

Improving Synergies between Social Protection and Public Finance Management

Summary of First progress report

Project Code
(DCI-HUM/2019/408-767_GLO/19/19/EUR)

October 2019–December 2020

► . About the Programme

Objectives



The Global Action on “Improving synergies between social protection and public finance management” (hereafter, SP&PFM Programme or Programme), implemented by the European Commission, the ILO, UNICEF, and the Global Coalition on Social Protection Floors supports countries in their efforts to work towards achieving universal and sustainable social protection coverage, in line with the human right to social protection and the 2030 Agenda for sustainable development.

The programme was launched in April 2020, following a six-month inception period, for a duration of three years.

The **general objective** is to increase the population's universal social protection coverage in partner countries preferably but not limited to those benefiting from EU funded budget support operations.

More specifically, based on data, generation of solid evidence and analytical work, the Programme supports partner countries:

- to improve the design and financing of social protection systems in support of their efforts towards SDGs 1 and 10.
- to implement and monitor effective gender-sensitive and disability-inclusive social protection systems and programmes for all.
- to build shock-sensitive social protection programmes and systems adapted to the needs of those living in protracted fragility and crises, including forcibly displaced persons.

In particular, the SP&PFM Programme aims at improving planning, mobilizing, executing and monitoring of public social budget towards universal access to comprehensive, adequate and sustainable social protection.

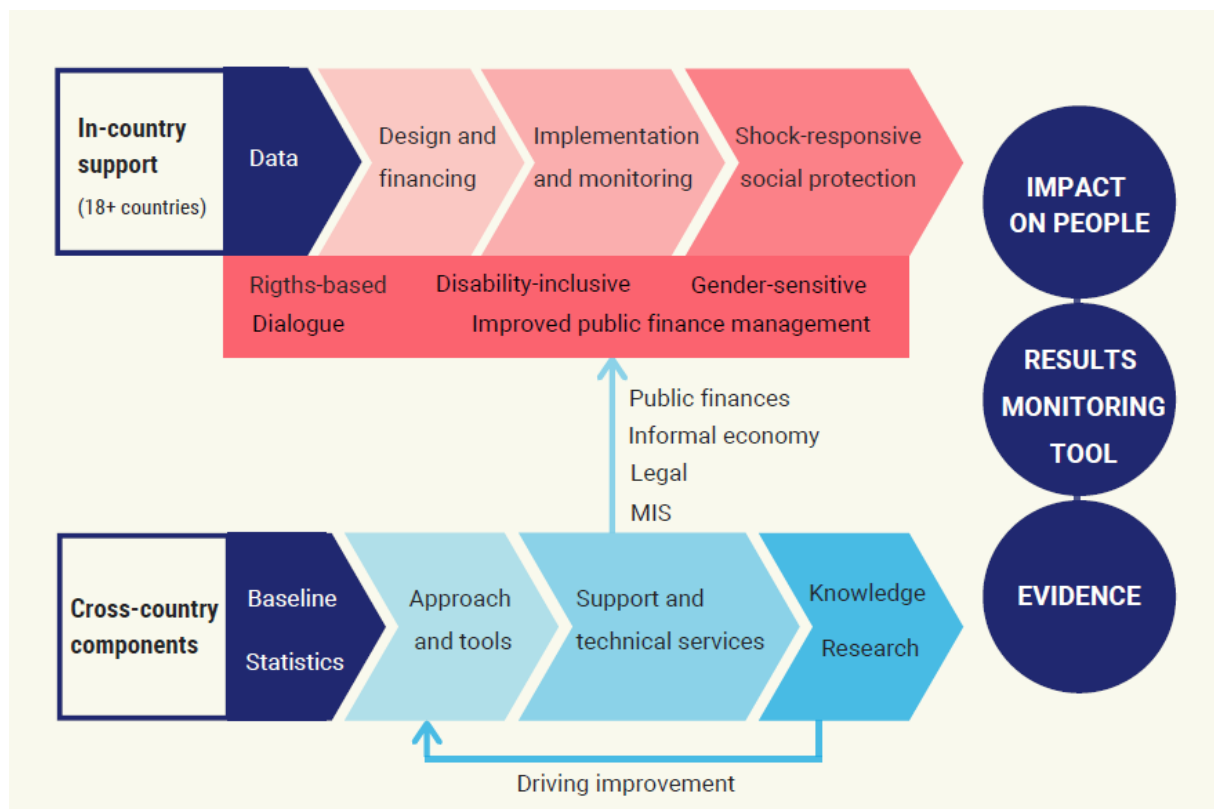
The Programme also aims at increasing the impact of EU development cooperation in a twin-track approach. On the one hand, based on a solid foundation of evidence, it leverages on PFM and domestic resource mobilization to strengthen national social protection systems and ensure their sustainability. On the other hand, it supports, where relevant, the inclusion of social protection into the EU programming 2021–2027.

