

EU budget support & social protection

27 October 2021

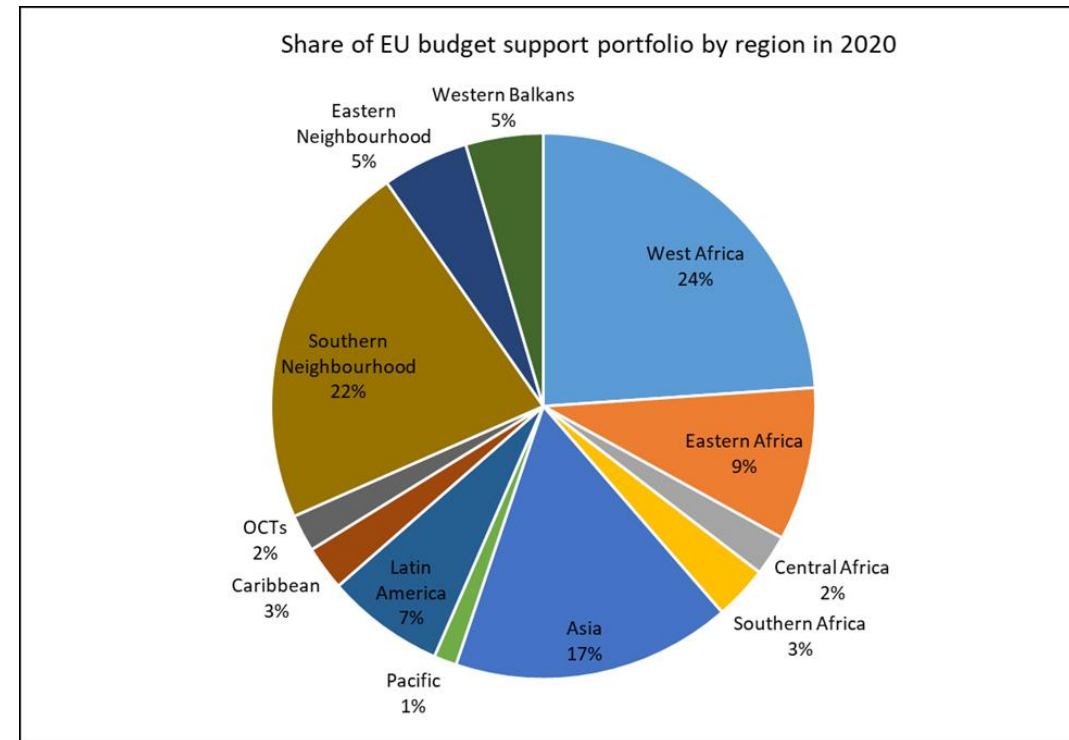
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DG International Partnerships (INTPA E1) & EU Delegation in Morocco

EU budget support & social protection

1. Budget Support – what it is, where we do it & how it works
2. Relevance for social protection
3. The case of Morocco – Karama

EU budget support – an overview

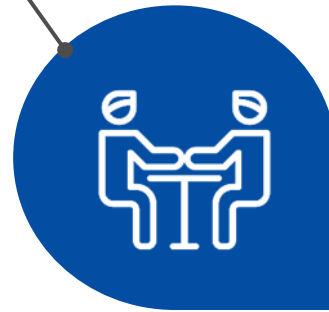
- Grants only! Top provider globally
- +/- 40% of EU bilateral cooperation 2014-2020
- Total budget support 2014-2020: +/- EUR 14 bn
- EUR 1.6 bn paid in 2019, **EUR 3 bn in 2020**
- 95 countries or overseas territories in 2020
- 80% of portfolio in LICs and LMICs (47% LDCs)
- Same methodology for all regions
- +/- 220 on-going budget support operations
- 75% of sector budget support, but also a budget support type for fragile & post-crisis/disaster situations



Budget support – not just money!

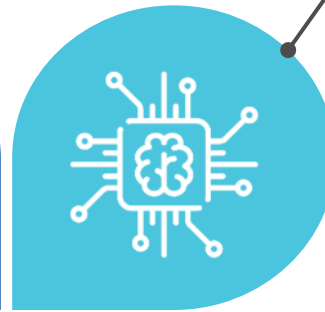
Dialogue

- As budget/policy stakeholder
- Always encompassing macroeconomic, PFM/DRM and fiscal transparency (eligibility)
- All levels (technical > political)



Capacity building

- Use of country systems
- Requirements (e.g. costing/ monitoring)
- Interministerial coordination
- Dedicated technical assistance
- Support/empowerment CSOs



Performance monitoring

- Indicators drawn from policies, or aligned with these at least
- Outcome indicators if possible
- Inclusive reviews, where possible
- Use of country statistical systems



Financial transfers

- Ex post payment (i.e. after actions taken, costs incurred, reforms completed, result achieved)
- Once and only if conditions met
- No earmarking on the use of funds



