

Investing more and better in social protection

Social Protection and PFM course

Valerie Schmitt, Mira Bierbaum



▶ What do we know?

- ▶ Social protection: a human right, an economic necessity, a catalyst for many SDGs
- ▶ **4 billion people** live without any social protection
- ▶ COVID-19 highlighted the need for Universal Social Protection (USP)
- ▶ Risk of divergence in recovery
- ▶ Achieving USP and closing financing gaps: a priority for the ILO and the United Nations



Building Social Protection Floors for All.

▶ What is our vision?

- ▶ Expanding social protection to those who are left behind
- ▶ Closing the coverage gap is not possible without additional investments
- ▶ To achieve USP a system's approach to social protection is needed



Building Social Protection Floors for All.

▶ What is the required investment?

- ▶ Low-income countries would need to invest an additional **USD 78 billion** (15.9% GDP) to close the annual financing gap in 2020
- ▶ The financing gap in low and middle income countries represents **USD 1.2 trillion** (3.8% GDP)
- ▶ **Sub saharian African countries** invest today 5.6 per cent of their GDP on social protection. They should add 8.2 per cent, to close the financing gap, or **multiply by 2.5** their current investment.

	Total gap (billions of US\$)	Total gap (% GDP)
All low- and middle-income countries	1,191.6	3.8
Low-income countries	77.9	15.9
Lower-middle-income countries	362.9	5.1
Upper-middle-income countries	750.8	3.1
Sub-Saharan Africa	136.9	8.2

How to finance it?

- ▶ **Domestic resources** in middle income countries
- ▶ **International finances** to complement and support **domestic resource** mobilization efforts in low income countries