Structure and Implementation Strategy

The SP&PFM Programme supports countries under two approaches:

- Eight partner countries under **Approach 1** benefit from **three-year technical assistance** to strengthen their social protection systems, in particular through better public finance management and improved implementation systems: [Angola](#), [Burkina Faso](#), [Cambodia](#), [Ethia](#), [Nepal](#), [Paraguay](#), [Senegal](#) and [Uganda](#).
- Under **Approach 2**, implemented by the ILO, additional 15-20 countries, selected through calls for concept notes receive on-demand shorter-term **technical advisory services**.

In addition, the SP&PFM Programme provides advisory technical services, implements cross-country training and research activities, develops tools and approaches aimed at reinforcing exchange of knowledge and learning, based on country experiences.



At country level, the SP&PFM Programme brings together ministries of finance, budget and planning, ministries in charge of social policies (health, labour, social welfare, women, children, among others) and social protection institutions and programmes, civil society organizations, workers and employers' organizations, and academia.

At global level, the Programme set up an Advisory Board which acts as an experts' group and provides technical inputs and guidance to the Programme for improving its country analytical work and global knowledge products and research, as well as support for improvement and advocacy of its global outcome and results.

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► The Programme's first year takeoff results

Support to the COVID-19 response

The SP&PFM Programme promptly addressed the challenges of the COVID-19 pandemic. Its objectives and interventions were very relevant to support countries' responses to the COVID-19 crisis, through three channels:

- its technical expertise available in the eight partner countries of the Approach 1;
- the deployment of short-term technical services to governments for designing and implementing COVID 19 responses through the quickly implemented call for proposals of the Approach 2 in 10 additional countries: [Bangladesh](#), [Cabo Verde](#), [Cote d'Ivoire](#), [Ecuador](#), [Malawi](#), [Myanmar](#), [Nigeria](#), [Peru](#), [Sri Lanka](#) and [Togo](#).
- conceptual and coordination work at the global level, including contribution to the assessment of the impact of the crisis on child poverty, support to the



development of a project funded by the Government of Germany (BMZ) on emergency cash transfers in the textile industry (linking financial assistance with technical assistance), and the participation in the SPIAC-B COVID-19 temporary working group.

Support covered a broad range of issues including extending cash transfer programmes, expanding social registries, building on the government's response to build sustainable schemes for workers in the informal economy, adapting delivery mechanisms to respect physical distancing rules, designing unemployment protection schemes as part of the long-term responses, and consolidating the fiscal space and sustainable financing for social protection in the aftermath of the COVID-19. In all eighteen countries, the Project's team contributed to the social protection analysis and recommendations of the socio-economic impact assessments of the COVID-19 pandemic, led by the UN system.

Specific interventions related to PFM

Achieving sustainable public financing for social protection requires evidence generation to support efficient and effective design of programmes and financing strategies, as well as identifying and addressing bottlenecks and capacity constraints that impact on outcomes. The Programme's approach on PFM focuses on building national capacity for efficient, effective, equitable and sustainable planning, costing, financing and accountability of social protection systems, improved social security and tax compliance, with the goal of expanding current coverage toward universal and adequate social protection. The Programme's approach to build synergies between PFM and social protection materializes through PFM and social budgeting training, social protection expenditure reviews including with gender and disability and shock preparedness' considerations, budget briefs, improvement of budget classification and monitoring, actuarial valuations, benefits' costing, fiscal space analysis and financing options assessments, as well as design of measures and incentives for improving social security compliance.

The Programme builds on the practical country-level insights and experience:

- to reinforce and leverage ILO and UNICEF's strategic partnerships on financing issues, including with the IMF, and partners working on the Integrated National Financing Frameworks and UN initiative on Financing for Development.
- to leverage ILO and UNICEF led global initiatives on strengthening social protection system, including the TRANSFORM programme, USP2030, SPIAC-B where social protection financing is being discussed.
- to contribute to the development or strengthening of a number of tools which will guide countries in their work to improve social protection financing, such as the ILO Handbook on creating fiscal space for social protection and the ISPA tool on financing.
- to develop tailored courses on PFM and financing of social protection for the country teams and EU Delegations. This was discussed in 2020 and will be implemented in 2021.
- to explore new areas for research to bring evidence and build the case for improved synergies between social protection, its financing and PFM.