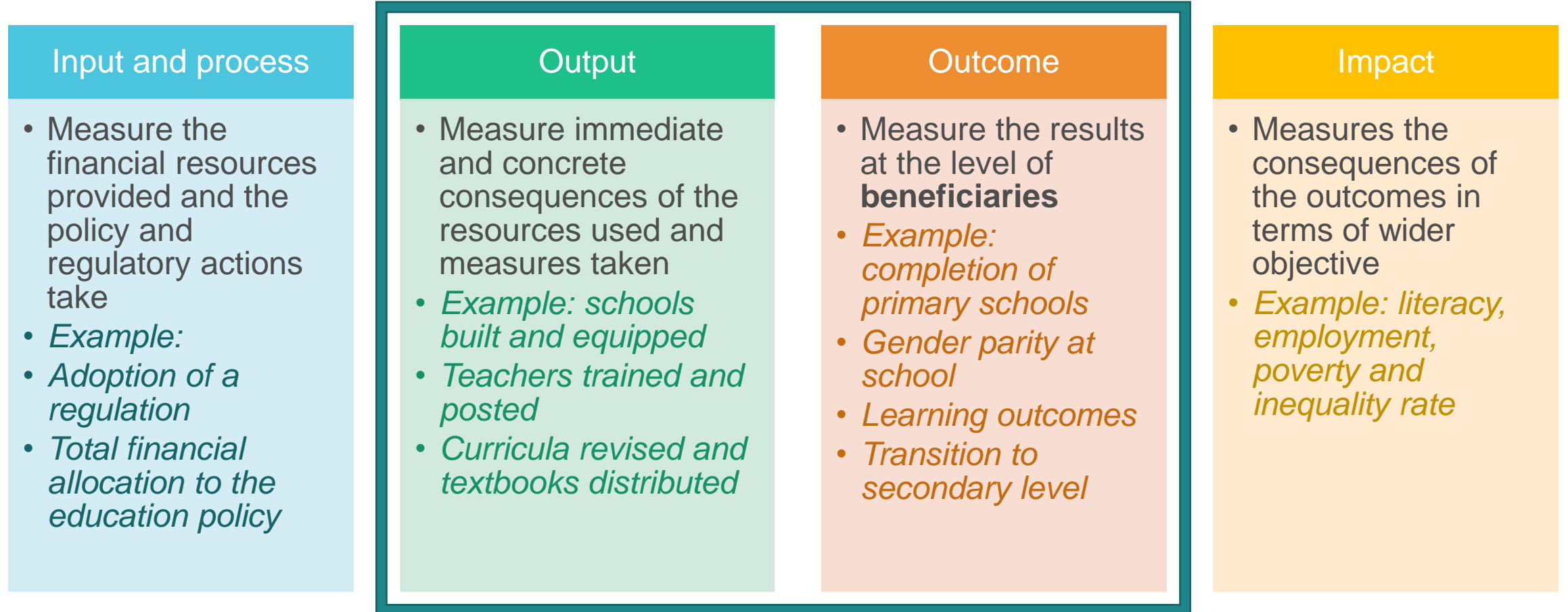
Established methodology

⚠️ fundamental values ⚠️

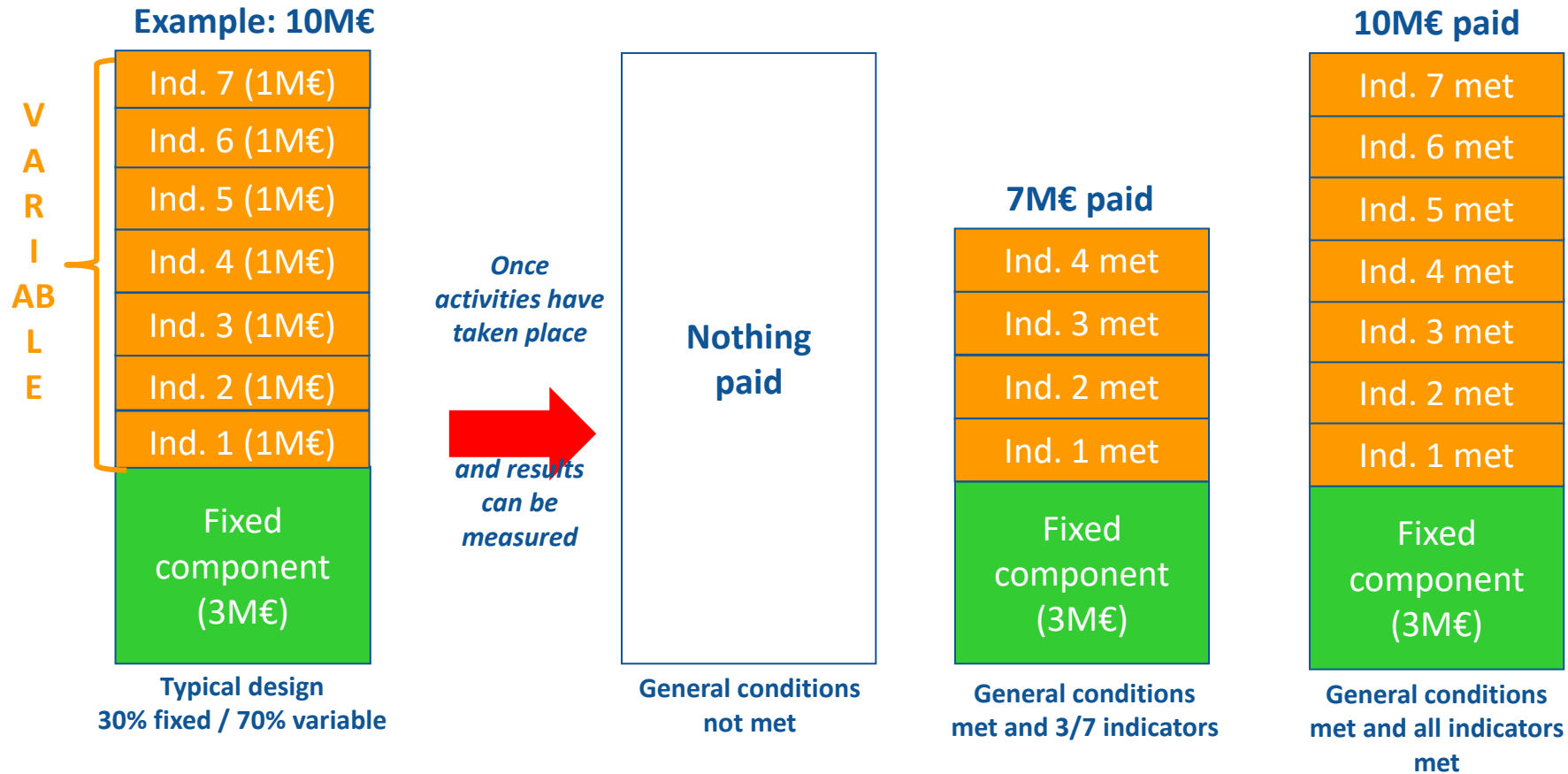
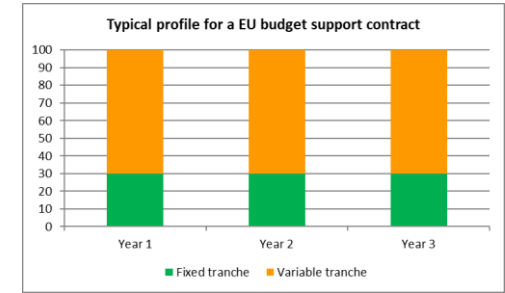
- **4 eligibility criteria** (Art. 236 EU Financial Regulation)
 - ✓ *Credible & relevant development / sector policy*
 - ✓ *Macroeconomic policies*
 - ✓ *Public finance management (incl. revenue mobilisation)*
 - ✓ *Budget transparency & oversight*
- Detailed guidelines (regularly updated)
- Complementarity with Member States **#TeamEurope**
- Strategic partnership with IMF



