



International
Labour
Organization

► **World
Social
Protection
Report
2020-22**



Regional
companion report
for Latin America
and the Caribbean

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foreword

This regional companion report for Latin America and the Caribbean (LAC) is intended to complement the ILO's [*World Social Protection Report 2021–22. Social Protection at the Crossroads – in Pursuit of a Better Future*](#). The regional companion report comprises two parts. It first gives a global perspective that is taken from the main report and outlines the status of social protection systems worldwide. It then provides a regional report that highlights key developments, challenges and priorities for social protection in the LAC region from a life-cycle perspective.

While there have been important extensions of social protection coverage in the region, big gaps nevertheless persist in coverage, adequacy and comprehensiveness. The pandemic of coronavirus disease (COVID-19) delivered a profound blow to the region, with deep adverse impacts on employment, poverty and inequality. Almost all countries had to use social protection as a front-line response to protect health, jobs and income. Decisive policy action must be taken if the social protection systems of the countries in this region are to fulfil their mandate to protect human well-being. The key action that is required centres on improving the financing of social protection and closing the financing gap. The realization of the social protection floor as part of an integrated social protection system can be pursued by transforming COVID-19 emergency programmes into more permanent measures. LAC countries now have the option of a bold response, choosing the “high road” towards the fulfilment of the Sustainable Development Goals (SDGs), thereby reversing the negative impacts of the pandemic and pursuing a new human-centred social contract with social protection as a core component.



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list of abbreviations

COVID-19	coronavirus disease
CCT	conditional cash transfer
ECLAC	Economic Commission for Latin America and the Caribbean
GDP	gross domestic product
ILO	International Labour Organization
LAC	Latin America and the Caribbean
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goal
SSI	Social Security Inquiry
UBI	universal basic income

1 Global perspective

Despite progress in recent years in extending social protection in many parts of the world, when the coronavirus disease (COVID-19) pandemic hit many countries were still facing significant challenges in making the human right to social security a reality for all. The ILO *World Social Protection Report 2020-22: Social protection at the crossroads - in pursuit of a better future* provides a global overview of progress made around the world over the past decade in extending social protection and building rights-based social protection systems, including floors, and covers the impact of the COVID-19 pandemic. In doing so, it provides an essential contribution to the monitoring framework of the 2030 Agenda for Sustainable Development.

Five messages emerge from the main report:

The pandemic has exposed deep-seated inequalities and significant gaps in social protection coverage, comprehensiveness and adequacy across all countries. Pervasive challenges such as high levels of economic insecurity, persistent poverty, rising inequality, extensive informality and a fragile social contract have been exacerbated by COVID-19. The crisis also exposed the vulnerability of billions of people who seemed to be getting by relatively well but were not adequately protected from the socio-economic shock waves it has emitted. The pandemic's socio-economic impacts have made it difficult for policymakers to ignore a number of population groups – including children, older persons, unpaid carers, and women and men working in diverse forms of employment and in the informal economy – who were covered either inadequately or not at all by existing social protection measures. In revealing these gaps, this report shows that the pandemic has propelled countries into unprecedented policy action, with social protection at the forefront.

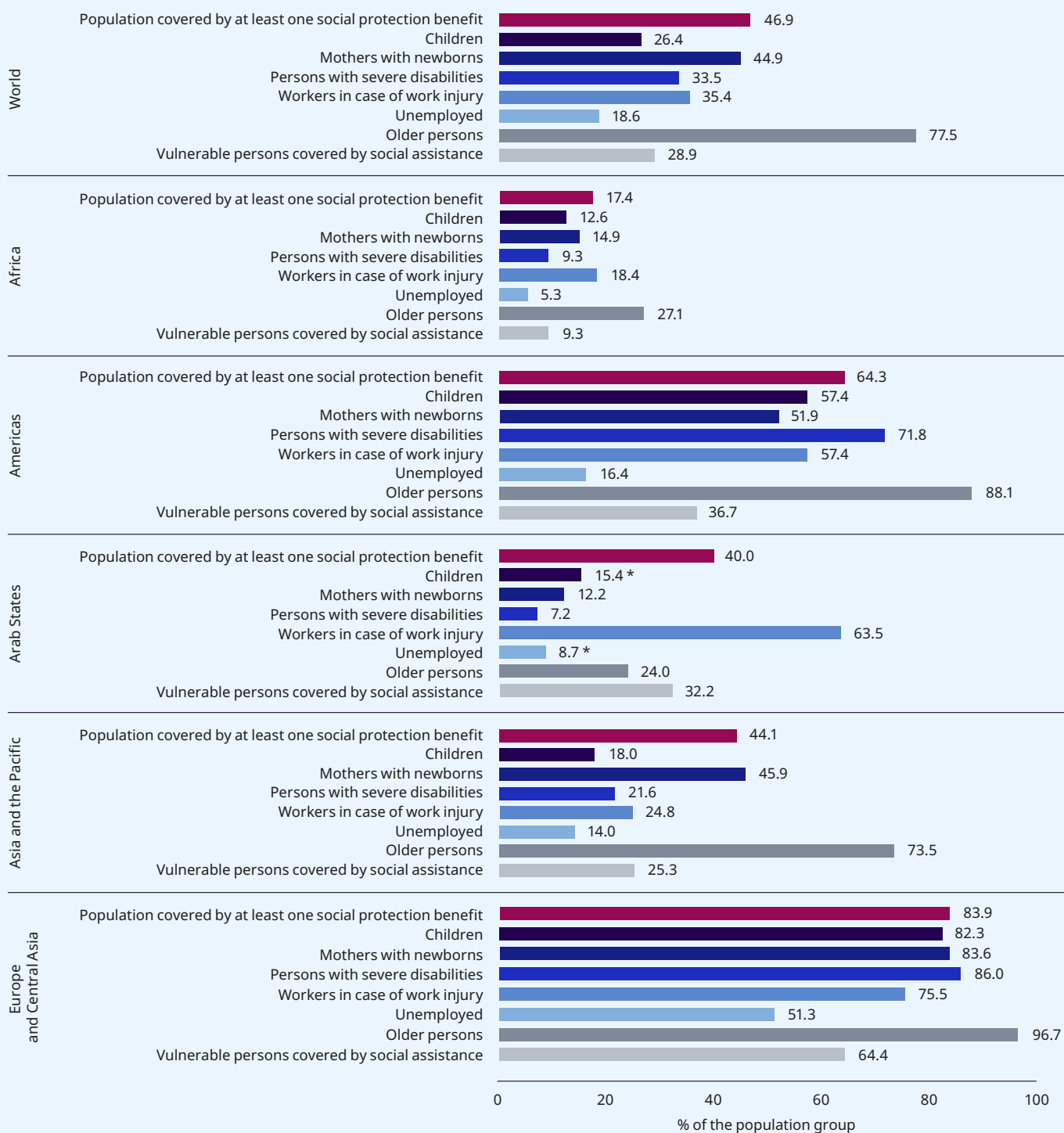
COVID-19 provoked an unparalleled social protection policy response. Governments marshalled social protection as a front-line response to protect people's health, jobs and incomes, and to ensure social stability. Where necessary, governments extended coverage to hitherto unprotected groups, increased benefit levels or introduced new benefits, adapted administrative and delivery mechanisms, and mobilized additional financial resources. However, despite some international support,

many low- and middle-income countries have struggled to mount a proportionate social protection and stimulus response to contain the pandemic's adverse impacts in the way that high-income countries have been able to do, leading to a "stimulus gap" arising largely from significant coverage and financing gaps.

Socio-economic recovery remains uncertain and enhanced social protection spending will continue to be crucial. The most recent International Monetary Fund (IMF) forecasts warn of a divergent recovery, whereby richer countries enjoy a swift economic rebound while lower-income nations see a reversal of their recent development gains. Ensuring a human-centred recovery everywhere is contingent on equitable access to vaccines. This is not only a moral imperative, but also a public health necessity: a deep chasm in vaccine availability will unleash new viral mutations that undermine the public health benefits of vaccines everywhere. Already, however, inequitable vaccine access, yawning stimulus gaps visible in the crisis response, unfulfilled calls for global solidarity, increasing poverty and inequalities, and recourse to austerity cuts all indicate the prospect of uneven recovery. Such a scenario will leave many people to fend for themselves and derail the progress made towards the achievement of the 2030 Agenda and the realization of social justice.

Countries are at a crossroads with regard to the trajectory of their social protection systems. If there is a silver lining to this crisis, it is the potent reminder it has provided of the critical importance of investing in social protection; yet many countries also face significant fiscal constraints. This report shows that nearly all countries, irrespective of their level of development, have a choice: whether to pursue a "high-road" strategy of investing in reinforcing their social protection systems or a "low-road" strategy of minimalist provision, succumbing to fiscal or political pressures. Countries can use the policy window prised open by the pandemic and build on their crisis-response measures to strengthen their social protection systems and progressively close protection gaps in order to ensure that everyone is protected against both systemic shocks and ordinary life-cycle risks. This would involve increased efforts to build universal, comprehensive, adequate and sustainable social protection systems, including a solid social protection floor that guarantees at

► **Figure 1. SDG indicator 1.3.1: Effective social protection coverage, global and regional estimates, by population group, 2020 or latest available year**



*To be interpreted with caution: estimates based on reported data coverage below 40% of the population.

Notes: See Annex 2 of the [World Social Protection Report 2021-22](#) for methodological explanation. Global and regional aggregates are weighted by relevant population groups.

Sources: ILO, [World Social Protection Database](#), based on the Social Security Inquiry (SSI); ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

least a basic level of social security for all over the course of their lives. The alternative would be to acquiesce in a low-road approach that fails to invest in social protection, thereby trapping countries in a “low cost–low human development” trajectory. This would represent a lost possibility for strengthening social protection systems and reconfiguring societies for a better future.

Establishing universal social protection and realizing the human right to social security for all is the cornerstone of a human-centred approach to obtaining social justice. Doing so contributes to preventing poverty and containing inequality, enhancing human capabilities and productivity, fostering dignity, solidarity and fairness, and reinvigorating the social contract.

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

Highlights

As of 2020, only 46.9 per cent of the global population were effectively covered by at least one social protection benefit¹ (Sustainable Development Goal (SDG) indicator 1.3.1; see figure 1), while the remaining 53.1 per cent – as many as 4.1 billion people – were left wholly unprotected. Behind this global average, there are significant inequalities across and within regions, with coverage rates in Europe and Central Asia (83.9 per cent) and the Americas (64.3 per cent) above the global average, while Asia and the Pacific (44.1 per cent), the Arab States (40.0 per cent) and Africa (17.4 per cent) have far more marked coverage gaps.

Only 30.6 per cent of the working-age population are legally covered by comprehensive social security systems that include a full range of benefits, from child and family benefits to old-age pensions, with women’s coverage lagging behind men’s by a substantial 8 percentage points. This implies that the large majority of the working-age population – 69.4 per cent, or 4 billion people – are only partially protected or not protected at all.

