# Global research on governance and social protection

## Global Overview

## Final Report

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# Table of Contents

# Table of Figures, Boxes and Tables

# Acronyms

| | |
|---|---|
| APS | *Agence de protection sociale* (Agency for Social Protection of Seychelles) |
| AUH | *Asignación Universal por Hijo* (Universal Child Allowance of Argentina) |
| BISP | Benazir Income Support Programme (Pakistan) |
| BPS | *Banco de Protección Social* (Social Insurance Bank of Uruguay) |
| COFEDESO | *Consejo Federal de Desarrollo Social* (Social Development Federal Council of Argentina) |
| CBM | Citizen Based Monitoring |
| CBSS | Crossroads Bank for Social Security (Belgium) |
| CCT | Conditional Cash Transfer |
| CMC | Central Management Committee (Bangladesh) |
| CT-OVC | Cash Transfer for Orphans and Vulnerable Children (Kenya) |
| DPME | Department of Performance, Monitoring and Evaluation in the Presidency (South Africa) |
| ECLAC | Economic Commission for Latin America and the Caribbean |
| EESSI | Electronic Exchange of Social Security Information |
| EU | European Union |
| HSNP | Hunger Safety Net Programme (Kenya) |
| ICT | Information and Communications Technology |
| ILO | International Labour Organization |
| IMIS | Integrated Management Information System |
| INPS | *Instituto Nacional de Previdência Social* (National Social Protection Institute of Cabo Verde) |
| ISAS | Integrated Social Assistance System (Turkey) |
| ISSA | International Social Security Association |
| LEAP | Livelihoods Empowerment Against Poverty |
| MERCOSUR | *Mercado Commún del Sur* (Southern Common Market) |
| MGNREGA | Mahatma Gandhi National Rural Employment Guarantee Act |
| MIS | Management Information System |
| MISSOC | Mutual Information System on Social Protection |
| MoA | Ministry of Agriculture and Livestock Resources (Ethiopia) |
| MOU | Memorandum of Understanding |
| MoUDH | Ministry of Urban Development and Housing (Ethiopia) |
| NAV | Norwegian Labour and Welfare Administration |
| NGO | Non-Governmental Organisation |
| NSPB | National Social Protection Board |
| NSPP | National Social Protection Policy |
| NSPS | National Social Protection Strategy |
| NSSF | National Social Security Fund (Kenya and Uganda) |
| NSSS | National Social Security Strategy (Bangladesh) |
| OECD | Organisation for Economic Co-operation and Development |
| POESSA | Public Employees Social Security Agency (Ethiopia) |
| PMT | Proxy Means Test |
| PSNP | Productive Safety Net Programme (Ethiopia) |
| PSSSA | Private-Sector Social Security Agency (Ethiopia) |
| SASSA | South Africa Social Security Agency |
| SDGs | Sustainable Development Goals |
| SIACI | International Agreements System in Social Security |
| SOCPEN | Social Pension database (South Africa) |
| SOCX | Social Expenditure Database |
| SSPS | Social Security Policy Support programme (UNDP-Bangladesh) |
| MoLSA | Ministry of Labour and Social Affairs (Ethiopia) |
| SSA | Social Security Administration (United States of America) |
| SVB | *Sociale Verzekeringsbank* (Social Insurance Bank of the Netherlands) |
| SZW | *Sociale Zaken en Werkgelegenheid* (Inspectorate for Social Affairs and Employment of the Netherlands) |
| TANF | Temporary Assistance to Needy Families (United States of America) |
| TSA | Targeted Social Assistance (Georgia) |
| UNDESA | United Nations Department of Economic and Social Affairs |
| UNDG | United Nations Development Group |
| UNDP | United Nations Development Programme |
| UPSNP | Urban Productive Safety Net Project (Ethiopia) |
| US | United States of America |
| UWV | *Uitvoeringsinstituut Werknemersverzekeringen* (Institute for Employee Benefit Schemes of the Netherlands) |
| VUP | Vision 2020 Umurenge Program (Rwanda) |

# 1 Introduction

Good governance of social protection systems is one of the preconditions for the effective realization of human rights. Governance starts at the highest levels of policymaking — including coordination across diverse actors, schemes, institutions, sectors and levels of government — and permeates every level of social protection implementation. Well-governed social protection systems benefit from strong accountability structures, active participation of the stakeholders, transparency of operations and viable access to information. Likewise, effective governance encompasses good financial management; benefit delivery that respects the principles of availability, accessibility and adequacy; contribution collection (where applicable); management information systems (MIS); data protection and privacy; as well as clear complaint and appeal procedures.

This review seeks to understand, as an overarching question, the ways in which "good governance" can contribute to realizing people's right to social security, against a backdrop of the principles set out in international social security standards, notably ILO Recommendation 202 on Social Protection Floors and Social Security (Minimum Standards) Convention, 1952 (No. 102). The objective is to highlight, through practical examples, the decisive role of governance in realizing gains in coverage — in terms of comprehensiveness of risks covered as well as horizontal and vertical extension — in fulfilment of the right to social security, which rests on compliance by all actors with their prescribed duties and obligations. The overview paper is part of a broader project "Achieving the SDGs and ending poverty through Universal Social Protection," the objective of which is to strengthen the capacity of the government in the project's countries of focus (Pakistan and Cambodia) to formulate, implement, monitor and evaluate social protection systems. As such, the results of the study will be used to guide the development of learning modules that will be of practical use in these countries and beyond. Complementing this global overview, three detailed case studies are presented to offer detailed insights into the governance of social protection systems in select national contexts, including Argentina, Kenya and the small island states of Fiji and Mauritius, the latter of which are treated in the same paper.[1]