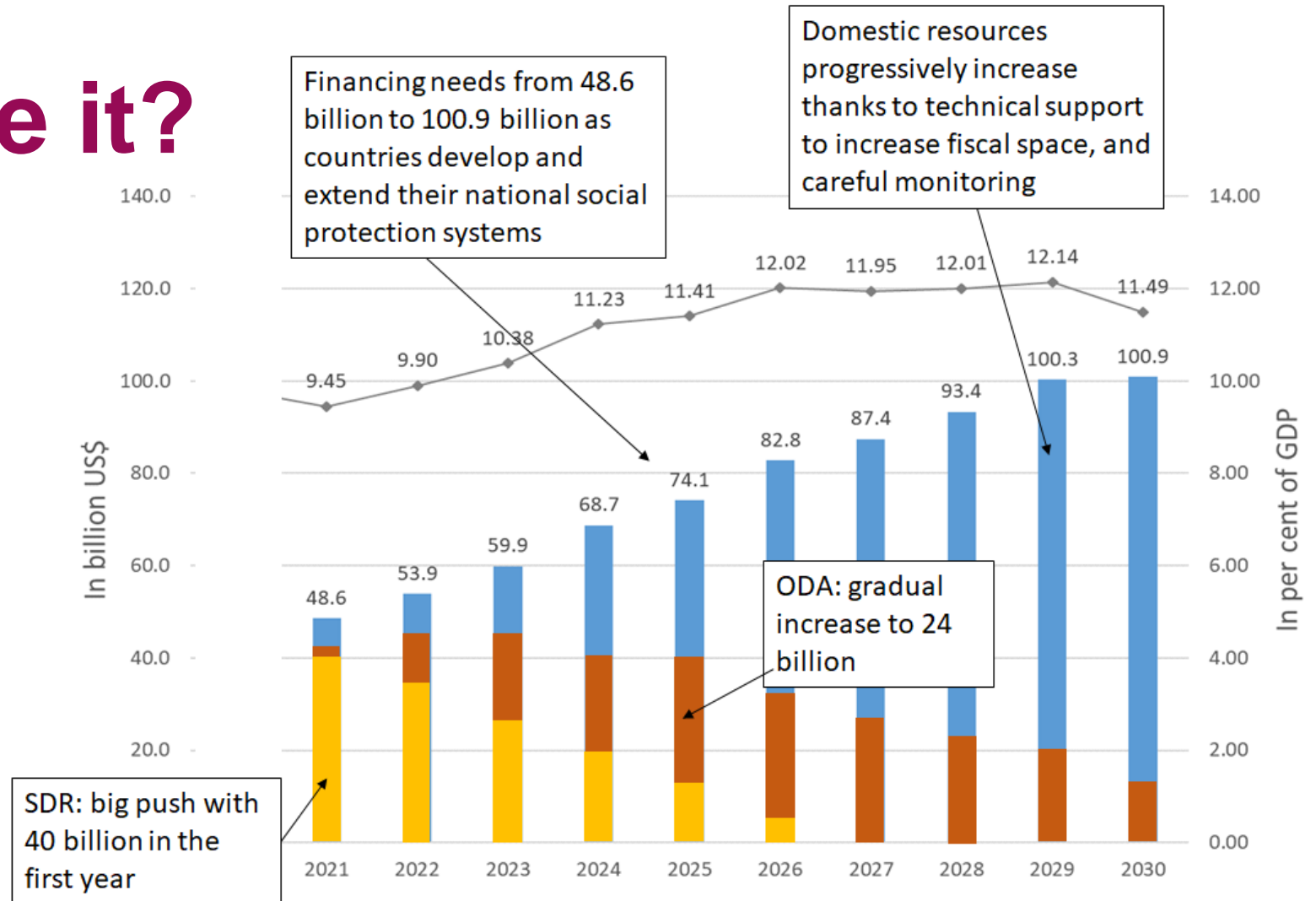
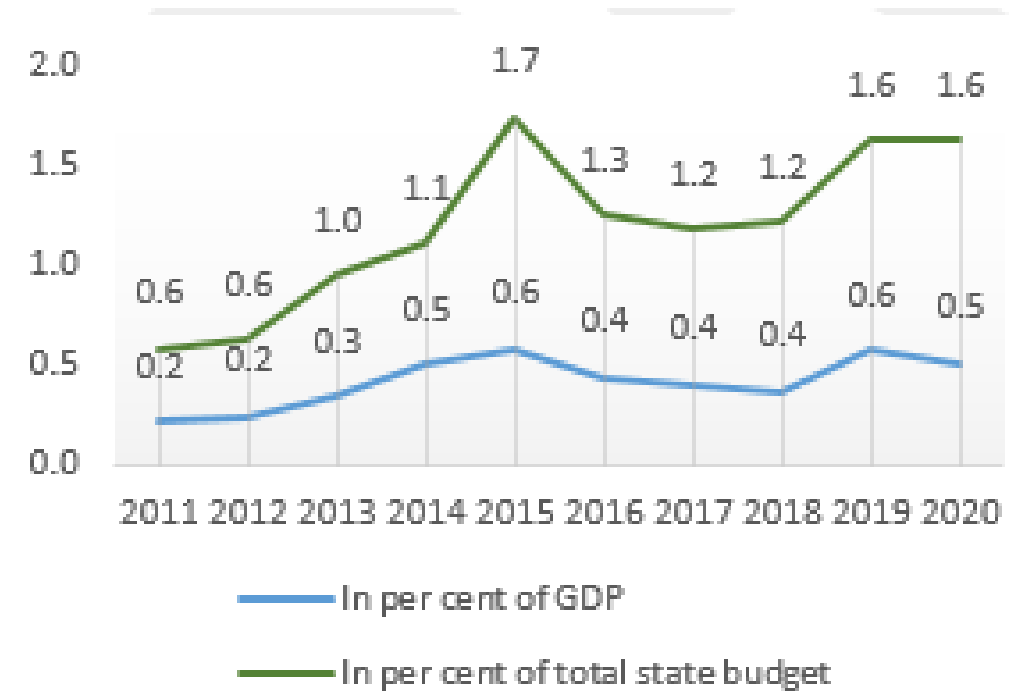


Illustration: financing needs for a social protection floor in low income countries: possible avenues for filling the gap

Domestic Resource Mobilization

- ▶ **Improve governance** (compliance), curb tax avoidance, fraud, evasion
- ▶ Expand contributory social security to workers in the **informal economy** (Algeria, Rwanda)
- ▶ **Reallocate** public expenditure (fuel subsidies)
- ▶ **Tax reforms** (Botswana, Zambia, Egypt, Ghana)
- ▶ **Discussions** with Ministries of Finance (Mozambique (diagram)); **INFF** processes
- ▶ Ambition of EC INTPA project