Access to healthcare, sickness and unemployment benefits has taken on particular relevance during the pandemic. While almost two thirds of the global population are protected by a health scheme of some kind, significant coverage and adequacy gaps remain. When it comes to income protection during sickness and unemployment, the coverage and adequacy gaps are even more pronounced. Approximately a third of working-age people have their income security protected by law in case of sickness, and less than

a fifth of unemployed workers worldwide actually receive unemployment benefits.

Gaps in the coverage, comprehensiveness and adequacy of social protection systems are associated with significant underinvestment in social protection, particularly in Africa, the Arab States and Asia. Countries spend on average 12.9 per cent of their gross domestic product (GDP) on social protection (excluding health), but this figure masks staggering variations. High-income countries spend on average 16.4 per cent, or twice as much as upper-middle-income countries (which spend 8 per cent), six times as much as lower-middle-income countries (2.5 per cent), and 15 times as much as low-income countries (1.1 per cent).

This financing gap for building social protection floors has widened by approximately 30 per cent since the onset of the coronavirus disease (COVID-19) crisis, owing to the increased need for healthcare services, income security measures, and reductions in GDP caused by the crisis. To guarantee at least a basic level of social security through a nationally defined social protection floor, lower-middle-income countries would need to invest an additional US\$362.9 billion and upper-middle-income countries a further US\$750.8 billion per year, equivalent to 5.1 and 3.1 per cent of GDP respectively for the two groups. Low-income countries would need to invest an additional US\$77.9 billion, equivalent to 15.9 per cent of their GDP.

COVID-19 threatens to imperil years of progress towards achieving the Sustainable Development Goals (SDGs), reversing gains in poverty reduction. It has also revealed the pre-existing stark protection gaps across all countries and made

¹ Excluding healthcare and sickness benefits.

it impossible for policymakers to ignore the persistent social protection deficits experienced in particular by certain groups, such as informal workers, migrants and unpaid carers.

This crisis has resulted in an unprecedented yet uneven global social protection response. Higher-income countries were better placed to

mobilize their existing systems or introduce new emergency measures to contain the impact of the crisis on health, jobs and incomes. Mounting a response was more challenging in lower-income contexts, which were woefully ill prepared and had less room for policy manoeuvre, especially in macroeconomic policy.

► Social protection for children remains limited, yet is critical for unlocking their potential

Highlights

- The vast majority of children still have no effective social protection coverage, and only 26.4 per cent of children globally receive social protection benefits. Effective coverage is particularly low in some regions: 18 per cent in Asia and the Pacific, 15.4 per cent in the Arab States and 12.6 per cent in Africa.
- Positive recent developments include the adoption of universal or quasi-universal child benefits (UCBs/qUCBs) in several countries, and renewed awareness in the context of COVID-19 of the critical importance of inclusive social protection systems, quality childcare services and the need for social protection for caregivers.
- On average, national expenditure on social protection for children is too low, equating to only 1.1 per cent of GDP, compared to 7 per cent of GDP spent on pensions. The regions of the world with the largest share of children in the population, and the greatest need for social protection, have some of the lowest coverage and expenditure rates, especially sub-Saharan Africa (0.4 per cent of GDP).
- To address the dramatic increase in child poverty caused by COVID-19, close social protection coverage gaps and deliver the best results for children and society, policymakers must implement an integrated systems approach including child benefits and childcare services, provision of parental leave and access to healthcare.

► Social protection for women and men of working age provides insufficient protection against key risks

Highlights

- *Maternity*: Some countries have made decisive progress towards universal or near-universal effective maternity coverage. Despite the positive developmental impacts of supporting childbearing women, only 44.9 per cent of women with newborns worldwide receive a cash maternity benefit.
- *Sickness*: The crisis has demonstrated the importance of ensuring income security during ill health, including quarantine. However, only a third of the world's working-age population have their income security protected by law in the event of sickness.
- *Disability*: The share of people with severe disabilities worldwide who receive a disability benefit remains low at 33.5 per cent. Importantly, several countries now have universal disability benefit programmes in place.

- ▶ *Employment injury*: Only 35.4 per cent of the global labour force have effective access to employment injury protection. Many countries have recognized COVID-19 as an occupational injury in order to ensure easier and faster access to associated benefits under the work injury insurance system, in particular for workers in the most exposed sectors.
- ▶ *Unemployment protection*: A mere 18.6 per cent of unemployed workers worldwide have effective coverage for unemployment and thus actually receive unemployment benefits. This remains the least developed branch of social protection. However, the pandemic has highlighted the crucial role of unemployment protection schemes to protect jobs and incomes, through job retention schemes and unemployment benefits.
- ▶ *Expenditure estimates* show that worldwide only 3.6 per cent of GDP is spent on public social protection to ensure income security for people of working age.

▶ Social protection for older women and men still faces coverage and adequacy challenges

Highlights

- ▶ Pensions for older women and men are the most widespread form of social protection in the world, and a key element in achieving SDG target 1.3. Globally, 77.5 per cent of people above retirement age receive some form of old-age pension. However, major disparities remain across regions, between rural and urban areas, and between women and men. Expenditure on pensions and other benefits for older people accounts for 7.0 per cent of GDP on average, again with large variations across regions.
- ▶ Significant progress has been made with respect to extending the coverage of pension systems in developing countries. Even more encouraging, in a wide range of countries, including lower-middle-income countries, universal pensions have been developed as part of national social protection floors.
- ▶ The COVID-19 crisis has brought additional pressures to bear on the costs and financing of pension systems, but the impact over the long term will be moderate to low. The massive response of countries to the crisis has highlighted the critical role that old-age protection systems, including long-term care, play in ensuring the protection of older adults, particularly in times of crisis, and the urgency of strengthening long-term care systems to protect the rights of care recipients and care workers alike.
- ▶ Pension reforms have been dominated by an emphasis on fiscal sustainability, at the expense of other principles established by international social security standards, such as the universality, adequacy and predictability of benefits, solidarity and collective financing. These are critical for guaranteeing the income security of older people, which is and should remain the primary objective of any pension system. Ensuring the adequacy of benefits is especially pertinent for women, people in low-paid jobs and those in precarious forms of employment. Moreover, many countries around the world are still struggling to extend and finance their pension systems; these countries face structural barriers linked to low levels of economic development, high levels of informality, low contributory capacity, poverty and insufficient fiscal space, among others.

► **Social health protection: An essential contribution to universal health coverage**

Highlights

- Significant progress has been made in increasing population coverage, with almost two thirds of the global population protected by a scheme. However, barriers to accessing healthcare remain in the form of out-of-pocket payments on health services, physical distance, limitations in the range, quality and acceptability of health services, and long waiting times, as well as opportunity costs such as lost working time. The COVID-19 crisis has highlighted the limitations of benefit adequacy and the need to reduce out-of-pocket payments.
- Collective financing, broad risk-pooling and rights-based entitlements are key conditions for supporting effective access to healthcare for all in a shock-responsive manner. The principles provided by international social security standards are more relevant than ever on the road to universal health coverage, and in particular within the current public health context. More and better data on legal coverage need to be collected as a matter of priority to monitor progress on coverage and equity.
- Investing in the availability of quality healthcare services is crucial. The COVID-19 pandemic has further revealed the need to invest in healthcare services and to improve coordination within the health system. The pandemic is drawing attention to the challenges faced in recruiting, deploying, retaining and protecting well-trained, supported and motivated health workers to ensure the delivery of quality healthcare services.
- Stronger linkages and better coordination between mechanisms for accessing medical care and income security are needed to address key determinants of health more effectively. The COVID-19 crisis has further highlighted the role of the social protection system in shaping behaviours to foster prevention and the complementarity of healthcare and sickness benefit schemes. Coordinated approaches are particularly needed in respect of special and emerging needs, including human mobility, the increasing burden of long and chronic diseases, and population ageing. The impact of COVID-19 on older people has shed additional light on the need for coordination between health and social care.

► **Taking the high road towards universal social protection for a socially just future**

Highlights

COVID-19 has further underscored the critical importance of achieving universal social protection. It is essential that countries – governments, social partners and other stakeholders – now resist the pressures to fall back on a low-road trajectory and that they pursue a high-road social protection strategy to contend with the ongoing pandemic, and to secure a human-centred recovery and an inclusive future. To this end, several priorities can be identified.

- COVID-19 social protection measures must be maintained until the crisis has subsided and recovery is well under way. This will require continued investment in social protection systems to maintain living standards, ensure equitable vaccine access and healthcare, and prevent further economic contraction. Ensuring equitable and timely access to vaccines is crucial for the health and prosperity of all countries and peoples. In an interconnected world, a truly inclusive recovery hinges on this.
- The temptation to revert to fiscal consolidation to pay for the massive public expenditure outlays necessitated by COVID-19 must be avoided. Previous crises have shown that austerity leaves deep social scarring, hurting the most vulnerable in society. Conversely, striving for a jobs-rich, human-centred recovery, aligned with health, social, environmental and climate change goals, can contribute to income security, job creation and social cohesion objectives, expand the tax base and help finance universal social protection.

- ▶ Amid the devastation wrought by the pandemic, there are glimmers of hope that mindsets have shifted. By exposing the inherent vulnerability of everyone – making it explicit that our individual well-being is intimately bound up with the collective well-being and security of others – the pandemic has demonstrated the indispensability of social protection. Moreover, the crisis has shown that there is significant scope for countries to adopt a “whatever it takes” mindset to accomplish priority goals if they so choose. If the same policy approach is applied as the worst of the pandemic abates, this holds promise for taking the high road to achieve the SDGs and universal social protection.
- ▶ Taking that high road requires building permanent universal social protection systems that provide adequate and comprehensive coverage to all, guided by effective tripartite social dialogue. These systems are essential for preventing poverty and inequality, and for addressing today’s and tomorrow’s challenges, in particular by promoting decent work, supporting women and men in better navigating their life and work transitions, facilitating the transition of workers and enterprises from the informal to the formal economy, bolstering the structural transformation of economies, and supporting the transition to more environmentally sustainable economies and societies.
- ▶ Further investment in social protection is required now to fill financing gaps. In particular, prioritizing investments in nationally defined social protection floors is vital for delivering on the promise of the 2030 Agenda. Fiscal space exists even in the poorest countries and domestic resource mobilization is key, but concerted international support is also critical for fast-tracking progress in those countries lacking fiscal and economic capacities, especially in low-income countries with marked underinvestment in social protection.
- ▶ Universal social protection is supported through the joint efforts of the United Nations agencies “working as one”, and through concerted efforts with relevant international, regional, subregional and national institutions and social partners, civil society and other stakeholders, including through the Global Partnership for Universal Social Protection.
- ▶ The unique policy window prised open by COVID-19 should embolden countries to take decisive action now about the future of social protection and pursue a high-road policy approach with vigour. Doing so will empower societies to deal with future crises and the challenges posed by demographic change, the evolving world of work, migration, environmental challenges and the existential threat of climate change. Ultimately, a robust social protection system will shore up and repair a fragile social contract and enable countries to enjoy a socially just future.