This global overview paper is structured as follows: This chapter presents a working definition of governance, focusing on social protection system governance *at the service of* coverage extension and emphasising the importance of governance at all levels of social protection policymaking and delivery; Chapter 2 explores the high-level structures — including policies, legislation, mechanisms for institutional coordination, and financing —needed to build sustainable systems; Chapter 3 describes the overall mid-level administrative structures and operations that are required for effective management of social protection programmes, including core administrative structures in a digital age, with a focus on building management information systems (MIS) to support the achievement of universal social protection; Chapter 4 explores how well systems 'interface' with key stakeholders and rights holders, identifying appropriate frontline governance structures that build trust in the system among end users (including both rights holders, as well as stakeholders such as social partners or private-sector actors engaged in delivery); Chapter 5 attempts to pull together the lessons from the good performers at each level of social protection system governance to propose an initial classification or typology of good governance in social protection systems; Chapter 6 concludes.

[1] The cases were selected based on consultations with ILO and UNDESA. Brief explanations for their selection are provided in the conclusion of this global overview paper as well as in the case studies themselves.

## 1.1 Social protection system governance at the service of universal social protection –working definition and framework for analysis

There no single, universally agreed definition of governance as it relates to social protection. According to the International Social Security Association (ISSA), the "definition often depends on the goals to be pursued, the entities involved, and the socio-political environment."[2] Using the global goal of universal social protection as a guidepost, this report examines social protection governance from the perspective of the whole national system.[3] This consideration of system-wide governance is in recognition of the fact that individual schemes, programmes or organizations may be reasonably well-governed by some definitions,[4] but if they operate within a poorly governed overall social protection system, they are unlikely to be contributing to – and may even hinder – the fulfilment of the right to social protection for broad swaths of the population through meaningful coverage extension. Indeed, some have noted that "administrative efficiency is only as good as the policies it supports" (McKinnon et al., 2014). By the same logic, there are risks to investing in improving the system's component parts without understanding where they fit within the overall system design and architecture. As the ILO/ITC notes:

> "individual schemes… have their own roles to play and objectives to meet, but…they must also serve the objectives of and overall national social protection policy. [And] just like each of its component schemes, the national social protection system should be assessed in terms of its objectives, notably… coverage, effectiveness and efficiency" (International Labour Office and International Training Centre of the ILO, 2010, p. 7).[5]

This system-wide view also requires understanding governance as multi-dimensional, encompassing democratic, technical, political and legal aspects. Governance structures should therefore, as far as possible and under the general responsibility of the state, ensure participation of all stakeholders involved (democratic governance); efficient and effective administration, management and monitoring of benefits and services (technical governance); clear, transparent and accountable legislative and executive powers (political governance); and a comprehensive legal framework guaranteeing predictability, rights-based entitlement and well-functioning complaints and appeals mechanisms (legal governance).

The importance of good governance, including at the system level, has long been recognized in international commitments to social protection and in the establishment of social security minimum standards.[6] ILO Convention No. 102, in particular, continues to serve as a broad touchstone for understanding the fundamentals of social security governance, including the responsibility of the

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[2] (International Social Security Association (ISSA), 2019a). The ISSA, which has a mandate to improve social security administration, defines it from the perspective of the administering agency, where governance is "the manner in which the vested authority uses its powers to achieve the institution's objectives, including its powers to design, implement and innovate the organization's policies, rules, systems and processes, and to engage and involve its stakeholders."

[3] Taking a system-wide view does not preclude a recognition that certain aspects of governance may be confined to the level of individual schemes or institutions/organizations.

[4] In fact, there are many examples of social security schemes winning national awards for good governance, but the criteria do not include extending coverage.

[5] A broader definition of social security *system* governance was also acknowledged in ILO and ITC's *Governance of Social Security Systems: A Guide for Board Members in Africa*: "All consultative and decision-making processes, institutional arrangements and managerial and administrative actions whereby social protection policies are designed, agreed, implemented and supervised. The definition encompasses the first blueprints for a social protection system in government or other institutions, and then the consultation process, the legal enactment, the managerial and administrative implementation and national and lower-level supervision of social protection schemes" (International Labour Office and International Training Centre of the ILO, 2010).[5]

[6] ILO (1952), Article 6. See also ILO (2011), especially paragraphs 57 and 141.

state and the importance of the participation of stakeholders in supervision and accountability structures.[7] However, as social security systems have evolved over time, the growing diversity of actors and institutions involved in various stages of social security policymaking and delivery has made it increasingly challenging to interpret and apply these original governance principles in practice. As the UNDG note in their "Social Protection Coordination Toolkit":

> "Unlike other government sectors, social protection has … been developed and delivered by several institutions and stakeholders focusing on certain population groups (e.g. workers of the formal sector), delivering specific services (e.g. health care), or certain types of transfers (e.g. family allowances). Therefore, the design and implementation of a Social Protection Floor will require coordination among all of the different organizations involved in the provision of social protection services and transfers" (United Nations Development Group (UNDG) and International Labour Organization, 2016).