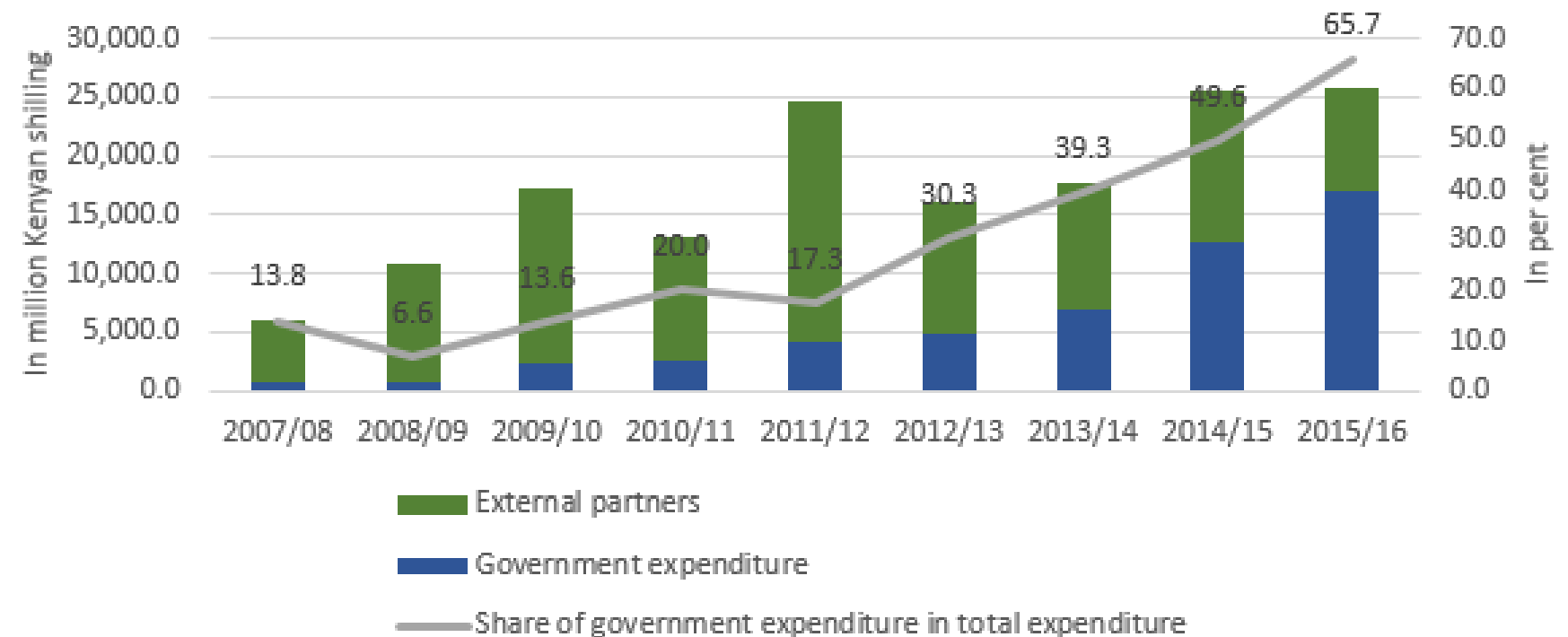
Increasing fiscal space for social protection in Mozambique



International sources of financing

- ▶ **Complement** not substitute
- ▶ **Aligned** with national social protection strategies (not parallel programmes)
- ▶ **Support** domestic resource mobilization (capacity building, technical cooperation) for long term sustainability
- ▶ Example of Kenya, Jordan, Lao PDR