Research on the multiplier effects of social protection

The study on the economic multiplier effects of social protection expenditure contributes to building the economic case for social protection expenditures, in addition to the rights-based arguments. It attempts to measure the effect of social protection expenditures on economic output. As it focuses on developing countries such as Cape Verde, Ecuador, Malawi, Mexico, Pakistan, Paraguay and Vietnam, the multiplier is expected to be higher than in developed countries because the beneficiaries are on average poorer and immediately consume a larger fraction of the extra income from social protection. Hence, social protection spending reduces vulnerability, smoothens consumption and yields improved economic and social outcomes, to some extent, paying for itself.

The research is carried out by a team lead by Prof. Laura Barbosa from the University of Sao Paulo using based on a methodology following the Blanchard and Perotti (2002) Structural Vector Autoregression approach. This method addresses technical concerns such as two-way immediate and lagged effects between variables such as output, taxation and expenditure.

Training on social protection and PFM

The Programme is currently developing a global training module on key concepts and elements of PFM, specifically in relation with social protection, and opportunities to engage to achieve increased fiscal space for social protection. The course will be implemented in a two-step approach to adapt better to different audience: first, the project staff of implementing partners, and then the governments, social partners and civil society of the partner countries, either nationally or regionally are invited to participate in the training to stimulate further country experience sharing. The idea is to integrate some of the new modules in the public finance course for social protection analysts of the International Training Center of the ILO. The course will also build on already existing modules developed by UNICEF as part of its global course on Public Finance for children as well as the [ILO Handbook on Assessing Financing Options: Creating Fiscal Space for Social Protection](#).

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Improving gender equality in social protection

In accordance with the EU Gender Action Plan II, the Sustainable Development Agenda, UNICEF gender Action Plan and approach to inclusive social protection and the ILO Recommendation on social protection floors, 2012 (No. 202), the Programme attaches a special attention to the principles of non-discrimination, gender equality, responsiveness to special needs, and general respect for the rights and dignity of all people and social inclusion. The programme therefore supports countries to ensure that the design and implementation modalities of the social protection system and programmes is gender responsive.

In this sense, specific interventions were designed or deployed in a number of countries (Cambodia, Cabo Verde, Ethiopia, Nepal, and Uganda) to bring about innovative forms of social protection coverage for vulnerable girls and women, especially in rural areas, and women in the informal economy. Few countries have included a gender-sensitive lens to their social protection policies and systems (e.g. Angola, Nepal) and countries like Senegal are now launching a gender-sensitive social protection review. Following the COVID-19 crisis, the Programme is also paying particular attention to the gender impact of possible budget shortfalls for social protection.

Improving disability-inclusiveness of the social protection systems

The Programme is guided by the UN Convention on the Rights of Persons with Disabilities (CRPD). The Programme is coordinating and exchanging information with the ILO-UNICEF Project "Towards inclusive social

protection systems to advance the rights of persons with disabilities” (hereafter ISP Project) and “UN joint programme to support countries design and implement disability inclusive response and recovery planning for COVID-19” both funded by the UN Partnership on the Rights of Persons with Disabilities (UNPRPD). More specifically, the UNPRPD and the Programme coordinate closely on supporting countries to build disability-inclusive social protection systems with the programme, drawing on UNPRPD expertise to inform its operations related to disability. For example, the ISP Project supports the Programme’s work in Senegal aimed at improving the government’s programme on “Equal opportunity card” (Carte d’égalité des chances). In Cambodia, the Programme directly supported the roll-out of a very innovative digitalised disability identification and assessment process at local level; in Nepal, the Programme supported advocacy efforts to resume the social security allowance for people with severe disability, temporarily suspended by the Government.