A number of recent trends have contributed to the growing complexity of social protection systems around the world and challenged the governance structures that had served the predominantly insurance-based and largely centralised models that characterised earlier systems. First, private and non-state entities have taken on increasingly prevalent roles in benefit and service delivery, and, particularly in low- and middle-income countries, separately administered programmes have proliferated outside of traditional social security institutional structures, complicating the institutional landscape.[8] Second, many of the newer programmes that have emerged, especially in the Global South, have been financed from state budgets (or donor funds) rather than contributions, with very different implications for the nature of the entitlements, long-term financial sustainability, and the representation of stakeholder interests and participation of (would-be) beneficiaries in accountability structures. A third trend has been the growing dominance of the "social risk management" framework promoted by the World Bank and others,[9] which led to a proliferation of so-called 'safety net' programmes that aim above all to reduce (extreme) poverty or specific vulnerabilities but are —arguably by design — disconnected from the lifecycle and labour market risks that have historically characterised core social security schemes. These safety net programmes have become synonymous with 'social protection' in many circles, leading to confusion about what constitutes social protection and social security. Finally, many of these newer schemes in low- and middle-income countries are not grounded in legislation,[10] resulting in ad-hoc governance frameworks that are vulnerable to political whims and wax and wane with the slightest economic or fiscal change.

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[7] According to ILO (2011), "Convention No. 102 formulated common rules of collective organization, financing and management of social security systems and complements them by the no less fundamental principles of governance: the system shall be supervised by the public authorities or administered jointly by employers and workers whose contributions represent the largest share of social security revenues; representatives of the persons protected, which include social groups outside wage employment, shall participate in management if the administration is not entrusted to a public institution; and the State must accept general responsibility for the due provision of benefits and for the proper administration of the institutions and services concerned" (paragraph 57).
[8] (Cecchini and Martínez, 2012; ILO, 2019a, 2011).
[9] (De Neubourg, 2002; Holzmann et al., 2003).
[10] (ILO, 2019a), paragraph 170.

*Social protection system governance at the service of coverage extension – a working definition*

Alongside these trends, which resulted in significant changes in the social protection landscape, a much narrower notion of 'good governance' was being re-popularized in the broader development discourse.[11] This narrower conceptualization of governance was disproportionately focused on the sound financial management of individual schemes and was disconnected from the idea of coverage extension, broadly speaking.[12] Instead, this technocratic approach to governance was paired with a focus on 'rationalising' programme expenditures, a process which actually undermined coverage extension by placing an undue focus on reducing fraud and avoiding inclusion errors, leaving aside more fundamental questions about exclusion errors based on arbitrarily and unnecessarily narrow eligibility thresholds. Despite promoting clear and transparent accountability mechanisms and good management of human and financial resources, these predominantly scheme-based (or institution-based) governance frameworks offered little help in understanding the management and coordination needs of the wide variety of social protection instruments and programmes operating simultaneously in a given national setting.[13] Furthermore, this more limited understanding of governance as primarily about scheme management (and therefore the remit of a board presiding over an administrative agency), deepens artificial divisions between policy and administration and overlooks the importance of governance as a cross-cutting tool that operates along a fluid policy-administration continuum.[14]

### 1.1.1 Defining the core principles of good governance of social protection systems

Grappling with the impacts of these trends, governments around the world continue to attempt to expand coverage and close gaps, even if only in sputtering bursts. At the same time, global attention is rightly returning to the importance of good governance for achieving the outcomes expected from a national social protection *system* writ large.[15] In short, while good governance of social protection may be an end in and of itself in certain circumstances, such as for closing gaps between legal and effective coverage or enhancing adequacy of benefits; there is a high risk, especially in contexts of low coverage, that initiatives focused on good governance 'for its own sake' will end up serving elites, preserving/strengthening the status quo for those who already enjoy relatively generous protections. Therefore, for good governance to matter in the context of the globally embraced goal to reach universal social protection, it must be *at the service of coverage extension,* and it must operate *within a rights-based framework.*[16] It must contribute to building universal, adequate and sustainable social protection systems through meaningful – rather than marginal – expansion, including social protection 'floors' that are inclusive and cover the key lifecycle risks. The core principles of ILO Recommendation 202, which include good governance and coherence of policies, are summarised in Annex 1.

It follows then that ***good governance*** of social protection *systems* would be indicated by a number of features, adapting the principles from the ISSA's Guidelines on Good Governance for social security institutions, and drawing on the relevant core principles from ILO Recommendation 202:

[11] See e.g. Hickey (2012).
[12] Bassett et al. (2012) have linked this to the legacy of applying corporate governance frameworks and literature to the management of pension funds, situated squarely within the public management agenda.
[13] The challenge of assessing system-wide performance of social protection extends to all areas of system assessment, not just governance. For example, it makes little sense to assess the adequacy of benefits in one scheme without also examining their interaction with other benefits in the system. See, for example (Brimblecombe, 2013) for a discussion of multi-dimensional adequacy.
[14] (McKinnon et al., 2014)
[15] See, for example, Bassett et al. (2012); Cecchini et al. (2014); Cunhill Grau et al. (2015). This recognition of importance of whole system is clearly communicated in Recommendation No. 202, and has subsequently been incorporated into the Inter-Agency Social Protection Assessments (ISPA) Core Diagnostic Instrument (CODI) tool and features prominently in the Universal Social Protection (USP) Call to Action. See European Commission (EC) et al. (n.d.); Global Partnership for Universal Social Protection (USP2030) (2019).
[16] Sepúlveda and Nyst (2012).

