

Minimum contribution periods for unemployment benefits were suspended during the crisis, including for temporary workers. Moreover, a one-month benefit of EUR 430 was initially provided to temporary workers with expiring contracts who were ineligible for unemployment benefits.

**Sweden**

There was targeted support for the self-employed replacing 75 percent of earnings-losses among unincorporated self-employed (if losing at least 40 percent relative to the same period in 2019) during March to July 2020. Self-employed persons were given the possibility to pause their business operations while receiving unemployment benefits (which would normally require cessation of business).
UK

Over the pandemic, there were five rounds of special grants to the self-employed through the Self-employment Income Support Scheme. It was a cash grant of between 70 and 80 percent of profits for three months, up to a limit that varied across grant rounds.

Temporarily, it was made easier for the self-employed to access the Universal Credit, a minimum income scheme. Moreover, benefit levels for the Universal Credit were increased (up to GBP 20 more a week for 12 months up until April 2021) and work requirements (regular Jobcenters visits, active job search) were relaxed.

US

Generous top-up payments in the framework of unemployment insurance (see case study). For ineligible workers, such as contractors or freelancers, the Pandemic Unemployment Assistance provided a weekly benefit of USD 600 until July 2020 and USD 300 from January to September 2021 (see case study).

Vietnam

Informal workers who lost jobs and who are below poverty line, received support of VND 1 million per months for maximum 3 months (limited to a broad number of occupations including street vendors; garbage collection; carrying and transporting goods, household catering, tourism, healthcare, and beauty). The same payment also extends to formally employed workers who do not meet the qualifying conditions for the country’s unemployment insurance. Generally, the payments did not reach most of eligible workers.

Recipients of social benefits received a top-up for three months from April to June 2020.

Sources: Gentilini et al. (2022); ILO (2022); International Social Security Association (2022); IZA (2022).

### Case Study: Spain

Similar to other Southern European countries, Spain has for a long time lacked a general social assistance scheme, and has been characterized by a strong familialization, i.e. de facto protection in the form of intrahousehold support (Bahle and Wendt 2021). In a labour market with high

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7 In recent years, Spain saw the development of a number of regional minimum-income schemes that already led to an improvement of coverage (Mato-Díaz and Miyar-Busto 2021).
unemployment and a large share of atypical (as well as informal) jobs, this implied the need for many younger workers to rely on family support in case of income loss. This institutional legacy turned out to be a disadvantage in a situation in which Spain experienced more severe job destruction than comparable countries, inter alia because of a very strict lockdown, the sectoral composition of its labor market, and the high share of temporary employment (Dolado et al. 2021).

In this context, Spain implemented a remarkable reform. In June 2020, the *Ingreso Minimo Vital*, a new guaranteed minimum income scheme, was introduced. This marks an important extension of the provision of social protection, including low-income workers, the unemployed and other vulnerable groups. As in most European countries, it provides a social minimum depending on a means test that accounts (on the household level) for savings and other income sources. The benefit can also be combined with low-wage work to reach the minimum-income level. The reform essentially meant a standardization of the conditions of various regional minimum-income schemes, but duration and generosity of the new scheme also meant an improvement compared to most regions (Bengochea 2021). A single adult currently receives annually around 5,500 EUR. Families with children can receive up to 12,000 EUR (Ramos 2021).

Initial projections were that *Ingreso Minimo Vital* would benefit more than 2 million recipients. This shows how ambitious the reform was. However, in September 2021, more than a year after the introduction, total applications were still well below that number. Although the number of applications was high (1.5 million) only 337,000 of them were approved. This means that approximately 800,000 people have so far benefited from the program (Ramos 2021). The gap between initial ambitions and actual numbers (as well as between applications and approvals) could point to too strict eligibility criteria and a need to adjust them. Another possibility is that the application process is too bureaucratic, inefficient, and cumbersome or that information barriers prevent eligible people from applying for the benefit in the first place (Bengochea 2021). Despite these implementation issues, a preliminary assessment of the new benefit suggests that it made a noticeable contribution to alleviating poverty and inequality during the pandemic (ibid.).

In addition to the introduction of the *Ingreso Minimo Vital*, Spain adopted measures that were typical for many European countries. Minimum contribution periods for unemployment benefits have been suspended during the crisis. This is particularly beneficial to the large number of temporary workers who struggle to meet eligibility requirements. In fact, many temporary workers saw their contracts expire during the pandemic without qualifying for benefits. In the beginning of the crisis, a special benefit for this group (with expiring temporary contracts lasting at least two months) of EUR 430 was granted (García Murcia et al. 2021). Extraordinary allowances and benefits for self-employed workers, affected by the suspension of economic activity, have also been adopted (Ramos 2021).