Policy results at the core of the approach



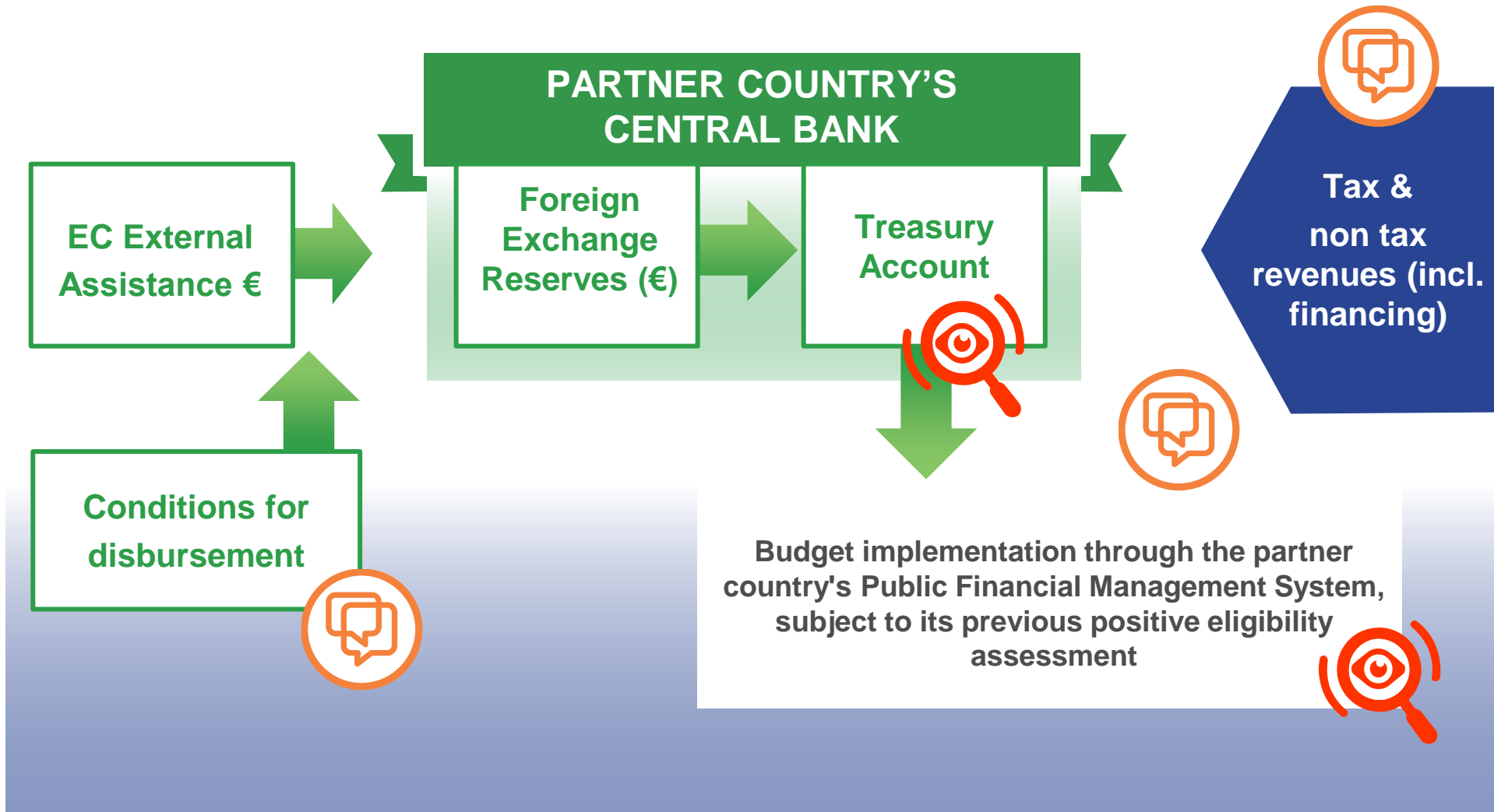
How it works in practice



Fixed tranche
≠
unconditional,
guaranteed
or pre-financing

– 3 scenarios (no, partial or full payment) –

Payments once conditions met



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Entry points in the field of social protection

Targeting

- Scoring formula for targeting social assistance program beneficiaries
- Types of coverage (health, maternity, disability, work accidents...)

Policy options / sequencing

- 1st steps of the reform is highly sensitive : some people will lose, other will gain.
- Communication about reform steps is critical

Interministerial coordination

- The key for a full SP policy implementation
- Central role of MoF - MoHealth

Financing

- Contributory (insurance scheme)
- Non- contributory (social assistance – fiscal financing)

Efficiency and accountability

- Social protection budgeting
- How ensure SP long term sustainability ?