- High degree of **coherence and coordination** across ministries, programmes and schemes, and between the various policies (economic, employment, fiscal, etc) (horizontal coordination)and along the policy process— from design through to administrative and citizen accountability structures, and from national levels down to local levels (vertical coordination) — to maximise the potential for achieving universal social protection;
- High degree of **financial, fiscal and economic sustainability,** with due regard to social justice, solidarity and equity both within and across schemes and programmes;
- High degrees of **accountability** linked to clear mandates (including entitlements and obligations) for different actors and stakeholders, clearly articulated within a legal regulatory framework;
- Clear channels of **transparency** in accessing information about social protection programmes and rights, including financial management, delivery mechanisms, information about entitlements, etc.;
- High levels of **predictability and equal treatment** in the application of social protection laws and policies and in the delivery of benefits and services across the social protection system, including the assurance of due process and complaints and appeals procedures;
- Wide avenues for **participation** by stakeholders or their representatives of persons protected through broad and inclusive social dialogue and social participation in addressing gaps in coverage and needs and barriers to access to social protection and in decision making about their rights and interests;
- High potential for **adaptability, dynamism and responsiveness** to the constant need for improvement in the design and implementation of nationally defined social protection floors.[17]

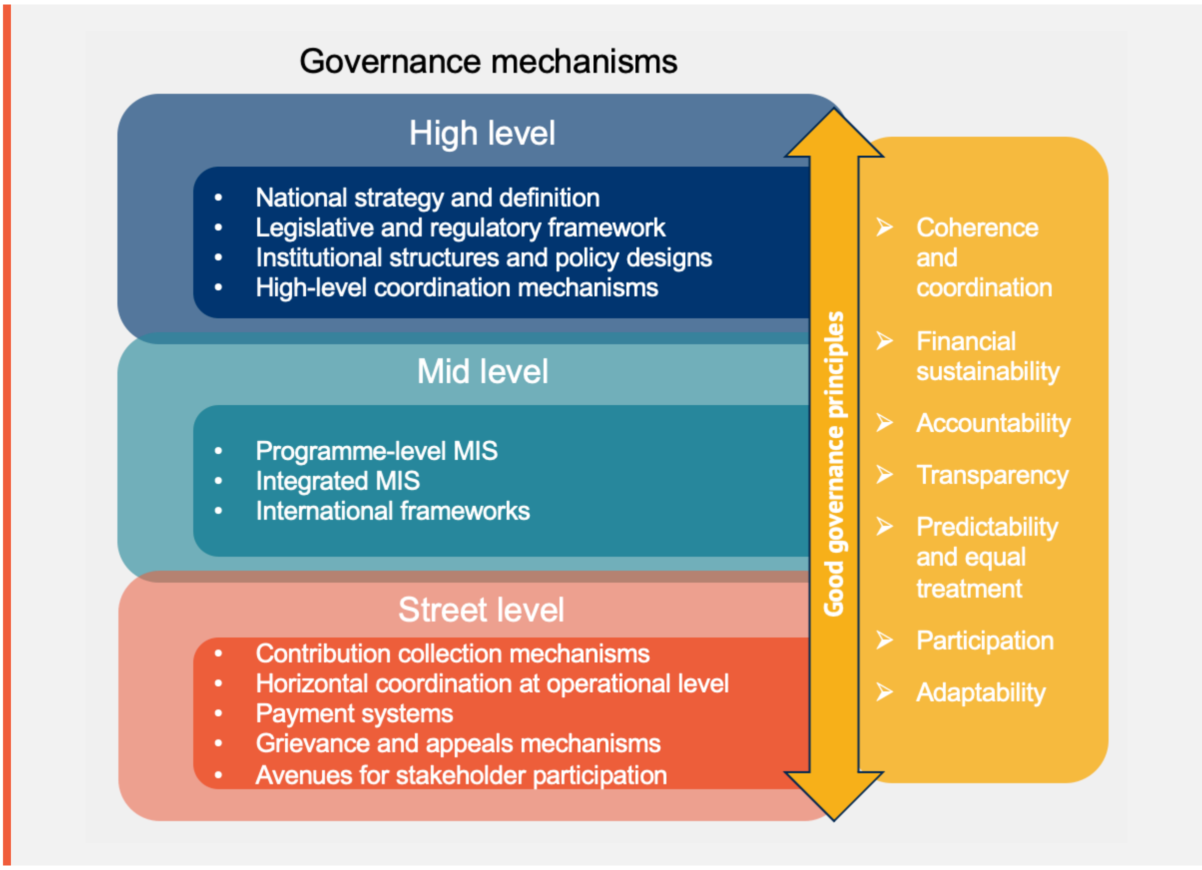
Social protection systems that display these characteristics are much more likely to be inclusive and, therefore, politically sustainable.

### 1.1.2 Governance across the social protection policy process

As suggested, governance is not reserved for the highest levels of policy making, just as it should not be relegated to the tail end of delivery and operations. Rather, governance questions permeate all levels of the social protection policy process. The report examines the state of social protection governance around the world drawing on examples of relatively well performing systems, using the above principles as guideposts, while also illustrating the very significant challenges facing many systems. We describe how the systems tend to function in practice, drawing out observable patterns where possible, with a focus on key mechanisms, tools and structures for improving governance at three levels, as depicted in Figure 1-1. At the same time, the *principles* of good governance laid out in the previous section should apply equally at all levels, and across all governance mechanisms and spaces, as also shown in Figure 1-1. For example, while avenues for participation and accountability mechanisms are featured in the frontline discussions, the principles of participation and accountability are relevant all the way up the chain, just as predictability is often framed in terms of the expectation of regularity of payments to beneficiaries but is also crucial at the highest, strategic levels of policymaking (e.g. for ensuring timeline budget allocation and system-wide monitoring).

[17] Conversely, well-governed systems also need to be resilient against reform attempts that could undermine the goals of social security extension.