Making social protection systems more shock-responsive



The COVID-19 pandemic has emphasised the critical role of social protection in responding to covariate shocks. At the same time it has served as a stress test on existing national social protection systems, highlighting their lack of universality and comprehensiveness. In responding to crisis situation, the countries should develop, restore or enhance comprehensive social protection systems, taking into account national legislation and international agreements. In order to prevent crises, enable recovery and build resilience, countries should establish, re-establish or maintain social protection floors, as well as seek to close the gaps in their coverage. Experience during the 2008-09 global economic and financial crisis has shown that countries with strong social protection systems in place before the onset of a crisis are much better equipped to mitigate the impact of the shocks and to recover faster. Such measures include cash transfers programmes and unemployment insurance schemes for instance. Strengthening the shock-responsiveness of social protection systems entails risk informing mechanisms to enhance

coverage and inclusiveness; allocation of adequate resources and their timely execution; along with other preparedness measures. The Programme supports the strengthening of national social protection systems to prevent shocks from transforming into crises, and to prepare systems in advance for crisis response while supporting populations before, during and after crises, including those resulting from conflict and climate change.

Extending coverage to workers in the informal economy

Informal economy workers face decent work deficits, and particularly, lack social protection. The COVID-19 crisis highlighted again their high vulnerability. Aligned with the right-based approach to social protection embedded in the ILO Convention No.102 and Recommendations No.202 and No.204, the SP&PFM Programme supports countries in extending coverage to workers in the informal economy, through adapted social insurance and non-contributory schemes, often through a combination of both. Formalization of workers, including through greater access to social insurance, is also at the core of the strategy for increasing social protection financing through social contributions as well as through a broadened tax base. Extension of social protection for workers in the informal economy is at the core of 10 of the 18 proposals: Angola, Cambodia, Côte d'Ivoire, Ecuador Ethiopia, Malawi, Nepal, Nigeria, Peru, Togo and Uganda. In particular, during its first year, the Programme supported the assessment of the COVID-19 impact on workers and businesses of the informal economy (Burkina Faso, Côte d'Ivoire, Togo); launch of diagnostics of the informal economy in view of extending coverage (Ethiopia, Nepal, Togo, Uganda), and communication campaign to increase compliance (Ethiopia, Nepal, Uganda).

In the eight partner countries of Approach 1



In the context of fiscal consolidation with an increased need for social protection, the project is supporting the development of the social protection policy framework to reduce fragmentation and build a basis for a strong social protection system. It also looks at building national capacities on public finance management and social protection, as well as providing options for sustainable social protection financing, building on an agreed memorandum of understanding between UNICEF and the Ministry of Finance.

In 2020, the project supported:

- the development and formal adoption of the National Policy for Social Action.
- a series of high-level webinars organized by the Ministry of Finance on “Simplifying the Budget” for the general public, as part of the overall efforts to increase budget transparency and literacy for increased accountability.



With the increased need to strengthen community level interventions and key national social protection programmes, the Project is supporting municipal services (services communaux) and the operationalization of the universal health care scheme. It also aims at strengthening coordination between social protection actors by supporting the Permanent Secretariat for Social Protection to further reduce social protection fragmentation. At this end, the Programme is generating evidence on the social protection policy results, public finance management, and options for extending social protection. It also builds capacities of national stakeholders, as part of the development

of the new social protection strategy

The project in Burkina Faso supported:

- a study on fiscal space analysis,
- a feasibility study for an unemployment insurance scheme as part of the COVID-19 response,
- an impact assessment of cash transfer programme,
- development of monitoring and evaluation indicators for social protection,
- the development of a complimentary project to strengthen the social protection system with the Government of Belgium.



Cambodia's social protection system is fragmented with low capacity to deliver services, especially at community level for the poorest and most vulnerable. To improve sustainability of social protection financing, the Project supports the integration of social assistance measures through the family package of integrated programmes. It also aims at strengthening monitoring and evaluation of social protection, including the integrated management information system for social assistance linking to the future single registry of social assistance beneficiaries.

These actions will improve efficiency of social protection spending. We also aim at supporting the implementation of the National Social Protection Policy Framework (2016–2025), and ensure it integrates with PFM.

The support to Cambodia's social protection system in 2020 includes:

- providing support to programme-based budgeting through capacity building and clear annual targets for the social protection policy framework.

- Building capacities of ministries and the National Social Protection Council and National Social Security Fund, on the functional classification of social protection;
- Identifying identification mechanisms for people with disabilities in eight provinces, including M&E indicators
- Designing and delivering the COVID-19 response cash transfer programme for poor households holding a IDPoor card;
- Designing a gender-sensitive and child-sensitive family package of integrated social assistance programme;
- Developing a M&E framework for social protection programmes;
- Supporting the consolidation of the CSO and Trade Unions network, with joint comments on the draft Law on social protection and socio-economic impact assessment of the COVID-19 crisis;
- formulating a complementary project on strengthening social protection, funded by the EU Delegation in Cambodia.



