

## **Investing Better and More in Coresia**

Coresia was a country with a long standing armed conflict with his neighboring country. It has a population of 12 million, of which, 4million are children (0-14yo) and 500 thousand are above 65 years old. 75% of the workforce is informal, poverty rate, aggravated by the slowdown of the economy and public services during the war, is high at over 50% of the population being under the poverty line; while the richest segment of the population, particularly those with industries at the South coast of the country, increased their income and profits during the war. The GDP per capita is 1,000 current USD. 15% of the population receives at least one social protection benefit (SDG 1.3), and 40% are covered by social health protection (SDG 3.8). There is no social protection programme or service for people with disabilities, and less than 10% of the population above 65 years of age have a pension. Most older people and people with disabilities rely on their extended families but this will be more difficult in the future given that the total fertility rate has dipped below the replacement level and now stands at 1.6 children per woman.

Coresia has had two major changes recently. Firstly, it ended a prolonged conflict with a neighboring country at the North and is now at peace. However, the impact of the conflict and the needed reconstruction of the country mean that now there is a backlog of infrastructure projects. Second, the Northern region of the country that was in dispute due to the conflict has significant natural resources which can be exploited now and generate revenues for the government. These changes have created social pressures from both the trade unions and other representatives who have been marching and protesting on the streets, while the employers' association fears that the conflict united the country against an outside enemy and its end means more internal social instability.

The Minister of Finance of Coresia has stated that the national fiscal outlook might look better over the coming five years, building on the revenues generated by the natural resources, and now is the time to invest in infrastructure and people. She also has said that the government is committed to provide support to soldiers that were disabled during the conflict, but has not mentioned any other vulnerable populations. Finally, she said that the national income and fiscal space could be increased if workers and enterprises in the informal economy would transition to the formal economy, and gave the example of a neighboring island country where all market vendors and tuk-tuk drivers contribute to a simplified tax regime, that gives them access to social protection and dedicated services for small and micro-enterprises.

Considering the previous situation,

1. Please prepare for the Ministry of Finance three options to increase financing for social protection and some recommendations to invest better those resources in line with the international social protection principles.
2. Describe your pitch to convince the Finance Minister of your strategy, making sure that your arguments related to the principles are convincing.

## Annex: Guiding Principles, Social Protection Floors Recommendation, 2012 (R202)

- 3. Recognizing the overall and primary responsibility of the State in giving effect to this Recommendation, Members should apply the following principles:
  - (a) universality of protection, based on social solidarity;
  - (b) entitlement to benefits prescribed by national law;
  - (c) adequacy and predictability of benefits;
  - (d) non-discrimination, gender equality and responsiveness to special needs;
  - (e) social inclusion, including of persons in the informal economy;
  - (f) respect for the rights and dignity of people covered by the social security guarantees;
  - (g) progressive realization, including by setting targets and time frames;
  - (h) solidarity in financing while seeking to achieve an optimal balance between the responsibilities and interests among those who finance and benefit from social security schemes;
  - (i) consideration of diversity of methods and approaches, including of financing mechanisms and delivery systems;
  - (j) transparent, accountable and sound financial management and administration;
  - (k) financial, fiscal and economic sustainability with due regard to social justice and equity;
  - (l) coherence with social, economic and employment policies;
  - (m) coherence across institutions responsible for delivery of social protection;
  - (n) high-quality public services that enhance the delivery of social security systems;
  - (o) efficiency and accessibility of complaint and appeal procedures;
  - (p) regular monitoring of implementation, and periodic evaluation;
  - (q) full respect for collective bargaining and freedom of association for all workers; and
  - (r) tripartite participation with representative organizations of employers and workers, as well as consultation with other relevant and representative organizations of persons concerned.