**Figure 1-1: Key governance mechanisms and principles at high-, mid- and street levels**




The framework offers leverage for considering where a selection of governance *mechanisms*, tools or structures have a clear role, as well as distinguishing a more strategic understanding of governance as key to planning, organizing, managing and expanding a whole social protection system or 'sector', from its more operational interpretations. Thus, the high-level discussion focuses on issues related to the legislative and regulatory framework; the importance of a national social protection strategy or definition; the institutional structures and policy designs conducive to better governance; and issues related to coordination of social protection, both within the system itself and across related policy areas and sectors. The mid-level analysis, in line with the project's particular interest in the role of management information systems (MIS) and ICT in a digital social protection world, focuses on programme-level and integrated MIS options and trade-offs as well as discussing emerging international frameworks and benchmarks for ICT-based solutions in social protection. Finally, the frontline or 'street level' analysis considers various operational structures and avenues for strengthening social protection governance at the interface between the system and its primary 'users' (contributors, beneficiaries, service providers, etc.) to improve the public's experience with the system, building trust. To this end, it briefly reviews ways to facilitate contribution collection and compliance; benefit payment systems; grievance and appeals mechanisms; and avenues for stakeholder participation.

Clearly, these governance mechanisms and tools are not strictly confined to a specific level. Rather, different governance mechanisms and tools may be more or less salient, or acquire different meanings, at different levels of the policy process. For example, participation by stakeholders can occur at the very highest levels of policymaking through tripartite dialogue and collective bargaining or engagement with civil society organizations; but other types of every-day participation also occur through participation in the management of schemes (C.102 Article 72) and during delivery through engagement with 'end-users' (rights holders), for example, through grievance resolution or other feedback mechanisms. Similarly, appropriate coordination mechanisms may be required at all levels (for example, MIS integration processes or working with tax authorities to collect contributions) but feature most prominently at the high-level management of schemes and institutions.[18]

As a final consideration, countries may perform well on certain dimensions, or at certain levels of the policy-administration nexus, but less well on others. As such, the examples featured in this overview and in the in-depth case studies that accompany it serve as practical examples of relative success in selected areas of governance. Countries faces additional, often significant, challenges that are unique to their specific political, socio-economic and institutional context.

[18] See, for example, Chirchir and Barca (2020) for a framework and proposals for building integrated social protection information systems.

# 2 High level governance

High-level governance refers to the mechanisms and structures — including national strategies and definitions of social protection, legislative and regulatory frameworks, institutional structures and policy designs, and high-level coordination mechanisms —needed to build sustainable systems. It gives particular emphasis to the need for policy coherence across sectors, and for coordination mechanisms (both within social protection and across sectors) to be defined at the highest levels and formally embedded within all levels of the national social protection system.

Drawing on existing accounts of successful social protection expansion as well as general challenges facing all social protection systems, the chapter identifies a number of elements or components of high-level social protection system structures that have been associated with more effective governance. Each of these is taken up in turn in the following paragraphs.

## 2.1 A common definition of social protection at the national level

At the global level, different understandings abound across international organizations and in academic scholarship, and reviewing that debate is beyond the scope of this report. Many national governments, meanwhile, must contend with their own unique historical social protection legacies, which often reflect highly diverse understandings of what counts (or should count) as social protection, and what does (or should) not. In contexts where the social protection landscape is just beginning to take shape, defining what social protection will come to comprise is particularly important for building coherent governance structures and for setting a baseline context against which future expansion can be assessed. Countries that take deliberate steps to clarify the boundaries of the sector, including through national social protection policies or strategies, are better able to institute the system-wide governance mechanisms — including sector-wide monitoring and evaluation — that make expansion possible.

Among the biggest dividing lines in social protection definitions, both globally and at national levels, is the relative emphasis placed on different types of benefits. In particular, countries in the Global South diverge the extent to which they invest in, or rely heavily on, what might be called “core” lifecycle benefits, which trace their history to – and draw legitimacy from — international norms and standards, versus placing a greater emphasis on smaller, more targeted benefits that aim primarily at poverty reduction and are not, or are only loosely, connected to defined lifecycle contingencies. To some extent, all systems exhibit both broad types of benefits, as explained in Box 2-1. Core lifecycle benefits are the essential building blocks of a social security system. Moreover, meaningful extension of social protection occurs through strengthening these core benefits, which not only draw legitimacy from an established international framework but are highly self-sustaining in domestic political contexts. While other benefits may complement or supplement these central programmes, they cannot replace them and are frequently much more difficult to govern for a variety of reasons. Adding to the confusion, the terms social protection and social security continue to be used differently in different contexts. In particular, ‘social security’ is often conflated with employment-related contributory systems or social insurance, despite the fact that international norms, including ILO Convention 102, are agnostic about the specific instruments through which social security may be provided. Drawing on examples from around the world, this paper will underline some of the features of core lifecycle benefits that lend themselves to stronger governance frameworks both by relying more heavily on, and reinforcing, key principles of good governance like participation, transparency, predictability and accountability.