2 Introduction: Social protection at a crossroads

Crucial policy choices have to be taken in the LAC region if the social protection systems of the countries in this region are to fulfil their mandate. After a period of strong improvement in formal employment, real wages and fiscal space from 2005 to 2014, the downswing of a long commodity cycle reversed the terms of trade, leading to lower gross domestic product (GDP) growth rates since 2014. At the end of 2019, regional labour markets were already strained, with at least 25 million people searching for a job and an average unemployment rate across the region of 8.1 per cent – projected to reach 8.4 per cent by the end of 2020, given the modest economic growth expected (ILO 2020a).

However, the COVID-19 pandemic, with its severe impact on both the health of the region's population and its economies, profoundly changed previous trends. The regional GDP is estimated to have decreased by 7.7 per cent over 2020 (ECLAC 2020a); and by the end of that year, the average unemployment rate across the LAC region had grown to 10.6 per cent and the number of people in search of a job to an estimated 30.1 million. The crisis also had a serious impact on average participation rates, which fell by 5.4 per cent as approximately 23 million people, most of them women, withdrew from the labour market. The employment-to-population ratio also dropped from 57.4 per cent to a historical low of 51.7 per cent between 2019 and 2020. It was estimated that the unemployment rate could reach 11.2 per cent towards the end of 2021 (Maurizio 2021). The sectors most affected were tourism and hotels, commerce, construction, industry and domestic work, all of which are of high importance for employment generation. Many

critical labour market indicators (such as child labour and the female labour force participation rate) fell back to levels not seen for a decade or more. This unprecedented crisis is expected to magnify previously existing challenges such as social protection gaps, insufficient fiscal space, inequality, poverty and informality (ILO 2020b; Maurizio 2021).

Between January 2020 and October 2021, 45 countries in the Americas including the Caribbean launched 488 social protection measures to counteract the effect of the pandemic (ILO 2021a). These employment and social protection response programmes, though sometimes belatedly introduced, nevertheless helped to mitigate the impact of the crisis by partially replacing lost income and reducing the risk of increased poverty (ILO 2020c; 2020d). A labour market recovery in the LAC region requires a strong emphasis on social dialogue, occupational safety and health, regulation of telework and work through digital platforms, efforts to improve access to digital technologies and renewed efforts at formalization (ILO 2020a). In terms of social protection, in addition to drawing lessons for further developing social protection systems and confronting emergencies, a clear choice needs to be made in favour of continuing the emergency programmes not only until the end of the pandemic, but well into the recovery period. Policymakers have a policy window to transform these temporary programmes into permanent and rights-based ones, extending coverage and fiscal space to provide a fully-fledged social protection floor and develop universal social protection, to comply with the region's commitments under the 2030 Agenda for Sustainable Development.

3 Pre-COVID-19 situation: Progress made and remaining gaps

Social security coverage expanded strongly in the LAC region during the period 2005–15, owing to the combination of a favourable macroeconomic cycle with policies to foster the transition from the informal to the formal economy in most countries. This period saw contributory social protection coverage increase by eight percentage points from 36.6 per cent to 44.6 per cent of the employed population (ILO 2018). Encouraged by the additional fiscal space available to them, LAC countries decided to continue expanding the coverage of social pensions and of cash transfer programmes for families with children. However, from 2014 to 2019 the regional labour market stagnated and more restrictive fiscal policies were adopted, resulting in a similar stagnation of contributory social security coverage, which by 2019 had fallen back slightly to 44.5 per cent (ILO 2020c).

Some 56.3 per cent of the population in the LAC region is effectively covered by at least one social protection benefit, according to the latest *World Social Protection Report* (ILO 2021b). There are significant differences across the region, with effective coverage rates of 38.3 per cent, 52.0 per cent and 59.9 per cent in the Caribbean, Central America and South America, respectively. With regard to legal coverage,² including contributory and non-contributory programmes, the Americas presented an estimated overall coverage of 42.1 per cent of the whole population with legal access to comprehensive social security. This average is higher for men than for women, with a gender gap of 7.6 percentage points.³

In order for the region to address the persistent challenges it confronts – chiefly, a still fragmented and insufficient pattern of social protection coverage and a high rate of labour market informality – the ILO (2018) identifies six key priorities for social protection systems:

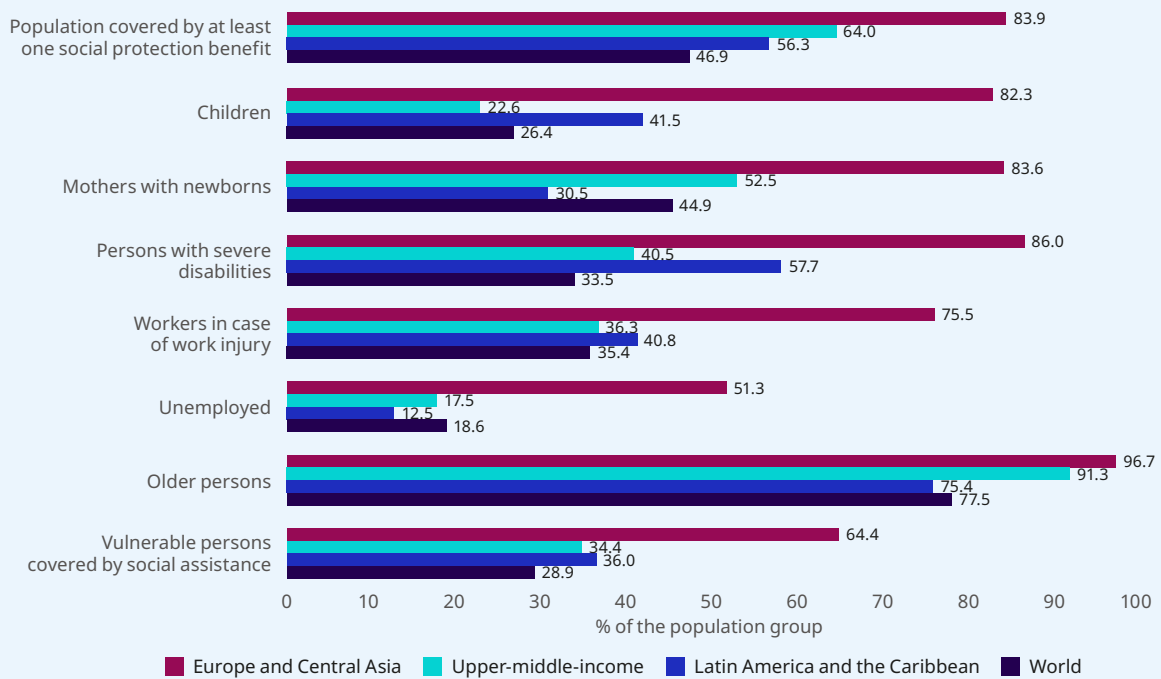
- ▶ strengthening the anti-cyclical role of social protection, which had been effectively applied only once in the history of Latin America, namely after the global financial crisis of 2008–09, when sufficient fiscal space existed for proportionate increases in emergency expenditure on social protection;
- ▶ continuing to adapt social security legal frameworks and mechanisms to include workers in self-employment and in small and medium enterprises, domestic and rural workers, and those in the “new forms of employment” (for example digital platforms) in mandatory social insurance schemes;
- ▶ responding to the demographic transition, which, despite differences among countries, continues to progress, such that the countries with ageing populations (Chile, Cuba, Uruguay) will see the expiration of the “demographic bonus” in the decades ahead; this will necessitate careful reforms in combination with policies that increase formality and participation rates among females and older workers in these labour markets;
- ▶ improving the governance and the coordination mechanisms of the different branches and institutions to overcome the historical fragmentation of schemes that persists in many countries;
- ▶ responding to the increasing need for care policies and programmes; and
- ▶ strengthening the capacity of social protection systems to respond more effectively to the impact of disasters and crises in the Americas, which have grown in complexity, the numbers of people affected and the gravity of impacts on future development prospects (UNDRR 2021).

The ILO (2018) has also called attention to several important gaps in social protection in the region.

² Legal coverage, as opposed to effective coverage, indicates the proportion of the population that is mandatorily covered by statutory regimes and may have access to non-contributory benefits under certain circumstances.

³ Since the figure for the Americas includes Canada and the United States of America, where coverage rates are higher, numbers for the LAC region only would probably be lower than 42.1 per cent.

► **Figure 2. SDG indicator 1.3.1: Effective social protection coverage, global and selected regions, by population group, 2020 or latest available year**



Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by relevant population groups.

Sources: ILO, [World Social Protection Database](#), based on the Social Security Inquiry (SSI); ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

Specifically, it draws attention to the need to extend coverage to children; the very low number of countries with unemployment insurance schemes; insufficient maternity protection; the need for a stronger articulation of social protection programmes with broader social policies; and the need for improved social protection for migrant, domestic and rural workers.

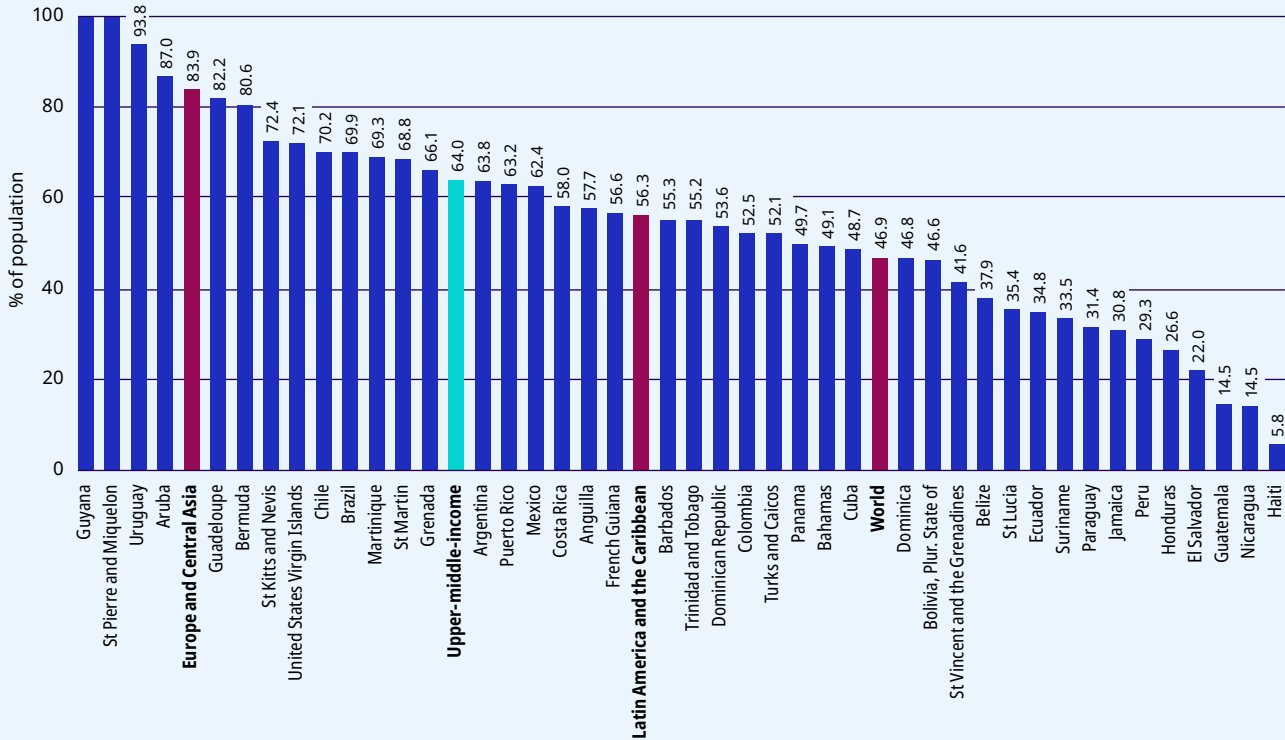
While the LAC region performs above the global average in terms of the aggregate SDG indicator 1.3.1 (proportion of persons with access to at least one social protection benefit), with 56.3 per cent of the population having access to at least one social protection benefit as against 46.9 per cent globally (figure 2), the region is below the average of upper-middle-income countries, which stands at 64.0 per cent, and below the highest level among regions – Europe and Central Asia – where 83.9 per cent of population has access to social security.