Since 2019, Ethiopia is undertaking macro-economic reforms. The COVID-19 crisis reemphasized the importance of pursuing this reform and highlighted the need to improve the social protection system and expand coverage, especially for the poor and vulnerable including for workers of the informal economy. The Project supports this agenda by providing options for social protection financing and supporting the sector's coordination and monitoring system.

In 2020, the Ethiopia project was able to:

- strengthen coordination by re-establishing the development partners and government's Federal Social Protection Platform;
- Build capacities and develop tools for M&E in social protection monitoring and evaluation;
- Complete the Social Security Inquiry;
- Lead a vulnerability assessment to inform the COVID-19 response and a socio-economic impact analysis of the COVID-19 pandemic;
- Develop a social protection sector policy eligibility assessment for a possible EU Budget Support programme.

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Nepal finalized its new National Integrated Social Protection Framework in 2020, bringing in a strong emphasis on the extension to workers in the informal economy and shock-responsive social protection. The framework provides much needed vision, policy coherence, coordinated planning and political consensus for an effective and efficient social protection system with robust regulatory, monitoring and delivery mechanism. Raising awareness on the existing social protection programmes and developing a social protection culture is at the core of the strategy for extending coverage.

In 2020, the country project was able to:

- Support the drafting of the National Integrated Social Protection Framework;
- Organize an e-conference on assessing the impact and opportunities for children and family-friendly COVID-19 response;
- Support the registration to the Social Security Fund by raising awareness among trade unions and CSOs;
- Lead decentralized consultations on the COVID-19 impact and building back more shock-responsive social protection systems;

- Draft a social protection budget brief that will feed in the World Bank public expenditure review, in synergy with the EU-UNICEF Public Finance Facility in South and South East Asia.
- Draft a brief on scaling up the social protection system and financing options as response to the COVID-19 and need for improved shock-responsiveness.



Paraguay

In 2020, Ethiopia began the implementation of the Social Protection System ¡Vamos! And the PFM reforms. While the social protection system is just starting in the country, the project will ensure the effective roll-out of ¡Vamos! in selected territories and the consolidation of its financing and budget framework, closely linked to the EU Budget Support Programme. The Project is also seeking at strengthening coordination and setting building blocks for a strong social protection system at local

level, by establishing local social protection committees, including capacity building, management information system and support for social protection service provision for the first years of life (from pregnancy to 4 years) including linkages with other social services. It works toward strengthening the Social Bureau which oversees social protection, including in coordination of the COVID-19 response.

In 2020, the project was able to:

- increase inter-institutional coordination on social protection, including between the Ministry of Budget and the Technical Unit of the Social Cabinet;
- train government representatives on public finance for social protection;
- collect data for the study on the multiplier effects of social protection;
- support to the implementation of ¡Vamos! with ongoing diagnostic of the Social Protection System's budget efficiency and fiscal space to finance its expansion and its roll out at local level.



Senegal

During the COVID-19 pandemic, the country realized the need to further enhance the role of the National Unified Registry to effectively respond to crises. In addition, there is a need to continue strengthening the social protection system, especially on inclusiveness, financing and monitoring systems, including for the flagship cash transfer programme (Programme national des bourses de sécurité familiale) and its cash+ component (linked to essential family practices), which has been scaling-up in recent years. The Project contributes to this effort by building capacity and providing technical services, including for issues related to extension of coverage

among workers in the informal economy, the inclusion of gender and disability considerations and improved PFM.

During the first year of implementation, the project in Senegal was able to:

- Support the update of the National Unified Registry, and assess its relevance, effectiveness and sustainability as part of the COVID-19 response;
- Build capacities of decentralized government's institutions on expenditures monitoring;
- Build capacities of CSO and trade unions on budget planning and monitoring;
- Lead an impact assessment of the COVID-19 pandemic on child-poverty;
- Lead a training on fiscal space analysis and impact of social protection investments;
- Organize a national high-level Conference on social protection and its financing;
- launch a gender and disability review of the social protection system and programmes.



In 2020, the Project was implemented in a context of strong reluctance of the government for funding the cash transfers programmes and the need for improved advocacy to increase the profile of social protection in the country. Therefore, the Project focused on policy dialogue and evidence generation to expand social protection, as well as on the strengthening of existing schemes including improved delivery and coverage of social protection in the country.