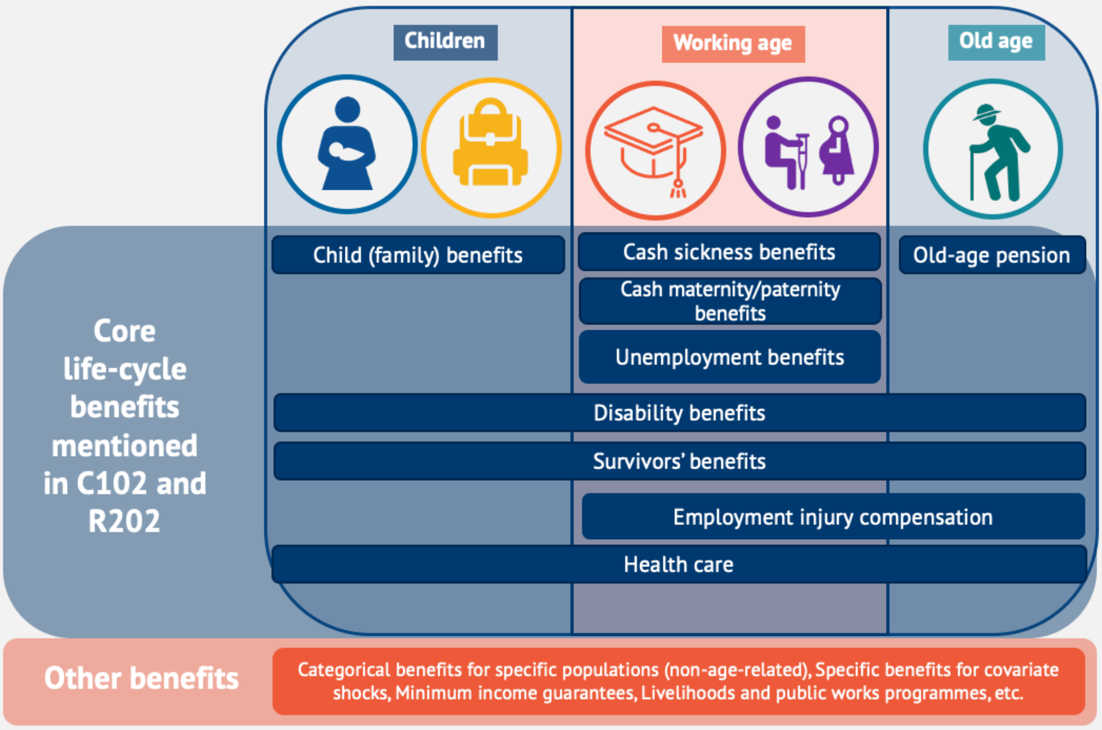
### Box 2-1: The lifecycle framework for social protection and potential implications for governance

Social protection entails the guarantee of at least basic income and health security across the lifecycle.[19] While it is among the most powerful tools available to government to address poverty and inequality, one of its core functions is to build resilience to shocks. The most common shocks are linked to the human lifecycle and/or the labour market — including costs associated with childhood and its inherent vulnerabilities; income loss due to sickness or disability (both short-term and long-term), pregnancy or maternity/paternity, work-related accidents or diseases, unemployment, or old age; or ill health, which can occur at any stage in the lifecycle. Corresponding to these nine common lifecycle contingencies, ILO Convention 102 of 1952 set minimum standards for the establishment of what might be called "core" lifecycle benefits: old age pensions, disability benefits, survivor benefits, cash sickness and maternity benefits, unemployment benefits, employment injury benefits, family benefits and medical benefits, all of which may be contributory or tax-financed (non-contributory), means-tested or universal. These core contingencies are re-affirmed, and the same corresponding benefits suggested, in ILO Recommendation 202 of 2012, which reinforced calls for basic income and health security during childhood, active (or working) age, and in old age.[20]

But, alongside core lifecycle benefits, national social protection systems often include certain programmes to address risks that are not directly associated with the lifecycle. These additional benefits aim to supplement or complement — not replace — what is offered through core programmes and may include benefits aimed at covariate risks and shocks[21] like natural disasters, conflict, public health crises or drought; categorical (but not-age-related) benefits to support specifically defined groups such as ethnic minorities or persons in remote geographic regions; benefits to provide a minimum income guarantee to protect against poverty (akin to so-called 'safety nets'); or instruments to promote complementary goals like livelihood support or employment (e.g. through public works or 'workfare').

Importantly, if the core lifecycle system is functioning as it should — that is, providing a comprehensive scope of coverage with adequate benefit levels — the need for these other supplementary benefits is reduced. This is true even in the face of covariate shocks. Figure 2-1 depicts an ideal model of a national social protection system combining core lifecycle benefits with other supplementary programmes.

**Figure 2-1: Core lifecycle benefits specified under ILO Convention 102 and Recommendation 202**




*Source: Development Pathways' depiction based on C102 and R202.*

**National social protection strategies (NSPS) or national social protection policies (NSPP)** are one important way in which countries at earlier stages of social protection expansion can raise the importance of social protection in the national agenda and assert control over the process of social protection sector development in a meaningful way. Recommendation 202 calls for all countries to "formulate and implement national social security extension strategies, based on national consultations through effective social dialogue and social participation" (Article 13(1)). Box 2-2 summarises the essential elements of a national social security strategy as outlined in R202. According to a recent compilation by ILO and UN Women, at least 49 countries around the world have a national social protection/security strategies or policies in place.[22] A separate study of NSPS/NSPPs in Africa found that more than half of African countries (29 countries) have either an NSPP or an NSPS, all but four of them adopted since 2010.[23] Social protection national strategy documents offer an opportunity to assert the legitimate role of the state in providing for basic income and health security of the population; to define social protection in the national context (including a specific list of schemes programmes and/or types of programmes) that fall within the sector; and to set strategic priorities — all the better when they are costed — for expansion.[24] Moreover, they provide governments with assurance that their immediate decisions align with long-term plans for the sector. For example, the Government of Lesotho was able to scale up child grants for vulnerable families in response to a drought secure in the knowledge that the move aligned with the long-term vision for the sector.[25]

**Box 2-2: Recommendation 202 provisions on national social security strategies**

ILO Recommendation 202 on National Social Protection Floors establishes that all countries should develop and implement strategies for the implementation of social protection floors where countries do not already have minimum guarantees, and to progressively seek higher levels of protection to "as many people as possible" in accordance with economic and fiscal capacities of Members. Furthermore, it states that social security systems ought to be "coherent with national policy objectives" and coordinated with other public policies.