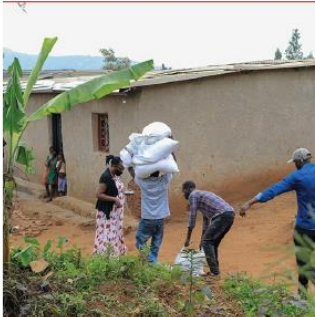
Some country examples (1)



SDG 1

Rwanda – Improving resilience to COVID-19

The EU helped improve social protection coverage for at least **400 000 vulnerable households** and provide health insurance to **2 million families**



In Rwanda, the EU supported the government's response to the COVID-19 crisis, with a view to mitigating the impacts of the pandemic on the poorest.

With EU budget support, at least 400 000 vulnerable households received cash transfers, food assistance, access to finance and improved basic services. In addition, 2 million families started benefiting from health insurance coverage in Rwanda.



SDG 1

Paraguay – Assisting poor households

The social protection system benefited **more than 2 million vulnerable people** by providing food and social assistance



The COVID-19 pandemic revealed the urgency of accelerating implementation of Paraguay's social protection system *Vamos!*

The EU supported Paraguay's efforts to roll out the scheme by providing technical assistance to the government in identifying and prioritising the most vulnerable families.

This mapping allowed 2 146 141 people working in the informal sector to access state subsidies for food and social assistance. With the new budget support programme signed in 2020, the implementation of this public policy will reduce inequalities and establish a net of protection for the entire population. From the outset, Paraguay has demonstrated its commitment to universal social protection. It was one of the first partner countries to claim membership of and pledge support for the Global Partnership for Universal Social Protection.

Some country examples (2)

3 GOOD HEALTH AND WELL-BEING



SDG 3

Mauritania – Health sector response to COVID-19

The EU contributed to the acquisition and distribution of **protective equipment to 500 health structures** in Mauritania



A multisectoral approach using budget support was implemented in Mauritania to support the country in its fight against the COVID-19 crisis. When the crisis hit, budget support became an important instrument in the immediate crisis response by providing liquidity through the country's budget.

The EU built on an existing project in the health sector, using available funds to provide budget support and help with the health response. The EU had an ongoing policy dialogue with the Ministry of Health.

This budget support strengthened the response to the pandemic by the Mauritanian government. At the same time, significant institutional support was provided and several EU projects were partially reoriented to enable the acquisition of protective equipment and its distribution to 500 health structures (more than 50 %), the construction of 18 incinerators, the supply of equipment and consumables for 30 000 polymerase chain reaction tests and the training of 300 health personnel.

3 GOOD HEALTH AND WELL-BEING



SDG 3

Peru – Improving child health services

Through the EU partnership, a service delivery model was developed, **resulting in a reduction in waiting times of 83 %**, as well as more effective and higher quality care



In Peru, access to child health services is critical to prevent stunting and avoid chronic child malnutrition, especially in the remote Peruvian Amazon, which has the largest gaps in access to high-quality child health services in the country and where the majority of Peru's vulnerable population lives.

The EU budget support programme for social inclusion has contributed to developing a child health service delivery model that is adapted to the indigenous population's needs.

Waiting times were reduced from an average of 2 hours in 2018 to 20 minutes in 2020, and effective attention time increased by 38 %. In addition, staff were trained to provide high-quality care and counselling. This adjusted child health service model has allowed 25 000 children to access better health services. This model will be progressively expanded to the rest of the population in the four Amazon regions. The model was adapted to the context of the COVID-19 pandemic and has informed the Ministry of Health's guidelines on attending children during the pandemic.

Some country examples (3)



SDG 1

Senegal – Providing safety nets

Team Europe helped

people and companies to access socioeconomic protection through transparent public finance management systems



In response to the COVID-19 crisis in Senegal, the government developed a matrix of policy objectives with development partners, including EU Member States and the International Monetary Fund (IMF), the World Bank and the African Development Bank.

This matrix served to promote the objectives of good governance and transparency of COVID-19 funding and efficiency of economic support measures and social assistance.

This dialogue has been associated with budget support of EUR 124 million from the EU and EUR 100 million from Germany. This Team Europe support contributed to the transparent management of COVID-19 response funds in Senegal, to assist those companies most affected by the pandemic through temporary tax relief and direct aid or concessional credit, and to maintain access to essential services and social protection and cover water and electricity bills for poorer sections of the population.



SDG 16

Morocco – Building resilience amid the COVID-19 pandemic

The EU supported emergency measures in aid of

6.7 million households and 66 000 companies

to mitigate the impact of the COVID-19 crisis



In the weeks following the start of the COVID-19 pandemic, the EU supported Morocco's efforts to cushion the effects of social distancing measures on households and enterprises.

The EU supported the establishment and roll-out of the government's COVID-19 fund, which was created to reach millions of households unable to work during the lockdown period. The scheme was devised in a matter of weeks following the confirmation of the first COVID-19 cases in the country. It made it possible to reach out to registered employees as well as the numerous informal workers through a combination of mobile payments for those qualifying for non-contributory health insurance benefits and an online procedure for claiming cash for those who did not qualify. By the end of the lockdown period, the programme had reached about 6.7 million households (85 % of eligible households), including 3.3 million poor families.