The Uganda project team was able achieve the following in 2020:

- Make available micro-simulations of different social protection options to guide government and development partners in discussing the COVID-19 response. This was used by the IMF, WB and WFP;
- Collect data and generate evidence for policymakers, including a deep dive on the unique challenges faced by adolescent girls in urban areas, with vulnerabilities further exacerbated by the COVID-19 pandemic and mitigation responses;
- Support the government-led Public Dialogue on Programme-Based Budgeting, with a focus on the Human Capital Development programme in the National Development Plan III,
- Support the government-led Research Symposium on Urban Social Protection, to disseminate the evidence generated by the Project.

Way forward

The Programme supports partner countries to increase social protection coverage and adequacy through system strengthening, including ensuring that governments improve their public finance management to sustainably fund social protection systems.

The COVID-19 health and economic crisis highlighted the lack of universality, adequacy, comprehensiveness and shock responsiveness of social protection systems. The challenge is now to enable governments to keep their position towards increased social protection spending in the mid-term even as financing concerns may increase political pressure to reverse the gains in social protection coverage. This will be especially difficult in countries that have suffered a prolonged contraction of their economies or had a complex fiscal situation before the pandemic. The Programme will continue supporting partner countries to leverage the increased awareness on the critical role of well-designed social protection systems as a powerful tool to address poverty and mitigate the inequitable social and economic impact of the crisis.

The Programme will continue leveraging global advocacy efforts to raise awareness and enhance global approaches for more sustainable social protection financing and improved PFM for social protection, in particular through global fora such as the SPIAC-B, USP2030 or the United Nations' Financing for the Development in the Era of COVID-19 and Beyond Initiative, and with International Financing Institutions and the Integrated National Financing Framework (INFF). The various requests for technical support from countries and the need for further evidence to support the current international debate emphasize the timeliness and relevance of the Programme, which now can draw strategic linkages to these ongoing developments on social protection and PFM.

► **Table 1: Summary of interventions and achievements in the eight partner countries of Approach 1**

	COVID-19 response	Policy and design	PFM and Financing	Implementation mechanisms	M&E	Awareness raising and coordination
Angola		Support to the National Policy for Social Action	Series of webinars "Simplifying the budget"			
Burkina Faso	Feasibility study for unemployment insurance Socio-economic assessment of the COVID-19 pandemic on the informal economy	Review of the SP system (on-going)	Fiscal space analysis		Development of the M&E indicators for social protection Assessment of cash transfer programmes	Support to TU network
Cambodia	Support to COVID-19 cash transfer for the poor households holding an IDPoor card	Design of the family package	Training on social budgeting Training on programme based budgeting	Identification mechanisms for inclusion of people with disabilities	Development of the M&E framework for social protection	Support to the CSO and trade unions network
Ethiopia	Socio-economic and vulnerability assessments of the COVID-19 pandemic	Social protection policy eligibility assessment for EU Budget support			Capacity building M&E framework for social protection	Re-establishment of the Federal Social Protection Platform
Nepal	Consultations for building back more shock-responsive social protection systems	Support to the National Integrated Social Protection Framework Re-inclusion of people with disabilities and single mothers in the Social Security Allowance	Brief on scaling up the social protection system and financing options as response to the COVID-19 and need for improved shock-responsiveness			Awareness raising action for registration to the Social Security Fund
Paraguay			Training on public finance for social protection	Support to the implementation of the social protection system ¡Vamos! at local level		Improved inter-institutional coordination on social protection (Ministry of Budget and the Technical Unit of the Social Cabinet)
Senegal	Support to strengthening the National Unified Registry to respond to the COVID-19 response and future crises Impact assessment of the COVID-19 pandemic on child-poverty	Launch of the gender-sensitive and disability-inclusive social protection review	Capacity building of decentralized governments on monitoring of expenditures Capacity building of CSO and TU on budget planning and monitoring Training on fiscal space and impact of social protection investments			National high-level Conference on social protection and its financing
Uganda	Micro-simulation of different social protection options to guide the COVID-19 response Design of a strategy to ensure service delivery continuity for urban social protection	Policy brief on systems strengthening approach for social protection Capacity assessment report for CSO and trade unions	Government-led Public Dialogue on Programme-Based Budgeting Drafting fiscal space analysis of adolescent social protection	Drafting of Operational Manual and coordination support mechanisms for urban social protection	Data collection and evidence generation for urban social protection	Government-led Research Symposium on urban social protection Consultative workshop with CSOs