Article 14 specifies the components of national social security extension strategy. "Members should:

a) set objectives reflecting national priorities;
b) identify gaps in, and barriers to, protection;
c) seek to close gaps in protection through appropriate and effectively coordinated schemes, whether contributory or non-contributory, or both, including through the extension of existing contributory schemes to all concerned persons with contributory capacity;
d) complement social security with active labour market policies, including vocational training or other measures, as appropriate;
e) specify financial requirements and resources as well as the time frame and sequencing for the progressive achievement of the objectives; and
f) raise awareness about their social protection floors and their extension strategies, and undertake information programmes, including through social dialogue."

Furthermore, according to the Recommendation, national strategies should always apply to workers in the formal and informal economy and seek to reduce informality and complement social, economic and environmental development plans, while also ensuring support for disadvantaged groups and people with special needs.

Finally, R202 comes full circle to link with Convention 102, specifically encouraging members to "aim to achieve the range and levels of benefits set out in [the Convention and those that followed]" (Article 17) and to work toward ratifying the Convention, underscoring its continued relevance today.

Ideally, the process by which a national social protection system is delineated, as distilled through its national strategy or policy, should be a safe political space in which diverse national stakeholders can exercise political voice, in line with Recommendation 202's call for social dialogue. However, in

[19] Social protection and social security are frequently used interchangeably, though there are some notable distinctions. See "Glossary" in (ILO, 2017a) for a discussion of the usage of the two terms.
[20] ILO Recommendation 202 re-affirms these contingencies in Article 5 and suggests the same corresponding benefits in Article 9(2).
[21] See e.g. (Dercon, 2005).
[22] https://www.social-protection.org/gimi/RessourceSearch.action?id=3&ressource.type.ressTypeId=414&order=2
[23] UNDP and African Union (2019).
[24] See Pino and Confalonieri (2014) for a review of national social protection policies and strategies in West Africa.
[25] Davey (2016) cited in UNDP and African Union (2019).

many low- and middle-income contexts, donors still exercise an outsized role, certainly in early rounds. Even if early versions of the strategy or policy may not fully capture the Government's vision or priorities, once an initial policy or strategy is agreed and it becomes apparent that these are nationally endorsed frameworks, the frameworks can serve as a catalyst for further refining and, ideally, expanding the sector as well as for crystallising national stakeholders' interests, views and preferences. Moreover, because of the pace at which expansion and experimentation is occurring, new programmes may precede or develop in tandem with the articulation of policy, complicating the planning process. For example, this process of real-time contestation played out in both Uganda and Rwanda, where the definition of social protection in national social protection policies excluded certain high-profile or emerging programmes (the VUP in Rwanda only emerged after the first NSPP, and livelihoods programmes were not included in Uganda's NSPP). The NSPP offers a bounded space in which scrutiny and debate of the definition can occur —in Rwanda, this led the Government to revise the definition in the subsequent policy to include the VUP,[26] while in Uganda, there is a recognition that the policy is not aligned with practice, but the definition has so far served to prevent livelihoods programmes from occupying a more central place in national social protection priorities.[27]

Whether the national social protection policy or strategy is an effective tool for overall system governance largely depends on the agreed scope of the national definition. In particular, those that understand social protection to include primarily core lifecycle schemes (contributory or tax-financed) as well as other, more limited programmes aimed primarily at poverty reduction, are more likely to be able to offer a common framework for a coordinated approach to the development of the sector. Examples of strategies and policies that apply this broader lifecycle lens (usually in reference to the social protection/security as a right) can be found, for example, in countries as diverse as Lesotho,[28] Cambodia, Uganda, Myanmar, and Ethiopia.[29] A number of factors affect the degree to which these definitions align with conventional understandings (see Box 2-3). Paradoxically, a definition that is too broad risks including programmes that would not be considered social protection by many international definitions, resulting in even greater challenges. In Bangladesh, for example, 95 programmes implicating 35 ministries are mentioned in the National Social Security Strategy, which poses immense challenges coordination and dilutes the political focus away from improving core schemes.[30]

[26] Lavers (2016).
[27] Government of Uganda, (2019), (2015).
[28] Freeland and Khondker (2015).
[29] ILO, (2017b); ILO and UNDP (2011); Government of Uganda (2015); Government of Myanmar (2014). Ethiopia's NSPP is surprisingly broad given the relatively narrow focus on the PSNP as the largest supplementary social assistance benefit in the national context. For example, the policy includes the new social insurance scheme, recently implemented in 2011, and refers to social protection as not only for poor households and vulnerable individuals, but for "all people" (see Government of Ethiopia (2012) and UNDP and African Union 2019).
[30] (Bangladesh Planning Commission, 2019) and national stakeholder consultations.

**Box 2-3: Aligning the definition of social protection with international practice**

While there is broad agreement on the core instruments that comprise social protection — including social insurance, tax-financed universal and means-tested benefits, and (to some extent) labour market interventions[31] — there is significant leeway for interpreting the specific boundaries in a given context (in particular, the appropriate balance between lifecycle and other, supplementary programmes within a national system). In general, countries at earlier stages of developing their social protection systems are more prone to adopting a restricted definition that is at odds with historical understandings.