In sum, Spain appears a case in which policymakers, under the problem pressure of the pandemic, implemented long overdue innovations in the social security system. Despite the need for some adjustments in its implementation, the *Ingreso Minimo Vital* will arguably be a lasting improvement and resource for coping with future crises.
Case study: The Netherlands

The Netherlands, while representing a highly developed social protection system in many respects, does not integrate the self-employed into its national unemployment insurance scheme. In response to the COVID-19 crisis which resulted in major income losses for many solo self-employed and freelancers, the Netherlands introduced an ad-hoc scheme at a very early stage. As of 17 March 2020, a special form of provision for the self-employed was implemented under the name of Tozo (Tijdelijke overbruggingsregeling zelfstandig ondernemers) and administered by the 355 Dutch municipalities (Jongen et al. 2021; Eurofound 2020). During the initial phase (Tozo 1), Tozo payments did not take into account the income generated by partners, however, with the revised scheme of Tozo 2, in place from June to September 2020 it did involve a partner income test. From October 2020 until the end of March 2021 there was Tozo 3, which was followed by Tozo 4 that was later on extended until the end of September 2021. The eligibility criteria of Tozo were based on being self-employed working at least 1,225 hours a year or 23.5 hours a week, while the solo or micro-enterprise must have had a record of activity before the COVID-19 pandemic and the introduction of TOZO. Over time, while keeping the main orientation of Tozo to stabilize income and business of the Dutch self-employed, the measure was tightened in order to phase-out the support gradually while continuing to target the most vulnerable and most heavily hit solo self-employed. By April 2021 a wealth test, which had already been considered at the beginning of Tozo, was actually introduced, thereby restricting eligibility to self-employed with assets and capital (including savings on bank accounts etc.) amounting to less than EUR 45,520 (Eurofound 2020). During 2021 there was also additional funding available for the municipalities in order to enable them to provide assistance and advice to the self-employed as regards the future development of their careers. Despite these changes the mechanism behind the measure remained the same as the municipal governments supplemented income up to a certain level, or up to the amount of EUR 1,050 for a single person and up to EUR 1,500 for a couple (Eurofound 2020). An alternative option was to take out a loan of up to around EUR 10,000 as capital for the enterprise that had to be paid back over a period of three years at an interest rate of 2 percent.

Statistics Netherlands reported that at the start of Tozo 1 in March 2020 258,000 grants were provided within this new this scheme, supporting about 16 percent of all self-employed in the Netherlands. Tozo was used heavily by self-employed that were active in service professions (mainly in bars and restaurants or hair dressing), linguistic and creative occupations (photographers, performing artists etc.) as well as in logistics and transport (e.g. taxi drivers). Tozo take-up clearly mirrored the immediate effect of COVID-19 restrictions on certain service sector activities as measured in reduced turnover and hours worked. One month later, in April 2020, the number had already risen to its peak at 289,000 grants, corresponding to 18 percent of the Dutch self-employed. By May 2020, the stock figures started to fall to 279,000 (17 percent of the self-employed) and to 120,000 or 7 percent of the self-employed in the Netherlands in June 2020. In subsequent months, the percentage of self-employed benefiting from the different phases of the Tozo support scheme oscillated between 4 and 6. In June 2021 it was 4 percent. The total amount granted via the tax-funded Tozo program in 2020 was EUR 2.3 billion, the amount expected for 2021 was EUR 0.9 billion (CPB 2021; Eurofound 2020).
Case Study: The United States

The United States and its economy were hit hard by the crisis. The government enacted a very ambitious response to protect incomes and jobs in this situation. This was mainly achieved in the framework of unemployment insurance. Unemployment insurance in the United States is a somewhat patchy system of state-level programs in partnership with the federal level that is deemed insufficient to deal with a severe crisis (Bélard et al. 2022). The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of March 2020 was therefore designed to support the decentralized unemployment-insurance system. One important feature was extended, with funding from the federal level, the maximum duration of unemployment benefits by 13 weeks. In addition, the federal government financed a supplementary benefit of 600 USD per week until July 2020 and of 300 USD afterwards (the latter top-up was restricted to recipients of at least 100 USD from state-level unemployment insurance). The new Democratic majority prolonged the supplementary unemployment insurance payment of 300 USD in March 2021 until September of the same year (Houseman 2022).

The generosity of the supplement, particularly in the first months, was exceptional. For many low- and middle-income workers, the 600 USD amounted to a replacement rate well above 100 percent. At least in principle, this potentially reduced incentives to return to the labor market for a considerable share of benefit recipients (Gaming et al. 2020). As the labor market of the United States tightened, several states therefore phased out the 300 USD supplement months before the measure expired in September 2021 (Houseman 2022). However, particularly in a welfare state that is not strong at poverty alleviation, the incentive function is only one side of the coin. A recent study suggests, for example, that the payments from the CARES Act helped counter a spike in domestic violence at the beginning of the pandemic (Erten et al. 2022). The poverty rate actually declined between February and May 2020 from 10.7 percent to 9.1, although it grew again when the initial stimulus expired (Bélard et al. 2022). An even stronger (but also short-lived) reduction of child poverty could be observed in February 2022 after payments from the Earned Income Tax Credit and Child Tax Credit that were expanded in the Biden administration’s American Rescue Plan (Parolin et al. 2022).