On a positive note, the extension across the LAC region of non-contributory programmes, especially social pensions, disability benefits and cash transfers to families with children, has contributed

to very similar or higher levels of coverage for old-age pensions and disability benefits in the LAC region compared to the averages for the world and the upper-middle-income group of countries, although benefit levels are often modest. In many countries, cash benefits for people with severe disabilities could certainly be better articulated with services. The relatively high coverage level of families with children is attributable to a strong development of conditional cash transfers (CCTs) over the past two decades. Although this is a positive trend, coverage for this branch could be higher if more LAC social insurance schemes included child benefits, and if those contributory schemes that include family and child benefits were reformed to improve their coordination with the CCTs provided in almost all countries.

Figure 2 highlights three other branches that could be identified for future improvements: unemployment protection and maternity coverage rates are very low and below the world averages; and social assistance programmes for vulnerable people, while slightly above the global average in terms of coverage, also require better grounding in a rights-based approach. Two of

► **Figure 3. SDG indicator 1.3.1: Effective social protection coverage, selected countries/territories in the region, with global, regional and upper-middle-income averages, 2020 or latest available year**



Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by population.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

these branches – unemployment benefits and social assistance – are particularly relevant for the response to crises; accordingly, countries which already had them in place were able to roll out emergency programmes quickly during the pandemic. There is an opportunity for LAC countries to calculate the (probably low) cost of universalizing coverage of maternity/paternity benefits – in a demographic context where each woman is giving birth to a lower number of children than in previous decades – and compare this cost with the – probably high – benefits to be harvested in terms of the health and educational performance enjoyed by children whose parents benefit from maternity/paternity leave and cash transfers.

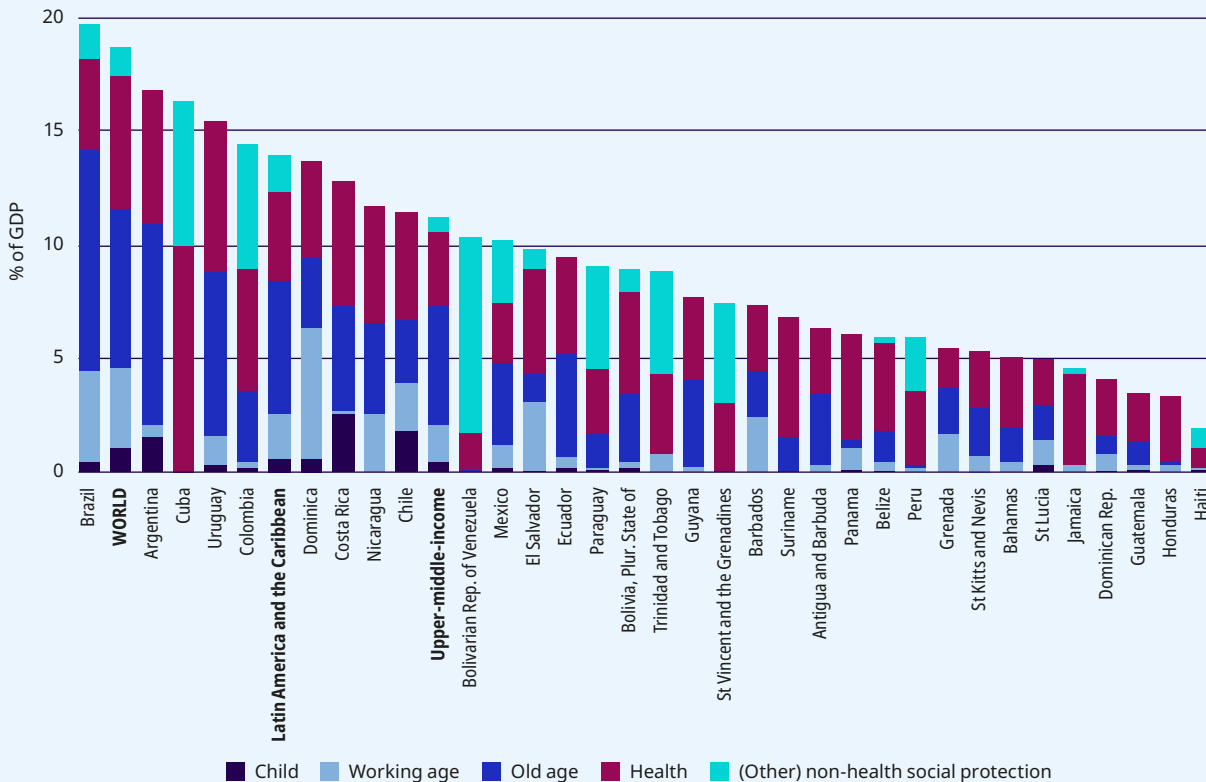
If 56.3 per cent of the population in the region enjoyed effective coverage by at least one social protection cash benefit in 2020 or the most recent year for which data were available (figure 2),

this means that 43.7 per cent – 281.3 million people – were entirely unprotected.⁴ More than half of the excluded population (151.6 million people) live in one of the four countries with the largest populations (Argentina, Brazil, Colombia and Mexico), even though those countries' coverage rates were above or close to the LAC regional average.

Figure 3 shows that a significant number of countries that exhibit an effective coverage rate above the LAC average belong to the Caribbean: this is explained by a strong proportion of tax-financed social security schemes. A second group, comprising Latin American countries with comparatively high effective coverage rates, are those that operate an efficacious combination of social insurance and quasi-universal non-contributory benefits for older people, people with disabilities and families with children.

⁴ Authors' calculation using population estimates from ECLAC (2019).

► Figure 4. Public social protection expenditure for the four social protection floor guarantees, selected LAC countries and territories, with global and upper-middle-income averages, latest available year (percentage of GDP)



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by GDP.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

Social protection expenditure (see figure 4) is led by some of the countries that were called the “pioneers” of social security in the LAC region during the first half of the twentieth century, when Argentina, Brazil, Chile, Costa Rica, Cuba and Uruguay built comprehensive social protection systems (Mesa-Lago 1978, 1991). These are also

countries with quickly ageing populations; hence their expenditure on old-age benefits is tending to increase. Several countries that were not in this group of “pioneers”, for example Colombia, have since caught up, making significant expenditure linked to guarantees for the working-age population and healthcare.

4 Social protection in crisis and recovery: The regional COVID-19 response and trajectory towards recovery

COVID-19 revealed key structural problems and shortcomings in social security in the LAC region and required quick and unprecedented responses. Latin American countries soon became an epicentre of the pandemic, and their economies were buffeted by multiple external shocks, including interruptions in international trade and supply chains, oscillations in commodity prices and the breakdown of the tourism sector. Internally, the region suffered an unprecedented loss of jobs and income which resulted in a strong contraction of domestic consumption. Compared to other regions, the LAC region suffered the highest labour market losses in the world during 2020: 16.2 per cent of working hours, equal to an estimated 39 million full-time jobs (48 hours a week). Most of these losses were attributable to people moving first from employment to inactivity, and then to unemployment (ILO 2021c). In these circumstances, social protection systems were pushed to their limits, clearly revealing the absence of adequate benefits, especially for the working-age population; in addition, major challenges in guaranteeing universal access to healthcare were evident (ILO 2021b). Countries in the LAC region reacted with a wide array of measures.

In the Americas as a whole, 45 countries adopted 488 social protection responses between February 2020 and October 2021 (ILO 2021a). Most of the responses (73.4 per cent) took the form of non-contributory benefits/services, and 52.9 per cent of them were new programmes. The top measure adopted in the Americas was the introduction of benefits for poor or vulnerable population groups, with 81 cases (16.6 per cent of 488 responses). This result certainly stems from the accumulated LAC experience with CCTs, and many countries took up the option of targeting or expanding delivery mechanisms that were already in place. Many countries extended food distribution, increased the amount or number of instalments

transferred through existing schemes, brought forward payments and relaxed eligibility criteria, allowing new vulnerable groups to be enrolled in existing programmes (ILO 2021c). In other cases, new temporary programmes were created to fight poverty, such as emergency cash transfers in Argentina, the Plurinational State of Bolivia, Brazil, Chile, Peru and several countries of the Caribbean. Those extended benefits, encouragingly, had an impact not only in reducing coverage gaps and cushioning potential increases in poverty (which would have been higher in their absence), but also in limiting GDP losses (Blofield, Giambruno and Filguera 2020; ILO 2020c; Sanches, Cardomingo and Carvalho 2021).

Sixty-seven measures (13.7 per cent of 488 responses) constituted the second largest group and involved introducing or expanding benefits for workers and/or their dependants (including unemployment benefits and their linkage with active labour market policies), with the aim of mitigating the impact of the crisis on the dependent population in both formal and informal sectors (ILO 2021c). Brazil, Chile, Costa Rica and Caribbean countries also made extensive use of online and phone applications to facilitate access to emergency means-tested benefits for newly unemployed formal and informal workers (ILO 2021d). Countries that operate private savings accounts for unemployment and pensions allowed withdrawals from individual accounts, within certain limits. Several countries, such as Argentina, Mexico and Peru, advanced the payment of old-age and disability benefits and/or increased their levels. Another group of countries restricted or even forbade dismissals across the (formal) economy. As for sickness benefits, COVID-19 was considered an occupational disease in many countries and sectors, especially for health workers; as a result, leave was offered with income replacement at a higher level in the event of contracting the virus or being required to quarantine.