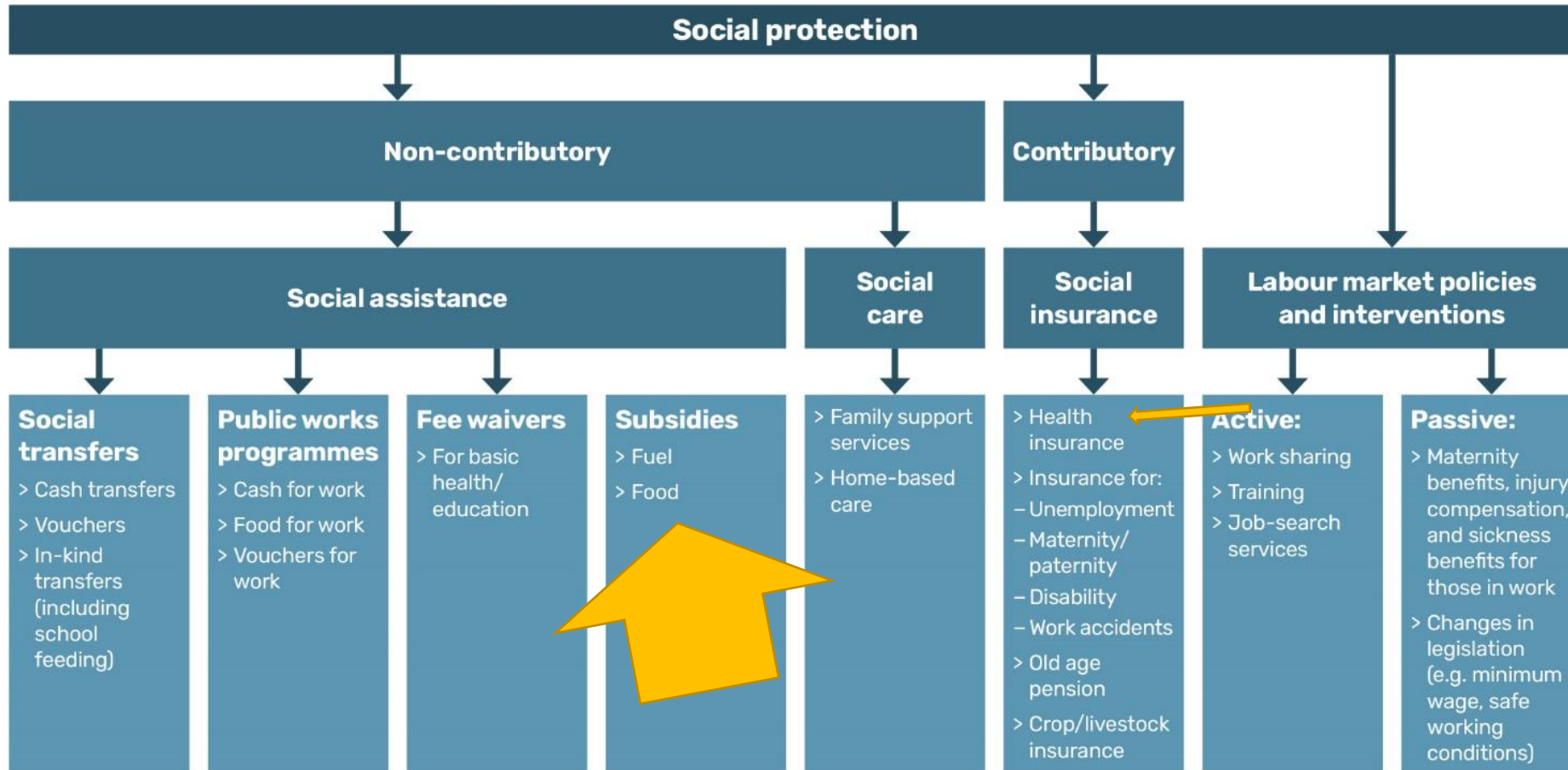
At the same time, the deferment of tax payments and the guarantees system established under the COVID-19 fund for dedicated loans benefited more than 66 000 Moroccan companies, enabling them to withstand the financial consequences of the disruptions caused by the pandemic. As a result, the total number of bankruptcies decreased in 2020 compared with 2019.

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Everything starts from that in 2008...

Figure 1. Taxonomy of social protection instruments



Notes: (1) 'Non-contributory' schemes are defined by the International Labour Organisation (ILO) as those that, 'normally require no direct (financial) contribution from beneficiaries or their employers as a condition of entitlement to receive benefits' (ILO, 2017). Public works programmes are usually counted as 'non-contributory' even though the recipient contributes labour. (2) Social transfers may be conditional or unconditional. A conditional transfer requires the recipient to meet certain behaviours (such as ensuring school attendance) to receive the benefit. Source: Adapted from [O'Brien et al. \(2018: 6\)](#).

And from that !