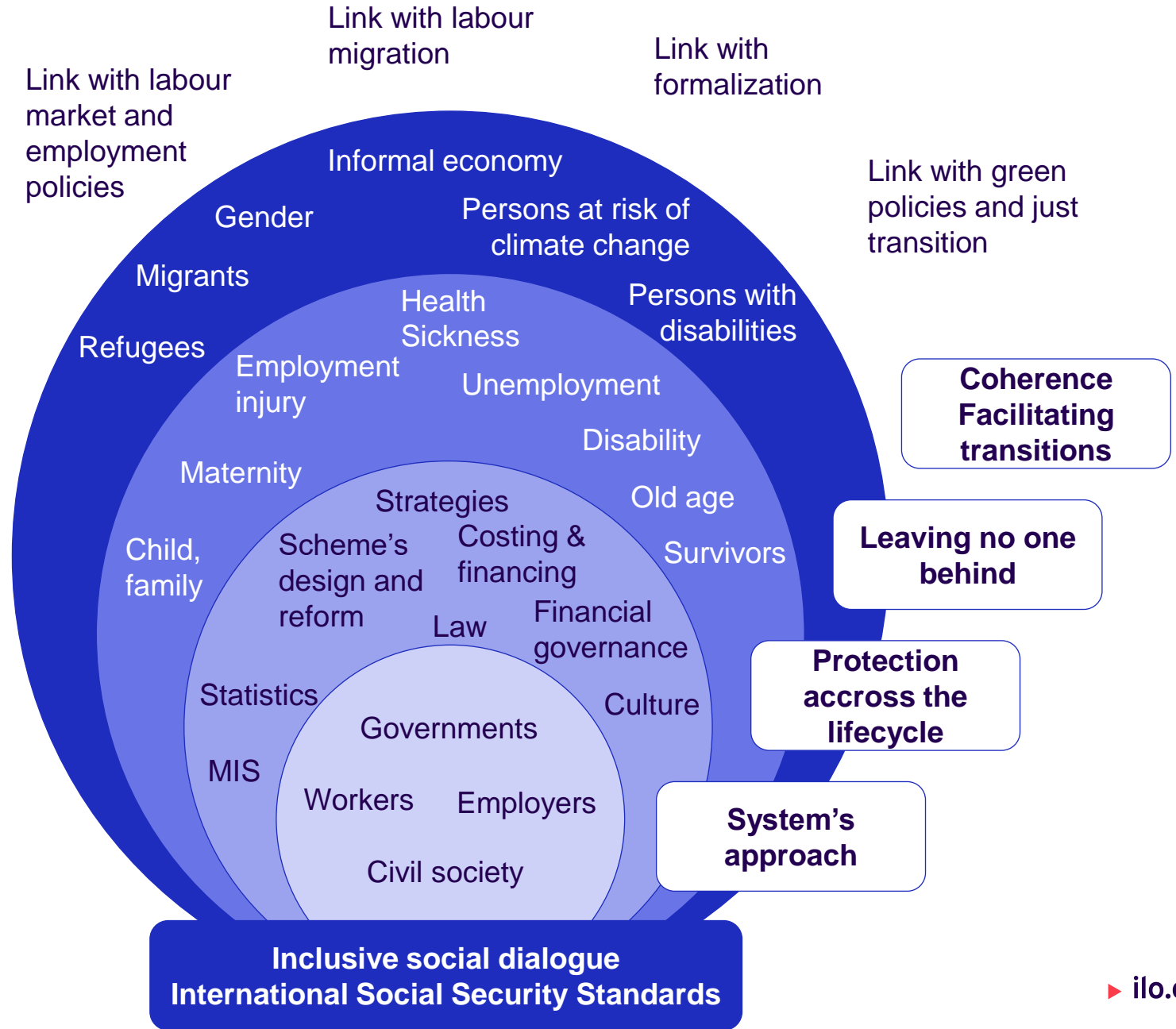
Kenya increased domestic financing from 6.6 to 66 percent of its social protection budget



▶ An enabling environment for domestic resources mobilization

- ▶ Major reform of the **international tax system** – taxation @ 15% of MNEs
- ▶ **Debt Service Suspension Initiative** – benefiting 73 LICs, until December 2021
- ▶ New allocation of US\$ 650 billion of **Special Drawing Rights** - improve the balance of payments of development banks, finance recovery and development
- ▶ Need to meet **ODA commitments** (0.7% of GNI) and increase share for social protection (less than 2% today)
- ▶ **Private sector's** legal obligations and ESG commitments (e.g. Call to Action and bridging solution in Bangladesh)

Not only more but also better investments in social protection



ILO R202 guides better invest- ments

Box 3: Guiding principles - Social Protection Floors Recommendation, 2012 (No. 202)

10

“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 benefits prescribed by national law;
- (c) adequacy and predictability of benefits;
- (d) non-discrimination, gender equality and social justice;
- (e) social inclusion, including of persons at risk of exclusion;
- (f) respect for the rights and dignity of persons;
- (g) progressive realization, including by strengthening national financial management and administration;
- (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;

Primary responsibility of the State

National consensus based on social dialogue

- (j) sustainability with due regard to social justice and equity;
- (k) coordination of social protection and employment policies;
- (l) responsibility for delivery of social protection;
- (m) measures to enhance the delivery of social security systems;
- (n) efficiency and accessibility of complaint and appeal procedures;
- (o) regular monitoring of implementation, and periodic evaluation;
- (p) full respect for **collective bargaining** and freedom of association for all workers; and
- (q) **tripartite participation** with representative organizations of employers and workers, as well as **consultation with other relevant and representative organizations** of persons concerned.”

ILO R202 supports better invest- ments

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- (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 rights 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.”

**Rights
based USP**

ILO R202 supports better invest- ments

**Solidarity
Sustainability
Governance**

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12

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- (i) consideration of **diversity of methods and approaches**, including of financing mechanisms and delivery systems;
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- (k) financial, fiscal and economic **sustainability** with due regard to social justice and equity;
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- (p) regular **monitoring** of implementation, and **periodic evaluation**;
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- (r) tripartite participation with representative organizations of employers and workers, as well as consultation with other relevant and representative organizations of persons concerned.”