Another overview of actions adopted, produced by ECLAC (2021a), identified 263 social protection measures in the LAC region from March to December 2020, covering 49.4 per cent of the population and entailing an investment of US\$86 billion (1.25 per cent of regional GDP). This additional expenditure is equal to 2.3 times the average annual expenditure of LAC countries on CCTs and social pensions in the pre-pandemic years. Even so, it was not sufficient to avoid an increase in the prevalence of extreme poverty and poverty, with the respective rates rising from 11.3 per cent and 30.5 per cent in 2019 to 12.5 per cent and 33.7 per cent in 2020, representing a setback of 12 years in rates of poverty and of 20 years in rates of extreme poverty. Had the additional expenditure not been forthcoming, ECLAC estimates that poverty and extreme poverty rates could have been 3.3–3.5 percentage points higher (ECLAC 2021a). Latin America has also been an epicentre of discussion on the need for an emergency universal basic income (UBI), or some variant of the idea, as a temporary stability measure during the crisis. ECLAC has proposed an emergency basic income, suggesting countries can gradually realize a UBI (2020a; 2020b; 2021a). The interest in the idea stems from concerns over the limitations of existing social protection coverage, a desire for more equity and social justice, deep structural inequality and poverty, and the need for a reconstituted social contract. A progressive UBI may be an important component of a social protection floor, but it does not cancel out the need for an integrated social protection system that provides a set of adequate contributory and non-contributory benefits and services. Therefore, it will be a challenge in the region to ensure that any UBI complies with ILO standards and the achievement of the SDGs, rather than representing a shortcut to minimalist safety-net coverage. A UBI also does not obviate the urgent need for a formalization agenda and the pursuit of the vertical extension of social insurance (Ortiz et al. 2018).

Health protection became a top priority, after years of underfinancing. Investment in equipment, new hospitals, staff, better remuneration and incentives, and the purchase and local production

of vaccines and medicines ranked high in public budgets across the region. It is important to recall that the LAC health sector has been historically fragmented, with heterogeneous coverage in terms of quantity and quality across social groups and economic sectors, as well as geographical areas. High out-of-pocket expenditure is a key risk many families in the LAC region have to face. Austerity programmes in previous years have had significant adverse impacts on the capacity of health systems to react to sudden increases in demand.

On a positive note, many countries in the LAC region have pursued reforms over recent decades that have extended coverage to previously uncovered categories of workers (through programmes such as the Sistema Único de Saúde (National Health System) in Brazil and the Instituto Mexicano del Seguro Social (Mexican Social Security Institute) programme BIENESTAR in Mexico, coordination between EsSalud and the national health system in Peru, and health insurance in the British Virgin Islands, Dominica and the Turks and Caicos Islands) and improved coordination between the different institutions providing healthcare. In this context, the COVID-19 pandemic has highlighted the crucial importance of strengthening the role of the State as the coordinator of the system, a development that may help LAC countries to face one of their chief structural challenges, namely fragmentation and lack of coordination (ILO 2021b). Even where measures are taken to strengthen health infrastructure and human resources, such action can falter in its efforts to contain the pandemic and protect human well-being in the absence of clearly articulated leadership of public health policy in the response to such crises. Some countries in the region have suffered a catastrophic fatality count – amounting to a humanitarian disaster – owing to a political failure that underestimated the pandemic and refused to formulate and follow an integrated approach, coordinating public social health, social protection and employment policies in fighting the unprecedented crisis as a matter of highest priority. An uncontained pandemic threatens long-term pressure on social protection, including social health protection systems.

5 Strengthening social protection for all throughout the life course

Strengthening social protection in the LAC region and reaching SDG targets 1.3 (universal social protection) and 3.8 (universal health coverage) require strengthening of the financial basis of these schemes over the next decade. The LAC region has built a mix of contributory and non-contributory programmes over the past century. The origins of modern social security in most countries of the region lie in the introduction of social insurance programmes, beginning in the first half of the twentieth century (Mesa-Lago 1978); these still exist today in most countries, and have a relevant role to play. Over the final decades of the twentieth century and early decades of the twenty-first, many countries adopted reforms that went beyond the coverage of employees, extending mandatory protection also to self-employed, rural and domestic workers. While many innovative approaches were developed to reach these and other “difficult-to-cover” groups, the limits of the formal labour market create obstacles to extending the coverage of these programmes. Hence, semi-contributory and non-contributory schemes have also assumed a key role in expanding coverage to include a significant part of the LAC working population and their families, especially in the provision of conditional and unconditional cash benefits to families with children and non-contributory pensions for the elderly and disabled.

The revenue currently collected by contributory schemes in the LAC region corresponds on average to 4 per cent of GDP (OECD 2018), reaching levels of 6–8 per cent of GDP in the Southern Cone countries. This source of financing is crucial for social protection in the region. An estimate by the ILO (2020d) of the level of financing needed to close the existing annual gap, universalize monetary benefits pertaining to the social protection floor and guarantee

access to social health for all – including the requirements of dealing with the COVID-19 crisis – requires LAC countries to progressively increase their social expenditure by 7.5 per cent of GDP in order to reach the 2030 Agenda targets. Some LAC countries still have comparatively low tax revenues as a percentage of GDP⁵ and therefore the possibility of expanding this source of financing by means of progressive tax reforms and formalization strategies. However, it is difficult to imagine that the required level of funds can be raised solely through general taxation, even more so when the prevalence of regressive consumption taxes in most LAC countries is considered. In many cases, improvements in the collection of social security contributions could help significantly increase the fiscal space for improved social protection coverage and benefits. With a few exceptions, LAC countries do not qualify for official development assistance, since most have reached middle-income or even upper-middle-income status. Hence, the general course should be to build comprehensive systems based on a multipillar model in line with international labour standards, including a social protection floor, and anchored in a mixed financing model that relies mainly on domestic sources of financing.

A second strategic issue for LAC countries, in the unique policy window provided by COVID-19, concerns the desirable transformation of some temporary emergency programmes adopted during the pandemic into parts of a permanent social protection floor. Two forces will pull in opposing directions here: on the one hand, needs related to a still-ongoing pandemic will require the extension of these programmes well into the recovery phase; on the other hand, fiscal restrictions and possible austerity policies may emerge. The practical challenge will be to establish a rights-based legal framework, adapt

⁵ According to the Organisation for Economic Co-operation and Development (OECD) (2018), the Bahamas, Colombia, the Dominican Republic, Guatemala, Mexico, Paraguay and Peru still had total tax revenues below 20 per cent of GDP in 2018, while the LAC average total tax revenue corresponded to 23.1 per cent of GDP and the average calculated by the OECD reached 33.9 per cent.

the programme design from emergency response to a long-term vision and build the fiscal space to simultaneously extend coverage, adequacy of benefits and services, and sustainability.

A further challenge for LAC social protection is how to deal with the impacts of technological change and the transformation of the labour markets, especially in respect of new forms of working arrangements. The LAC region presented a weighted average of 36.1 per cent of self-employed and employers among the labour force for 2019 (ECLAC 2021b); this figure has always been significant, ranging between 19.7 per cent (in Chile, for 2015) and 63.9 per cent (in the Plurinational State of Bolivia, for 2019). Innovative approaches to extend contributory social security schemes to this group have been implemented in many countries (ILO 2018), and these may inspire mechanisms to include new working arrangements. The pandemic accelerated the digitalization of the world of work and the introduction of new forms of work, such as remote working, teleworking and work on digital platforms (ILO 2020a). LAC countries will certainly need to develop new legislation and approaches

to regulate these new forms of occupation, and to ensure the mandatory inclusion of these workers in the respective social protection systems.

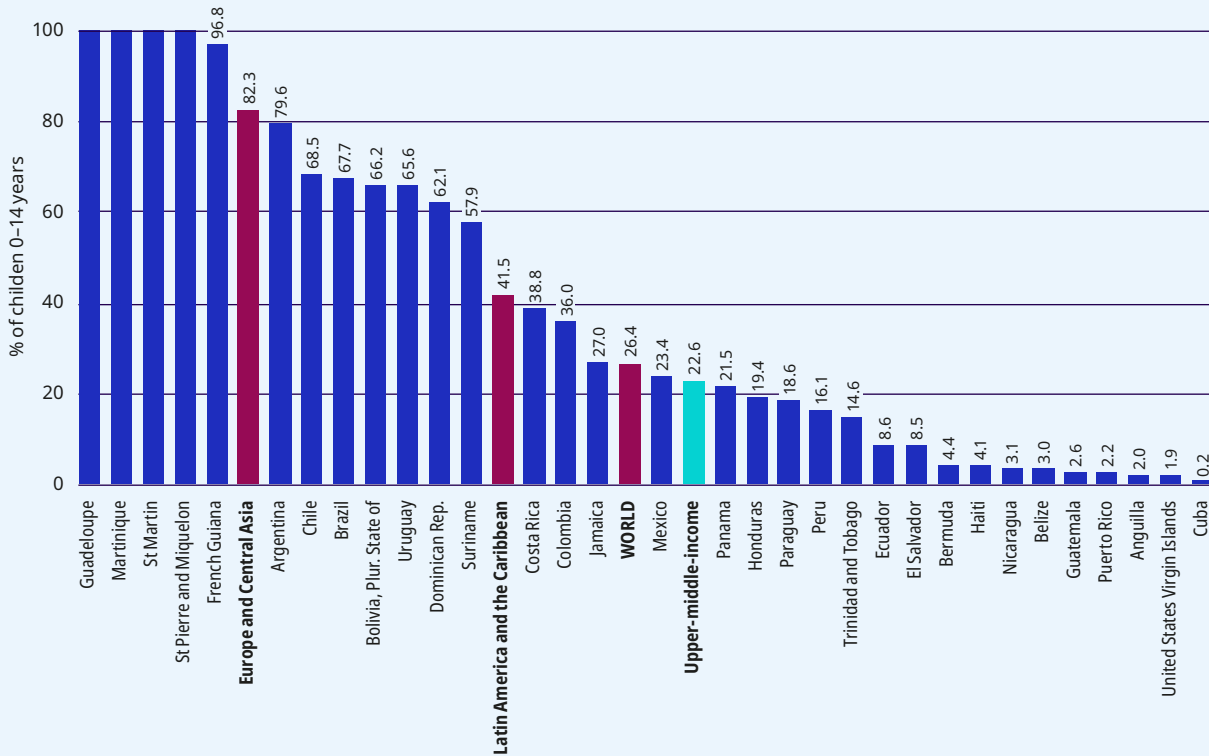
Finally, the LAC region has been frequently hit by natural and anthropogenic disasters (UNDRR 2021). It is likely that the strength and magnitude of tropical cyclones will grow with global warming and the sea level will rise; quantities of rainfall and the resulting floods are estimated to increase (GFDL 2021). While disaster-related mortality has fallen in recent years, the number of people and assets affected and the complexity of the risk patterns are increasing, resulting in growing impacts and economic losses (UNDRR 2021). Other slow-onset disasters, such as long droughts and desertification, will also affect already vulnerable workers and their families, posing increasing risks to income security and health. Therefore, a social protection approach capable of facing this new dimension of disaster-related risks is needed for the future. The major health crisis presented by the COVID-19 pandemic boldly underlines the inadequacy of responses to present and future challenges.