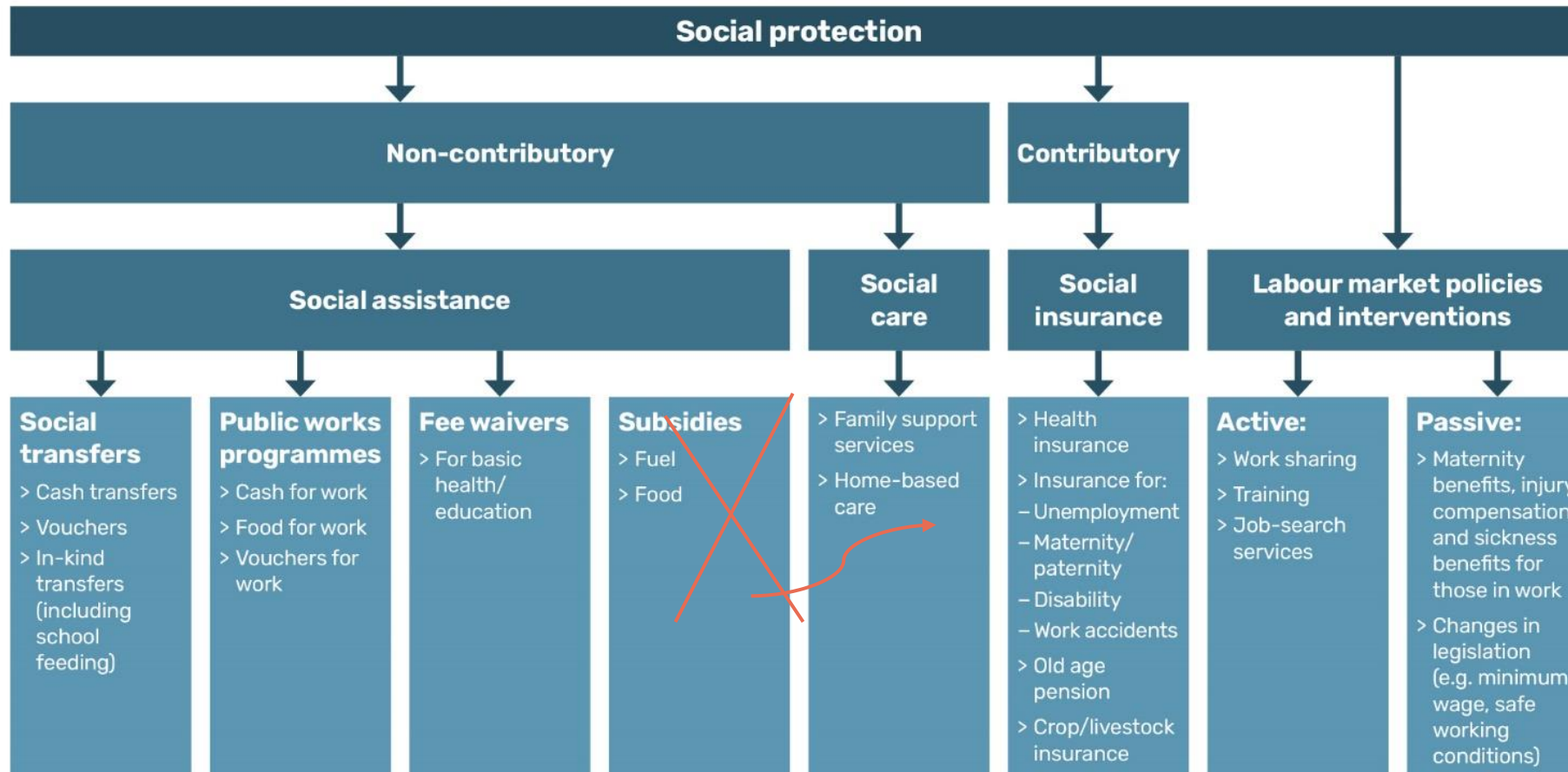
La Caisse de compensation : a public administration, created in 1941
Subsidies to gas – oil – sugar – bread.
In 2012 a reform is engaged, due to poor targeting and weak efficiency of this so called « SP policy ».

Subsidies on oil were progressively removed, and Morocco created a new regime : RAMED.



What's RAMED ?

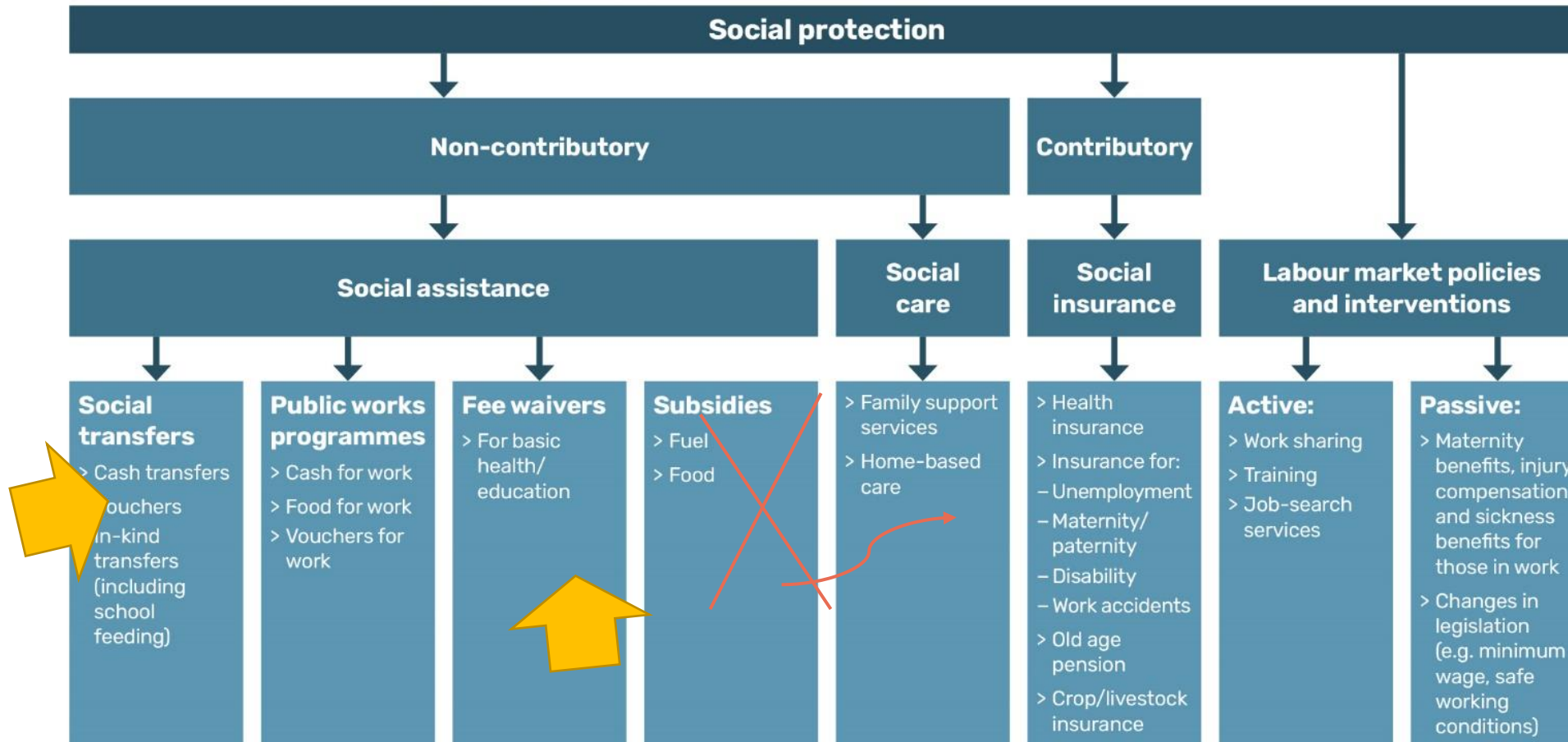
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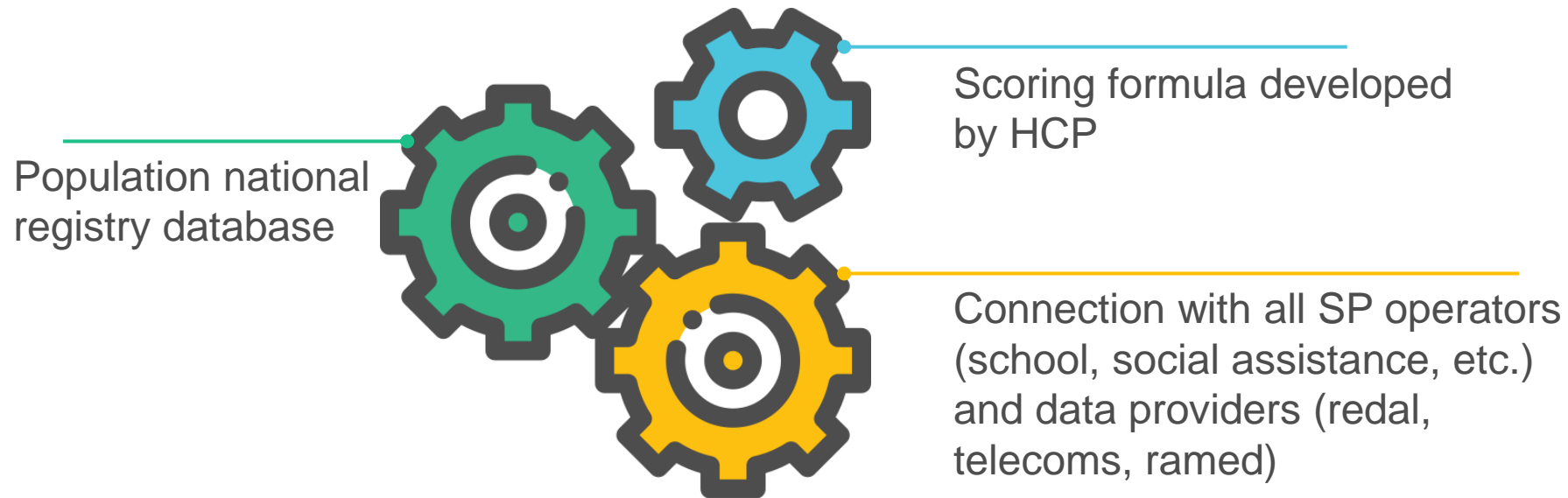
2nd phase as of 2014: social assistance