**Progressivity,
diversity, no
one size fits all**

**ILO
R202
supports
better
invest-
ments**

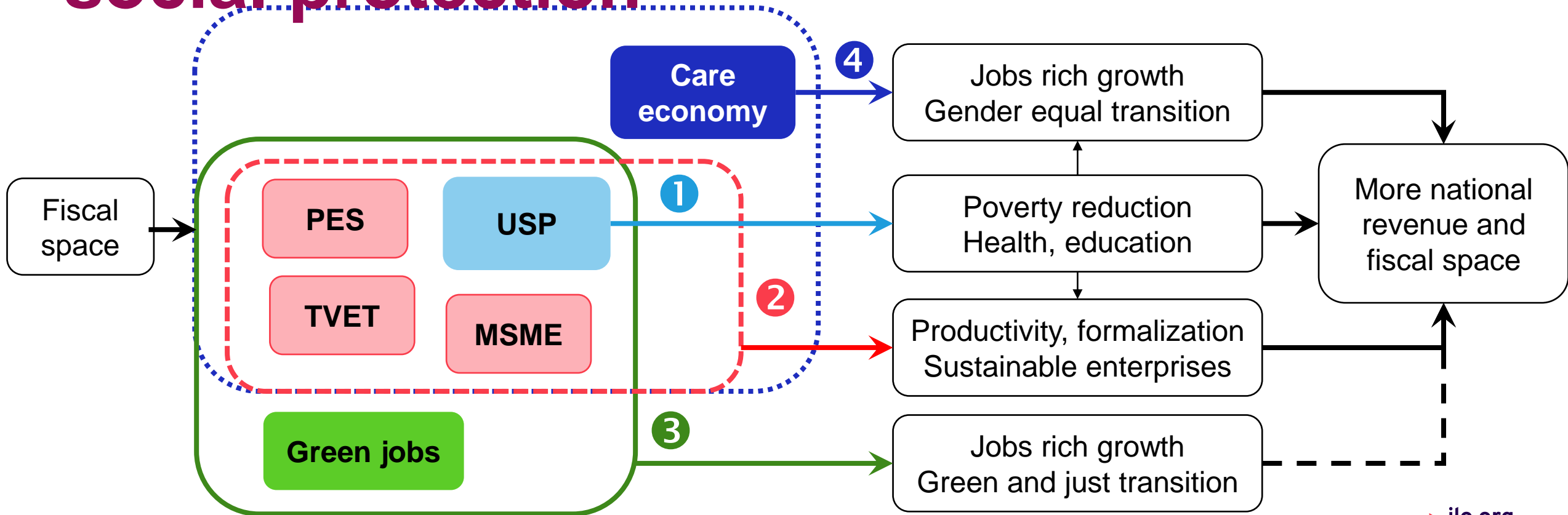
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- (l) coherence with **social, economic and employment policies**;
- (m) coherence **across institutions** responsible for delivery of social protection;
- (n) high-quality **public services** that enhance the delivery of social security systems;
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- (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.”

Coherence

A Global accelerator for jobs and social protection



Three pillars

*International
Labour
Standards*



1

INTEGRATED NATIONAL STRATEGIES AND POLICIES

Strategies & policies in jobs and social protection

Domestic resources mobilization, INFFs

Jobs: US\$ 982 billion
Social Protection:
US\$ 1.2 trillion / year

Boost national commitments

3

ENHANCED MULTILATERAL COOPERATION

High-ambition coalition of countries*

Multilateral forum

Boost international commitments

2

COMPREHENSIVE FINANCIAL ARCHITECTURE

ODA commitments

SDRs allocations

Partnerships with MDBs

Debt relief programmes

Private sector

* Selected countries
Ministers of Finance
Planning, Labour

**Leadership by the ILO
Technical support facility**

Data collection
Technical support
Capacity building
Results monitoring

Align international financial and technical assistance

Technical Support Facility:
US\$ 600 million

More information

- ▶ A mechanism to mobilize and channel resources to provide basic social protection floors for all and create jobs



Meeting of Heads of State and Government on Jobs and Social Protection for Poverty Eradication

<https://www.un.org/en/coronavirus/financing-development/meeting-jobs-social-protection-poverty-eradication>



Press Conference (28 September 2021)

<https://www.youtube.com/watch?v=-PmFn6f5CaI>





International
Labour
Organization



This project is funded by
the European Union



Global Coalition for
SOCIAL PROTECTION FLOORS

▶ **Thank you for
your attention**