► 5.1 Social protection for children and families

Social protection coverage for families with children in the LAC region is above the global average, reflecting the development since the mid-1990s of conditional and unconditional cash transfer programmes in almost all countries of the region, usually with positive results in fighting poverty. Coverage could continue to increase, as shown by comparison with the European and Central Asian average; only a few of the region's countries developed truly universal approaches, either by introducing tax-financed universal cash transfers or by combining contributory child benefits under social insurance schemes with cash transfers targeted at poorer population groups. As figure 5 shows, high effective coverage is achieved through the universal approach in five

French territories and in the Plurinational State of Bolivia, as well as through the combination of contributory and non-contributory child benefit programmes in Argentina, Brazil, Chile and Uruguay. However, the trend towards extension has not been universal: Mexico's much-touted Prospera CCT programme, which covered almost one quarter of Mexican children, was abolished in 2019 without replacement. Moreover, the internationally acclaimed Brazilian Bolsa Família (Family Allowance) CCT programme was likewise discontinued in 2021 and a replacement programme called the "Auxílio Brasil" is to be introduced. Both cases involving the most studied CCTs of the world illustrate the vulnerability to discontinuation of targeted programmes.

► **Figure 5. SDG indicator 1.3.1 on effective coverage for children: Percentage of children covered in selected LAC countries/territories, with selected international averages, 2020 or latest available year**



Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by number of children aged 0–14 years.

Sources: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

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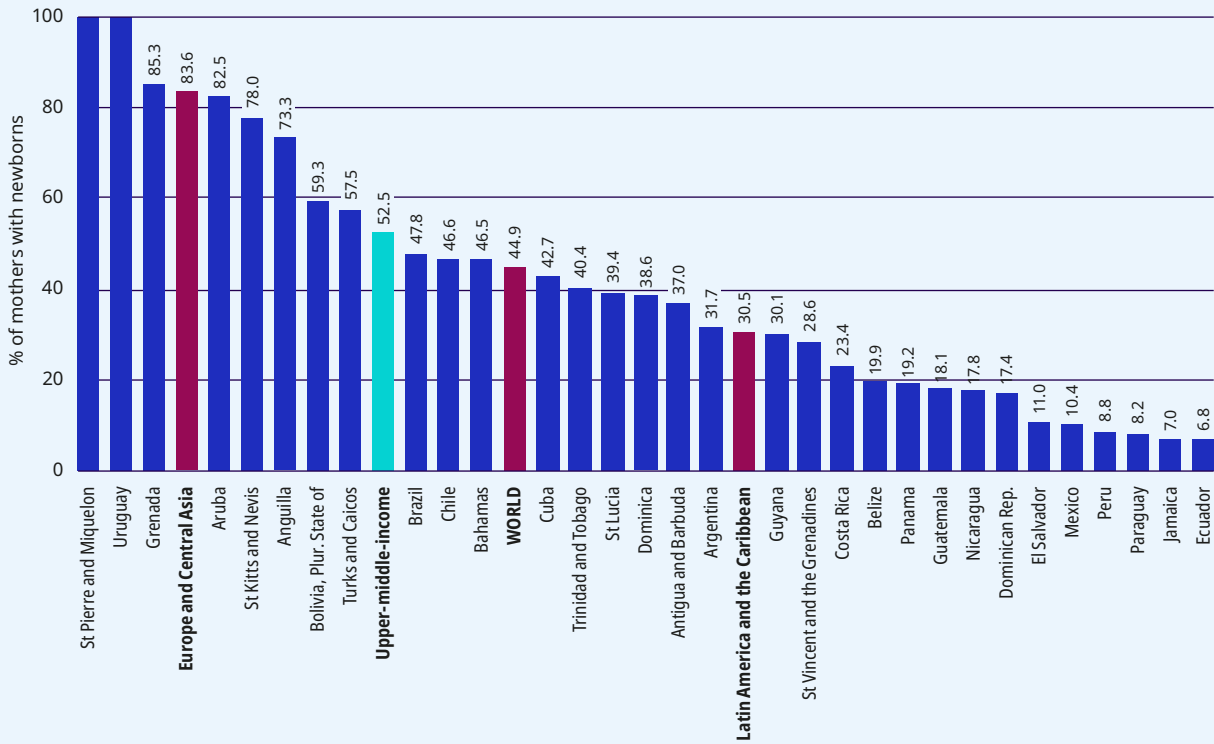
► 5.2 Social protection for women and men of working age

5.2.1 Maternity protection, and paternity and parental leave benefits

Maternity/paternity protection is one of the major gaps in terms of social protection benefits in LAC countries – even though, with the drop in the number of children being born as a result of demographic trends, the universalization of this social protection guarantee should be one of the cheapest to introduce, with large positive returns. There is a growing consensus and body of evidence on the positive impacts of maternity and paternity leave, benefits and other policies to support the health and future development of children (IPC-IG

and UNICEF 2020). As for maternity benefits, 18 of 24 LAC countries analysed depended basically on contributory schemes, and despite efforts to extend coverage, these do not reach all women (IPC-IG and UNICEF 2020). Only in Jamaica were maternity benefits exclusively dependent on employer liability (except for domestic workers), whereas in five other countries the costs are shared between employers and the social security institution. Only 30.5 per cent of mothers with newborns actually received a cash benefit, a level far below international averages (see figure 6). Nine out of 24 countries still prescribed periods of maternity leave below the ILO standard of at least 14 weeks as prescribed in Convention 183; 11 countries offered paternity leave, mostly of five days' duration or less; and only three

► **Figure 6. SDG indicator 1.3.1 on effective coverage for maternity protection: Percentage of women giving birth receiving maternity cash benefits in selected LAC countries/territories, with selected international averages, 2020 or latest available year**



Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by number of mothers with newborns.

Sources: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

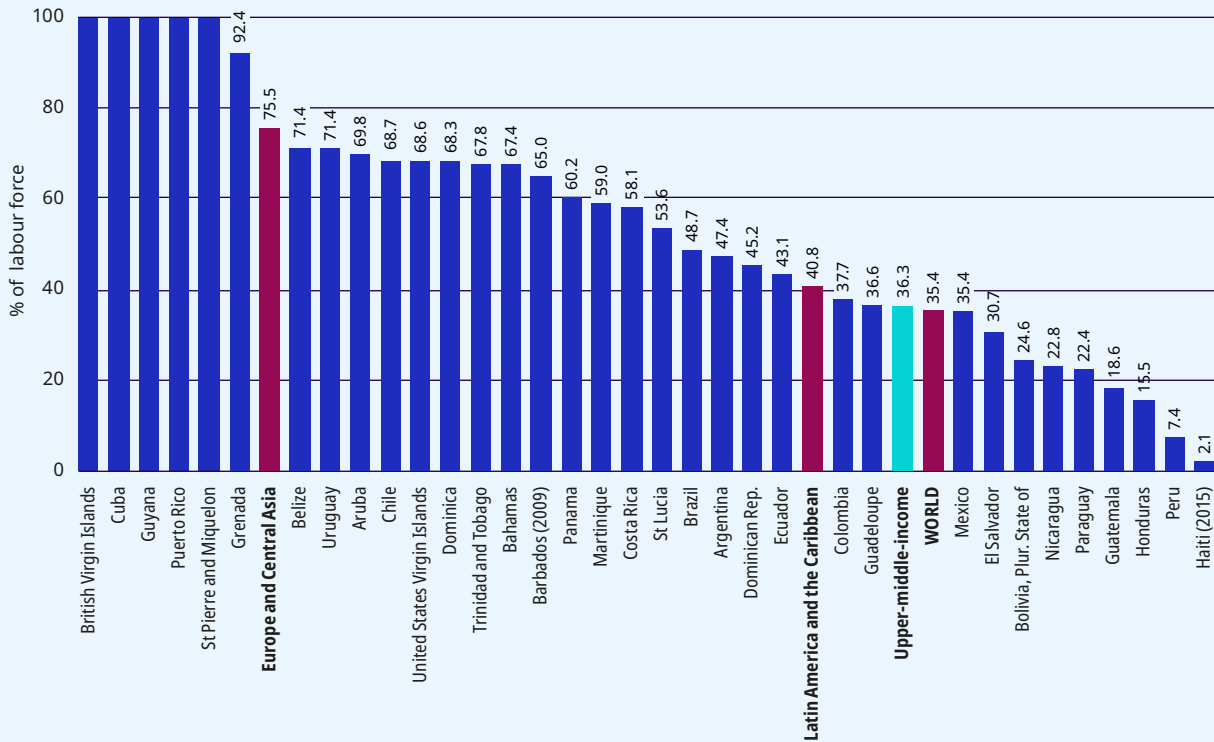
countries (Chile, Cuba and Uruguay) provided for remunerated parental leave (IPC-IG and UNICEF 2020). One notable advance has been the introduction in 2019 of social insurance maternity and paternity benefits in Suriname.

5.2.2 Employment injury protection

Coverage for employment injury in the LAC region (figure 7) is slightly above the world average, but still below the level of coverage in Europe and Central Asia, and below that of pensions and disability benefits in the LAC region itself. This relatively low coverage rate relates to the fact

that this benefit is closely linked to the formal labour market. In many cases employment injury protection was the first branch to be introduced, at least among the “pioneer countries” that passed their first formal legislation in this area during the first half of the twentieth century. Unlike other branches, employment injury was not extended through non-contributory approaches, given the general principle of employer responsibility for the financing of such benefits and for the prevention of work accidents and occupational diseases. Hence, formalization policies and legal reforms extending mandatory coverage to all groups of workers (as was done recently for the self-employed in Chile in 2019) are of key importance to extend coverage of this branch. The experience provided by the pandemic has demonstrated the urgent need for benefits and services related to

► **Figure 7. SDG indicator 1.3.1 on effective coverage for employment injury protection: Percentage of labour force aged 15+ years covered by cash benefits in case of employment injury (active contributors), in selected LAC countries/territories, with selected international averages, 2020 or latest available year**



Note: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by labour force.

Source: ILO, [World Social Protection Database](#), based on the Social Security Inquiry (SSI); ILOSTAT; national sources.

Link: <https://wsprr.social-protection.org>.