Figure 1. Taxonomy of social protection instruments



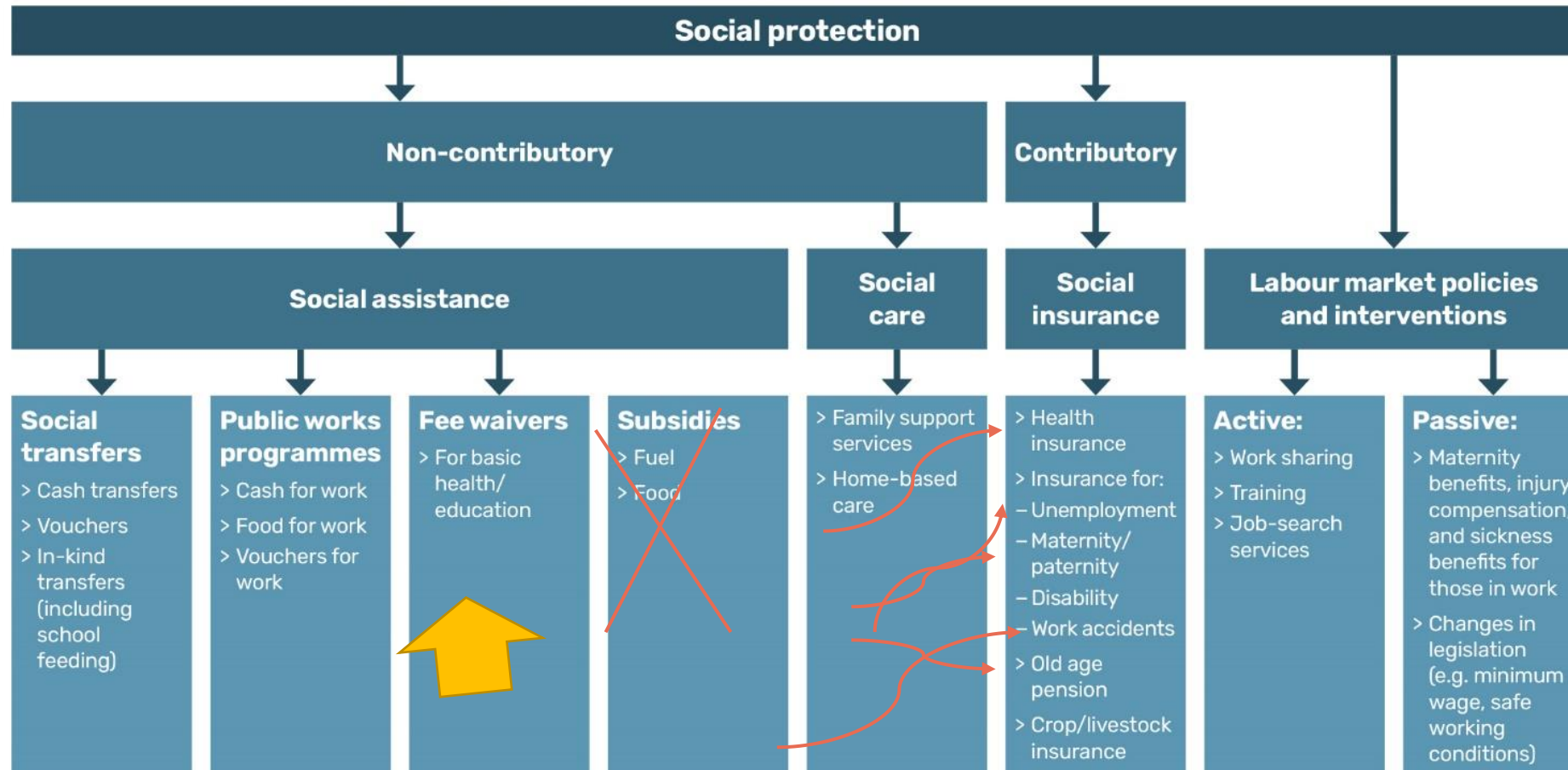
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Registre social unique – targeting machine



