



International Labour Organization

A note on the implementation of the Third United Nations Decade for the Eradication of Poverty (2018–2027)

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Background

1. Poverty eradication and sustainable development require the creation of more productive employment and decent work which allows shared prosperity, widespread wellbeing and fulfilment of people's potential and dignity. Creation of decent work for all is a fundamental component of SDG 8 as well as an objective that guides policies towards poverty eradication and ensuring that no one is left behind.
2. A key building block of decent work and the realization of the 2030 Agenda is the creation and the progressive improvement of social protection systems. Social protection systems, including floors, are essential to ensure that no one is left behind. They are fundamental to prevent and reduce poverty across the life cycle, including benefits for children, mothers with newborns, for persons with disabilities, for the unemployed or those poor or without jobs, and for older persons.

Impact and responses during the COVID-19 crisis

3. The COVID-19 pandemic is having devastating effects on the health and livelihoods of billions of people, especially in countries with substantial incidence of extreme poverty and gaps in social protection coverage. The crisis has exacerbated inequalities has deprived hundreds of millions of people of the opportunity to earn a living. ILO estimates that some 8.8% of global working hours were lost in 2020, equivalent to 255 million full-time jobs.¹

¹https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_767028.pdf

4. The crisis has also exposed the large gaps in coverage, comprehensiveness and adequacy of social protection that existed before the pandemic. Although many countries have made progress in extending social protection coverage and strengthening social protection systems since 2000, including the establishment of effective social protection floors, only 46.9% of the global population was effectively covered by at least one social protection benefit in 2018-20.² This left as many as 4.14 billion people unprotected, a coverage gap that limited governments' capacity to reduce poverty, inequality and vulnerability and to foster social inclusion.³
5. Before the pandemic only 30.6% of the global population was legally covered by comprehensive social security systems that include a full range of benefits, from child and family benefits to old-age pensions. Benefit levels were often below minimum levels stipulated by international social security standards and too low to lift people out of poverty: in many countries, the level of non-contributory pensions represented less than 50% of the national poverty line, for example. Low levels of financing, high levels of labour market insecurity and informality and gender gaps in employment and wages were among the main factors behind low benefit levels.
6. These social protection gaps are associated with significant underinvestment in social protection systems, particularly in Africa, Asia and the Arab States. Countries spend on average 12.9% of GDP on social protection (excluding health) with low-income countries spending 1.1% and high-income countries spending 16.4% of GDP.⁴
7. The pandemic has hit particularly the two billion workers in the informal economy. Informal employment represents more than 60% of global employment: 90% of total employment in low-income countries compared to 18% in high-income countries.⁵ The majority of them works in the most adversely exposed sectors and have no affiliation to contributory schemes nor are they reached by narrowly targeted social assistance.⁶

² Europe and Central Asia registered the highest effective coverage rates by at least one benefit (82.9%), followed by the Americas (65.6%). Meanwhile pronounced gaps existed in Asia and the Pacific (only 43.4% covered), the Arab States (40%) and Africa (16.7%).

³ ILO World Social Protection Report 2020-22, forthcoming.

⁴ ILO estimates.

⁵ ILO, Women and Men in the Informal Economy (2018); COVID-19 Crisis and the Informal Economy Immediate Responses and Policy Challenges (2020).

⁶ ILO, [Extending Social Protection to Informal Workers in the COVID-19 Crisis: Country Responses and Policy Considerations](#) (2020); [Financing Gaps in Social Protection: Global Estimates and Strategies for Developing Countries in Light of COVID-19 and Beyond](#) (2020); [COVID-19 Crisis and the Informal Economy: Immediate Responses and Policy Challenges](#) (2020); Social Protection Responses to the COVID-19 Pandemic in Developing Countries: Strengthening Resilience by Building Universal Social Protection (2020).

8. The ILO has assessed the financing gap for social protection defined as the difference between the total cost of guaranteeing a social protection floor and current social assistance expenditure.⁷ Following the onset of the crisis, the financing gap in social protection expressed as a percentage of countries' GDP increased by approximately 30%.⁸ To guarantee at least a basic level of social security and access to health care for all through a nationally-defined social protection floor, low-income countries would need to invest an additional USD 77.9 billion or 15.9% of GDP.

Conclusions

9. Poverty remains pervasive in many countries and represents a serious threat to the achievement of the 2030 vision of a “just, equitable, tolerant, open and socially inclusive world in which the needs of the most vulnerable are met” and “a world in which every country enjoys sustained, inclusive and sustainable economic growth and decent work for all”. Viewed from the global perspective of the 2030 Agenda, poverty eradication will require an increase in the decent work opportunities, an increase in incomes from work and the building and strengthening of social protection systems to support households.
10. The COVID-19 crisis has increased the need for and exacerbated pre-existing challenges in achieving universal social protection. High levels of informality and low social protection coverage hold back productive employment, decent work and socioeconomic development. However, many countries have extended coverage to workers in the informal economy and facilitated the transition to the formal economy.⁹ Such transitions produce multiple dividends in terms of protecting individuals' incomes and health, enhancing productivity, and strengthening the financial and fiscal sustainability of social protection systems by extending both the contribution and tax base.
11. The COVID-19 pandemic has also reaffirmed the important role of social protection for mitigating shocks, reduce extreme and persistent poverty and enabling workers and enterprises to navigate the changing world of work, including just transitions to greener economies. Social protection systems, along with labour-intensive employment creation programmes, has had a significant role in reducing systemic vulnerability to shocks, extreme poverty and helping transition from conflict to peace. Together with internationally supported public health and

⁷ Durán Valverde, F. et al., *Measuring Financing Gaps in Social Protection for Achieving SDG Target 1.3: Global Estimates and Strategies for Developing Countries*, ILO 2019.

⁸ ILO, *Financing Gaps in Social Protection: Global Estimates and Strategies for Developing Countries in Light of COVID-19 and Beyond*, 2020; Durán Valverde, F. et al., [Financing Gaps in Social Protection: Global Estimates and Strategies for Developing Countries in Light of COVID-19 and Beyond](#), ILO Working Paper, 2020.

⁹ ILO, [Extending social security to workers in the informal economy: Lessons from international experience](#), 2021; ILO and FAO, [Extending social protection to rural populations: Perspectives for a common FAO and ILO approach](#), 2021; OECD and ILO, [Tackling vulnerability in the informal economy](#), 2019.

finance policies they have been and will be an increasingly essential component of the needed “human-centred recovery” from the COVID-19 crisis.