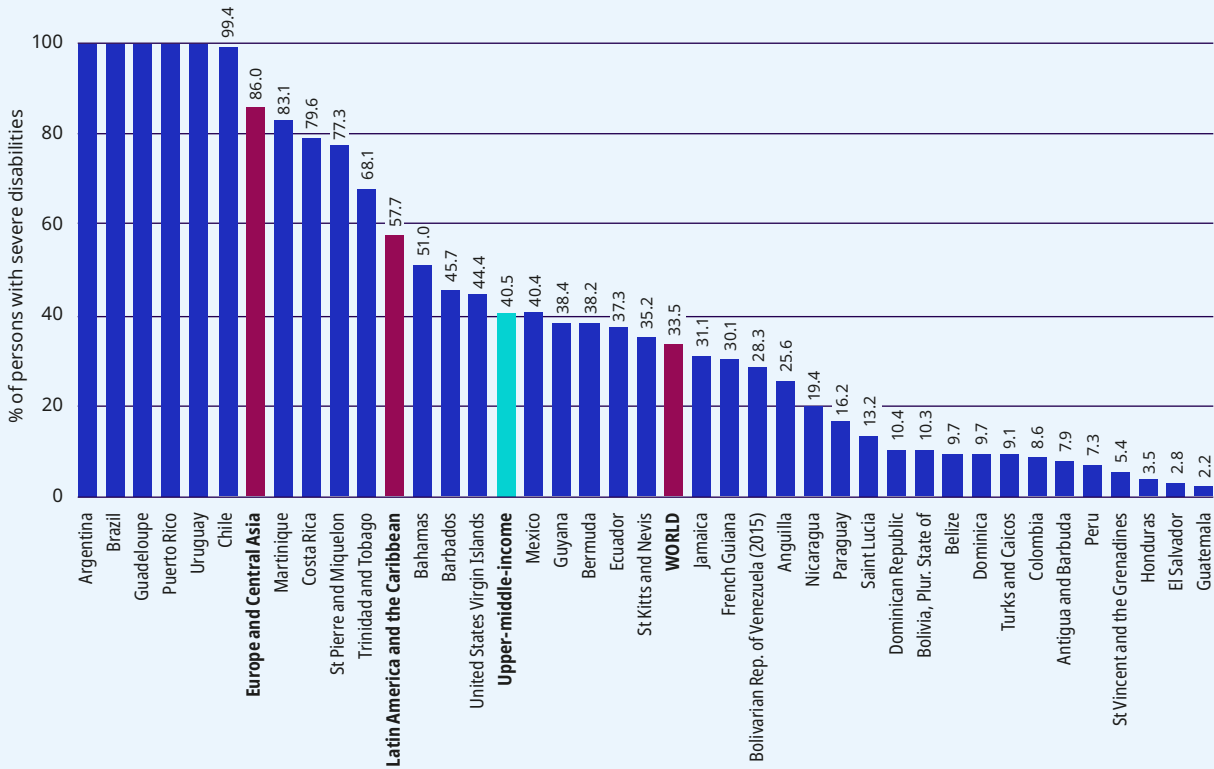
occupational safety and health. In most cases, a stronger articulation among policies managed by social insurance (compensation programmes), labour ministries (prevention and inspection) and ministries of health (health promotion and assistance) will be required, in the spirit of the ILO's Promotional Framework for Occupational Safety and Health Convention, 2006, No. 187.

5.2.3 Disability benefits

Over the past two to three decades, many LAC countries have developed non-contributory schemes that provide benefits not only for the elderly, but also for people with severe disability. In the Southern Cone countries, Costa Rica and a

group of Caribbean countries, a strategy combining contributory and non-contributory benefits has extended coverage to a majority of the affected populations. The LAC average of 57.7 per cent of the severely disabled population covered is already remarkable compared with other international averages; however, further efforts to extend coverage in the Andean region, the Caribbean, Central America and Mexico could bring the regional average even closer to the higher-ranked regions in the world (see figure 8). Furthermore, in the area of disability, many countries need to improve the disability assessment framework and establish a closer articulation of cash benefits and services, to achieve both stronger social integration of the beneficiaries and, where possible, rehabilitation and additional policies to foster and support a return to the labour market after a period of disability.

► **Figure 8. SDG indicator 1.3.1 on effective coverage for disability protection: Percentage of persons with severe disabilities receiving cash benefits in selected LAC countries/territories, with selected international averages, 2020 or latest available year**



Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by number of persons with severe disabilities.

Source: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

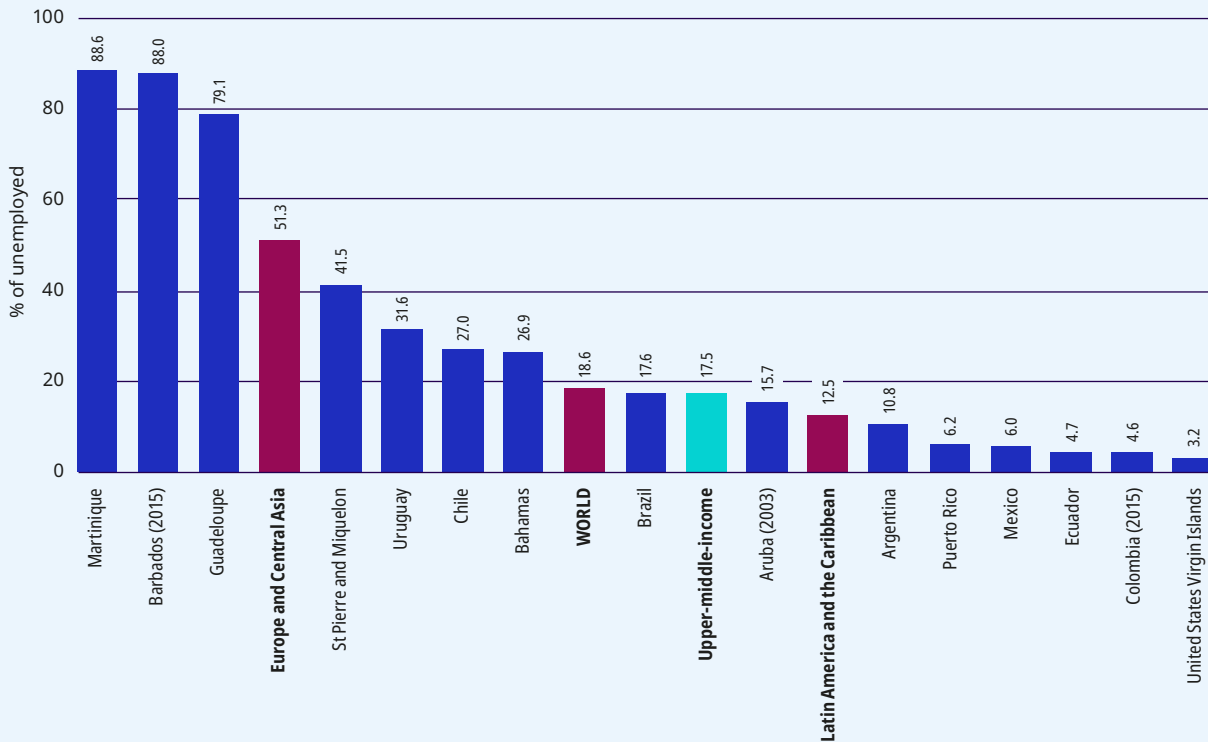
5.2.4 Unemployment protection

Unemployment benefit schemes (especially if these are included under an integrated approach comprising cash benefits, public employment programmes and active labour market policies) have never been more important than they have been during the COVID-19 pandemic. Unemployment insurance schemes exist in only six countries in Latin America, at provincial level in Mexico City and the State of Mexico, and in Barbados and the Bahamas in the Caribbean. The French overseas departments and territories either apply the respective scheme of France, or closely coordinate their local schemes with the scheme of France. Unemployment benefits

present the lowest effective coverage among all branches of social protection in the region, with only 12.5 per cent of the unemployed accessing a benefit. This number is significantly below the global average (see figure 9). This gap is particularly noteworthy given that LAC labour markets have been repeatedly exposed to external shocks caused by economic events or natural disasters and emergencies. Barriers to the extension of provision include the lack of legal frameworks and the high level of informality in the labour market.

Those countries that do have unemployment insurance schemes were able to launch rapid emergency responses on top of their unemployment benefit programmes during the pandemic and other natural disasters in

► **Figure 9. SDG indicator 1.3.1 on effective coverage for unemployment protection: Percentage of unemployed persons receiving cash benefits in selected LAC countries/territories, with selected international averages, 2020 or latest available year**



Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by number of unemployed.

Sources: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

recent years, for example by combining partial unemployment benefits with active labour market policies (as in Brazil, Chile and Uruguay). The unemployment benefit scheme of the City of Mexico increased its budget and adapted benefits to cover a larger number of people. In the current context of the pandemic, there is a growing interest among LAC countries in reforming or introducing unemployment benefits on the basis

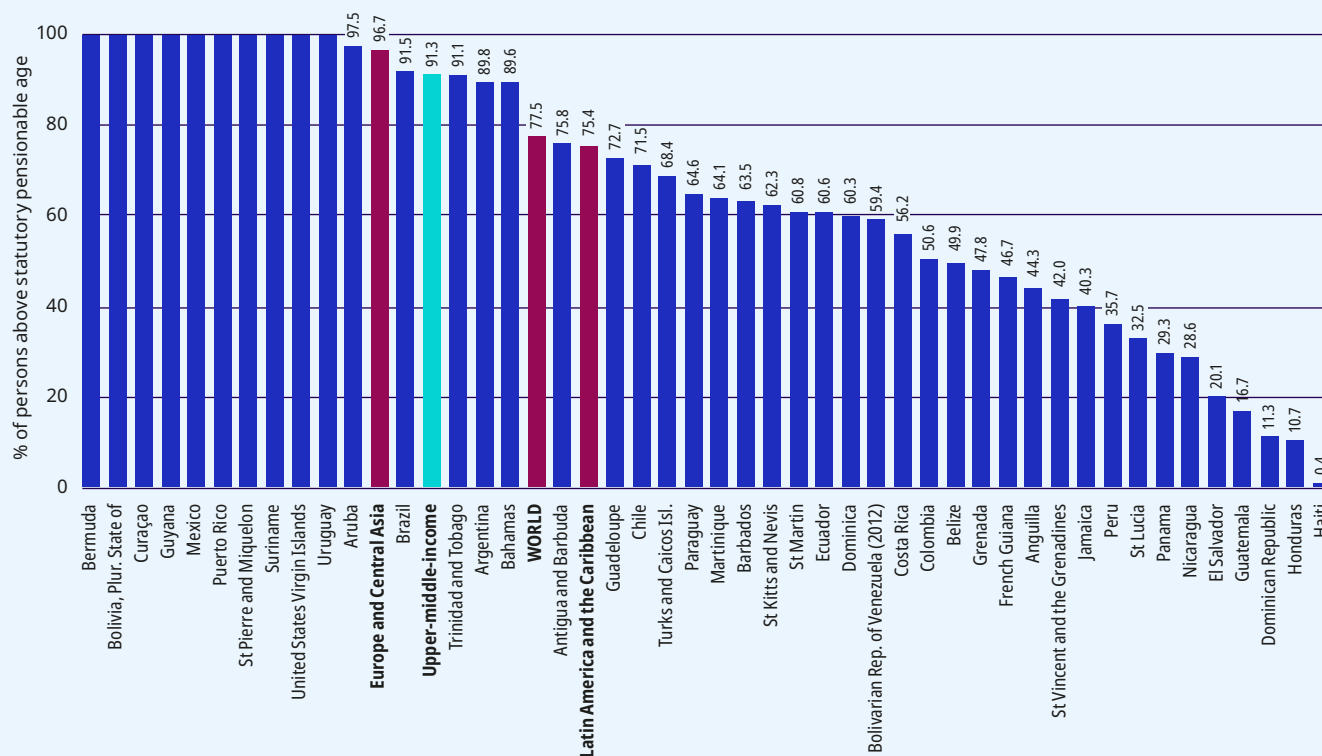
of lessons learned during the crisis. Finally, among LAC countries there is a list of 189 labour inclusion programmes (ILO 2018) that promote employability via training and intermediation, financial inclusion, microcredits and support for entrepreneurship and self-employment; these, however, have generally not been sufficient to tackle the issues of unemployment and underemployment in the region.