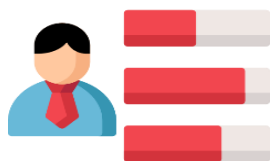
3rd phase from 2020 onwards: King's speech

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Main challenges for a social protection policy



Skills

No specialised HR for social action / SP.



Budget

Simulations on fiscal implication of a full SP policy still on going



Targeting

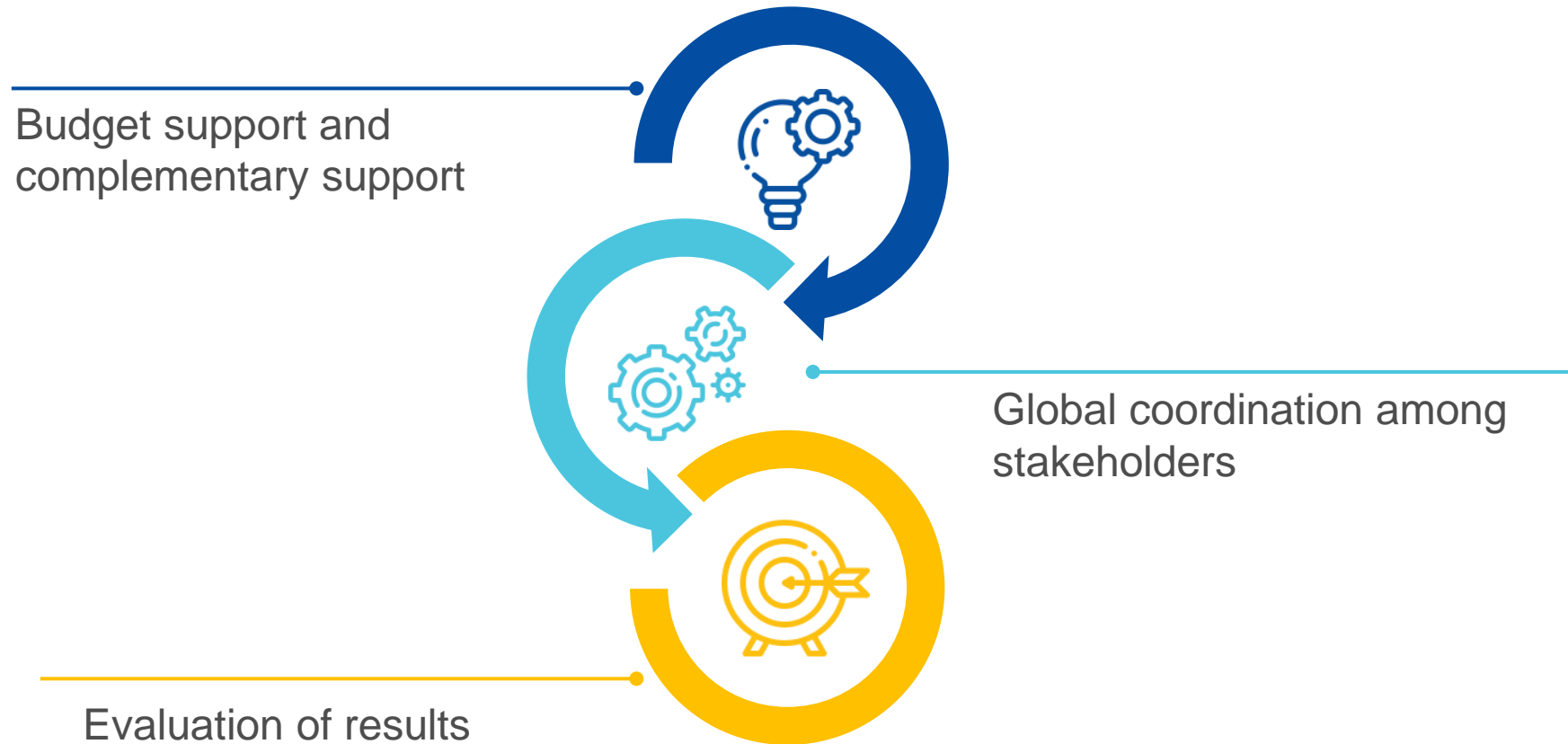
Formulas and models still have to be tested



Social acceptance

Reforms are hard to explain, and users often do not have a global picture

EU response: our budget support programme



Thank you

Budget Support – Trends & Results report: <https://bit.ly/EUBudgetSupportTrendsResults>

Webpage: https://ec.europa.eu/international-partnerships/budget-support_en

E-learning (public): <https://webgate.ec.europa.eu/intpa-academy/course/view.php?id=239>

Videos:

<http://bit.ly/EUbudgetsupportVideo> (what is EU budget support)

<http://bit.ly/EUbudgetsupportVideo2> (how EU budget support operates and what it achieves)

<http://bit.ly/EUbudgetsupportVideo3> (EU budget support, a partnership for results)

<http://bit.ly/EUbudgetsupportVideo4> (EU budget support at the time of crisis)