For the unemployed ineligible to receive insurance benefits, such as independent contractors and freelancers, the CARES act included a new benefit (Pandemic Unemployment Assistance). The need for this program was apparently large. By the end of 2020, almost half of the recipients of unemployment benefits in the United States were in PUA. In this sense, it illustrates well the general lesson from the pandemic that social protection has to be adjusted to the needs of workers not covered by social insurance. Preliminary evidence shows that PUA successfully targeted workers in need (Greig et al. 2021). However, setting up and administering the program took too much time (ibid.), which is a problem both for workers and for economic stabilization. PUA therefore also

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*Partly out of concerns that the decentralized unemployment insurance system might be overwhelmed administratively, “Economic Impact Payments” were made to low- and middle-income households (Houseman 2022). The first round of payments in 2020 was up to 1,200 USD per person and 500 USD per eligible child. Similar payments were repeated twice in 2021. With about 160 million recipients, the first stimulus check was one of the largest programs in terms of headcounts worldwide (Gentilini et al. 2022).*
illustrates the challenge to transfer such initiatives from the realm of ad-hoc measures to the standard repertoire of welfare states to be better equipped for future crisis. However, the program expired in September 2021 and has, to date, not lead to institutionalized innovation.

The United States’ approach to income stabilization during the pandemic hence illustrates how policymakers are forced to address gaps and insufficiencies in the existing system. However, learning from what can be seen, at least in parts, as a success has been limited so far.

Case Study: South Africa

South Africa implemented a strict lockdown and had to deal with the inevitable economic repercussions and a further increase of already high unemployment. As a reaction, it implemented one of the most ambitious packages among developing countries. It has to be mentioned that the country already before the crisis had in place a set of social assistance and categorical non-contributory programs, as well as some social insurance elements (namely the unemployment insurance fund), that amount to a more comprehensive system than is typical in Africa. The government, hence, had an infrastructure to build on. The response consisted of expansions of existing schemes as well as of new programs (Devereux 2021).

An important element were top-ups of existing benefits. The child allowance was increased, initially, by 300 ZAR per child and month. From June to October 2020, this was changed to 500 ZAR per caretaker, which meant a significant reduction for multi-child families. All other benefit recipients received a monthly top-up of 250 ZAR for six months (Gronbach et al. 2022).

Another pillar of the South African response has been the Presidential Employment Stimulus, a public works program that included two phases (starting in the fall of 2020 and of 2021, respectively). It primarily benefited young unemployed and has reached almost a million people.

To increase coverage of the social protection system, the government introduced a new cash benefit for working-age citizens, the COVID-19 Social Relief of Distress (SRD) Grant. It provided 350 ZAR per month to citizens, who were unemployed and did not receive other state benefits. The program, which was extended several times, benefited more than six million recipients. Köhler and Bhorat (2021) show that it efficiently targeted people in need and thereby filled an important gap in the South African social protection system for people of working age. They estimate that poverty would have been five percentage points higher in its absence.

The scope of the measures is hard to overestimate. Together, the described measures reached more than 30 million people, amounting to about half the South African population (Gronbach et al. 2022).

Echoing experiences made in the United States, existing programs proved to be the more efficient channel of distributing benefits. The set-up of the SRD Grant was cumbersome, and benefits reached people in need with a significant delay. Three months after the grant was announced, there still was a large amount of unprocessed applications, in addition to frequent invalid rejections and irregular payments. Besides mismanagement, the problem was created through shifting the
application to electronic channels, such as messenger services, which were not suited for that purpose (Devereux 2021).

Despite the considerable efforts, cash assistance was insufficient to prevent widespread misery and hunger. As was typical in the global South, the government was forced in addition to provide in-kind support in the form of food parcels. However, because of implementation challenges, the delivery of food parcels was inefficient, which meant that NGOs and donations had to fill the gap (Devereux 2021; Gronbach et al. 2022).

For these reasons, one can argue that the reliance on existing schemes has major advantages over ad-hoc measures, particularly in contexts of limited bureaucratic efficiency and transparency. South Africa was able to extend social protection at least to parts of the informal sector. An important policy debate will be how to institutionalize more permanent solutions that do not require protracted improvisation during an acute crisis. As the previous case studies have shown, South Africa is not alone with this challenge.
References


Youth labour market resilience during the COVID-19 crisis in three middle-income countries

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