► 5.3 Social protection for older people: Pensions and other non-health benefits

Pensions are the most developed social protection branch in the LAC region. All LAC countries have an established contributory system, and almost all have introduced at least one non-contributory programme over the past few decades. Most of the non-contributory programmes are means-tested social assistance pensions; however, a significant number of countries (some Caribbean countries, the Plurinational State of Bolivia, Guyana and, since 2019, Mexico) have adopted universal tax-financed pensions. Recent pension reforms include Jamaica's introduction in 2021 of a new social pension for those who are not eligible for a contributory pension (Jamaica Information Service 2021). Probably because of

the comparatively high level of informality, the LAC average for effective old-age coverage lags behind the global average (see figure 10); hence formalization strategies have the potential to improve performance on this indicator towards 2030. The pandemic has had marked impacts on pensions systems all over the LAC region, mostly through a reduction in the number of contributors and consequent lost revenue, obliging countries to use reserves and allow withdrawals from individual accounts in countries where these exist; these impacts will probably accelerate a sequence of reforms and adjustments to the schemes in the post-COVID-19 period.

► **Figure 10. SDG indicator 1.3.1 on effective coverage for old-age pensions: Percentage of persons above statutory pensionable age receiving an old-age pension in selected LAC countries/territories, with selected international averages, 2020 or latest available year**



Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by the population above statutory pensionable age.

Sources: ILO, [World Social Protection Database](#), based on the SSI; ILOSTAT; national sources.

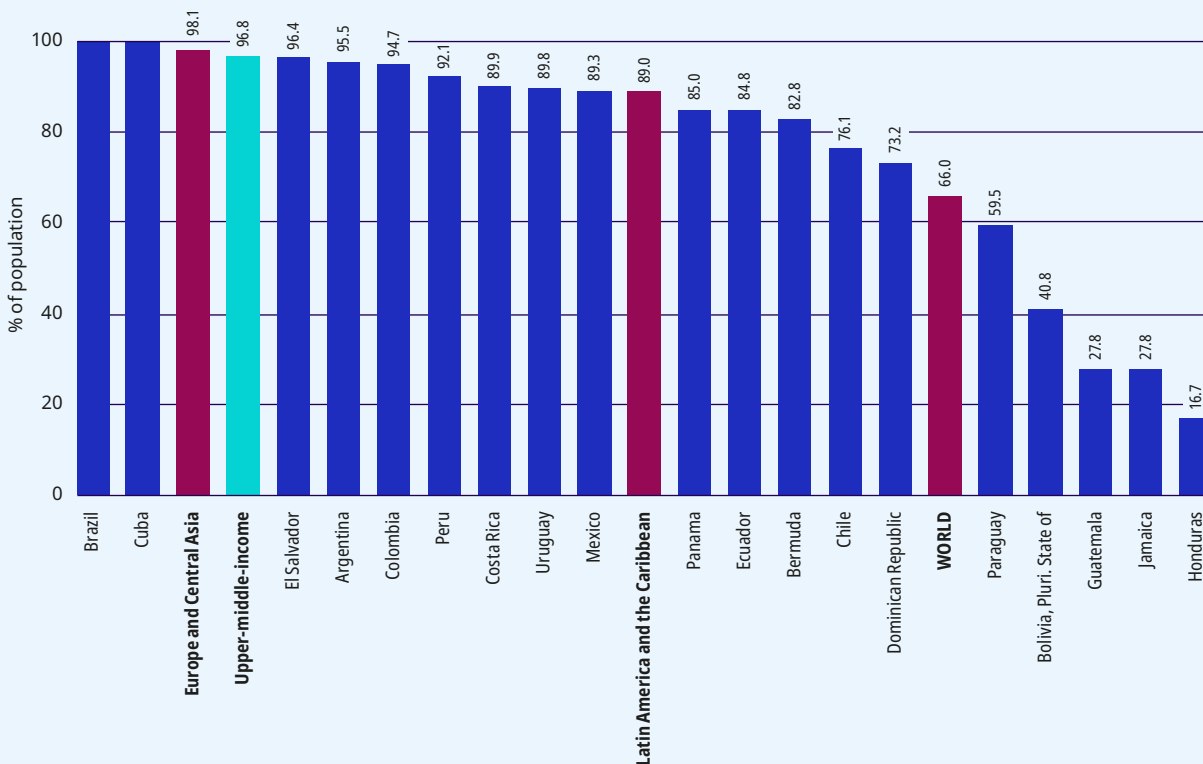
Link: <https://wspr.social-protection.org>.

► 5.4 Towards universal coverage in health

The combination of contributory schemes with public health programmes (especially in large countries such as Argentina and Mexico), and the existence of universal schemes in some countries (mostly in the Caribbean, along with Brazil and Cuba), has increased the coverage rate of social protection in health in the LAC region over recent years. As a result, the LAC average is above the average global coverage (see figure 11). Having said that, further reforms are needed to bring the regional average up to that of the upper-middle-income group of countries, including improvements in the coordination of a range of fragmented institutions, further extension

of coverage and the urgent development of policies to reduce the high levels of out-of-pocket expenditure on healthcare. For instance, Mexico launched an ambitious reform in 2020, replacing the Seguro Popular (People's Insurance) scheme (created in the early 2000s and targeted at the poor population) with a more integrated public health model providing universal coverage. As a result of this type of reform and the lessons from the COVID-19 pandemic, increased investment in public health and a stronger coordination role for the State may be seen in the LAC region in the future.

► **Figure 11. Effective coverage for health protection: Percentage of the population covered by a social health scheme (protected persons) in selected LAC countries/territories, with selected international averages, 2020 or latest available year**



Notes: See Annex 2 of the [World Social Protection Report](#) for methodological explanation. Global and regional aggregates are weighted by population.

Source: ILO, [World Social Protection Database](#), based on the Social Security Inquiry (SSI); ILOSTAT; national sources.

Link: <https://wspr.social-protection.org>.

6 Regional priorities and policy options for further progress

Recent developments in the LAC region have generated mixed outcomes: important extensions of social security have occurred, but significant coverage, adequacy and comprehensiveness gaps still persist across the region. Many of the challenges the LAC region faces in respect of future developments have been discussed in the preceding sections of this report. Key among them is preserving and improving the financing of social protection through a mix of contributions and taxes. To close the annual financing gap in the LAC region and achieve SDG targets 1.3 and 3.8, an additional US\$333.2 billion was needed in 2020 to fully finance the total cost of a set of universal benefits that could constitute a social protection floor for the region. This represents an additional investment of 7.5 per cent of these countries' GDP (ILO 2020d). The consolidation of the social protection floor as part of an integrated social protection system can be pursued by transforming COVID-19 emergency programmes, where appropriate, into permanent policies, or building permanent policies based upon the experience and efforts developed during the pandemic, thereby filling some of the gaps in benefits for children and working-age adults, as well as in health protection. The introduction and strengthening of unemployment benefits combined with active labour market policies is another valuable and urgent lesson to be drawn from the pandemic.

In addition to these challenges, the unprecedented impact of COVID-19 has given rise to new vulnerable groups (for example, previously secure employees and self-employed workers who lost their jobs; people who became sick and had to pay for treatment), and these too now need to be protected. The need for better-integrated care policies, and a sustained fight against informality, are also high on the agenda. The pandemic and recent natural disasters in the Americas have once more highlighted the need to prepare social protection systems, including their respective financing mechanisms, so that they can respond better and more promptly to shocks. The governance and administration of social protection may also benefit from the lessons from the pandemic, not least through an improvement in the coordination of contributory and non-contributory schemes.

Despite the profound negative impacts that the COVID-19 crisis has had on human well-being, labour markets and social protection systems in the region, LAC countries now have the option of a bold response, choosing the "high road" towards the fulfilment of the SDGs, particularly targets 1.3 and 3.8, thereby reversing the impacts of the pandemic on poverty, inequality and decent work, and pursuing a new human-centred social contract with social protection as a core component. They are therefore at a crossroads over the future social protection policies they wish to adopt.

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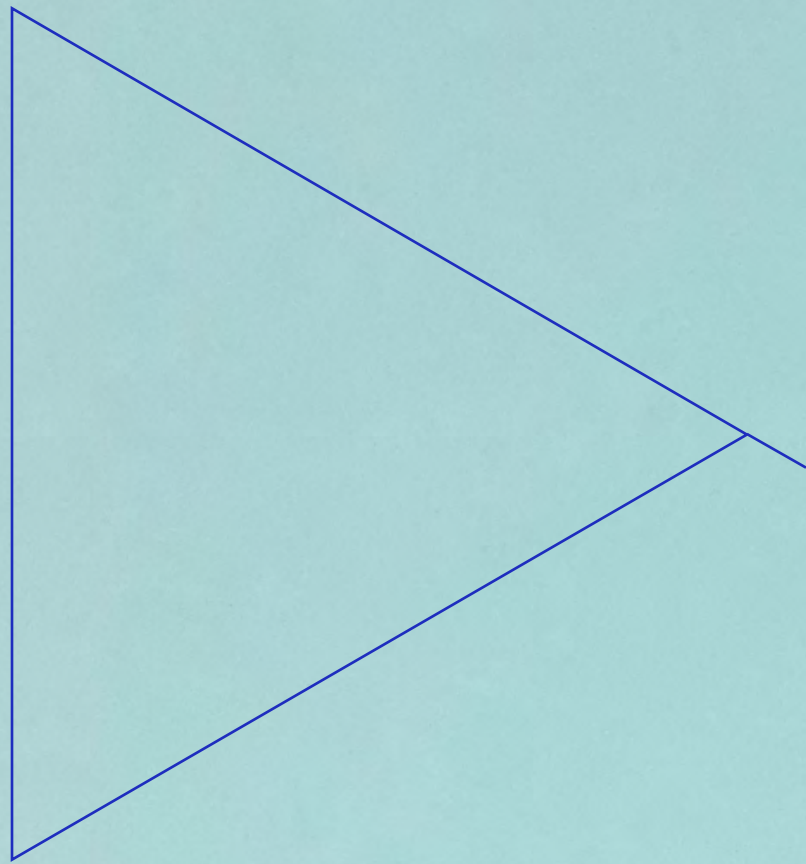
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This regional companion report is intended to complement the ILO's *World Social Protection Report 2020–22*. It includes a section summarizing the status of social protection worldwide, followed by a section highlighting key social protection developments, challenges and priorities for this region from a life-cycle perspective.





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