In countries with longer formal social welfare traditions, such as in Europe and other high-income countries, and to some degree in Latin America and parts of Southern Africa, national definitions are more likely to reflect international norms and a lifecycle approach. This for a variety of reasons, including a longer history of establishing cross-national legal and practical frameworks for ensuring comparability and portability of rights, as well as to particular influences in certain countries which then spread via regional policy diffusion. For example, Niño-Zarazúa et al. (2012) attribute the adoption of lifecycle frameworks (non-contributory income transfers for older people and children) in Southern African countries to the application of a European model in South Africa and subsequent policy diffusion across the region.[32] Similarly, in Latin America, countries like Argentina, Chile and Uruguay were in many ways pioneers in adopting early welfare state structures, which later developed relatively in tandem — though in more stratified labour markets — with European states during the post-war period.[33]

However, many countries in the Global South find themselves at earlier stages of social protection expansion, where the boundaries have pushed beyond the original formal social security institutions set up in the immediate post-colonial period. Here, the proliferation of schemes and approaches with often very different logics, objectives and financing arrangements complicate the challenge of deciding what is included and what is not, especially countries that rely heavily on external financing. For instance, Niño-Zarazúa et al. (2012) contrast the Southern Africa model with the experience of Middle Africa (e.g. Liberia, Kenya, Ghana, Ethiopia, Zambia, Sierra Leone), where donors and external influences are much more salient. This model "lacks the degree of coherence of the Southern Africa, especially as it involves programmes with many different orientations and designs" but share a common focus on extreme poverty, among other features. In these contexts, the process of defining social protection is more prone to be 'captured' by actors who support a narrower, residualist understanding of social protection, including some donors.

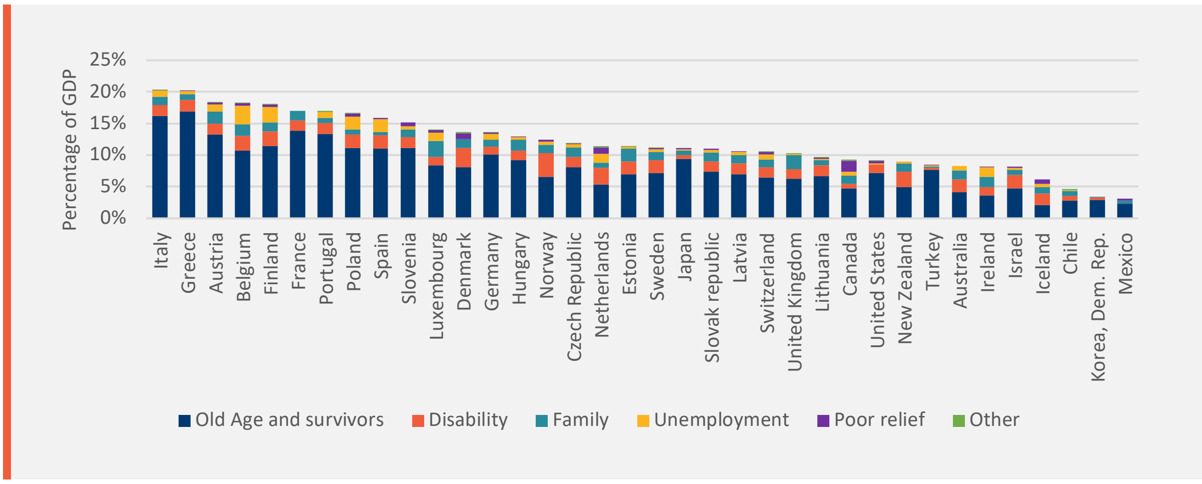
Too often, however, the policy or strategy that results reflects more limited definitions of social protection, as only comprising a residual sub-set of programmes aimed at the poorest or most vulnerable. This idea of reducing poverty (and vulnerability understood narrowly) as the core function is present, for example, in 26 of 29 African NSPS or NSPPs, while some limit it even further to "ensuring food security" (Burundi), reducing malnutrition (Comoros, Niger), and social exclusion (Lesotho, Gabon).[34] The definition tends to reflect this restricted conceptualization in contexts where the most visible programmes are poverty targeted and where certain donors and external actors, notably the World Bank, are more influential.[35] Pino and Confalonieri (2014b) also highlight the very narrow definition of social protection in Ghana's NSPP which targets "only the most vulnerable" in its Livelihoods Empowerment Against Poverty (LEAP) Programme. The narrow definition downplays or ignores the 'core business' of social protection, which is to provide income and health security across the lifecycle for defined contingencies and sets countries on a residualist path that will be difficult to reverse.[36]

Moreover, the more restrictive view of social protection that has taken hold across many low- and middle-income countries is at odds with the way core social protection is defined and practised in high-income countries,[37] where investment is overwhelmingly concentrated in lifecycle schemes (old age and survivors; disability; family; unemployment), with only marginal resources going to other types of support, often poverty targeted 'poor relief' programmes, as shown in Figure 2-2. Indeed, even the budgets of many low- and middle-income countries similarly show a greater investment in

[31] There is still considerable debate about which labour market regulation and interventions might be considered social protection and which are not.
[32] Niño-Zarazúa et al. (2012).
[33] Mesa-Lago (2009, 1978).
[34] UNDP and African Union (2019).
[35] See, for example, Niño-Zarazúa et al., (2012).
[36] See e.g. Mkandawire (2005); Pierson (2001).
[37] For definitions, see e.g. (ILO, 2017a; ISSA/SSA, multiple years; Mutual Information System on Social Protection (MISSOC), latest years)

core programmes than in non-core, supplementary benefits, when a broader definition of social protection is applied.

**Figure 2-2: Levels of investment in different core lifecycle and other programmes across OECD countries, 2014 - 2016**




*Source: OECD Social Expenditure Database (SOCX), retrieved from https://www.oecd.org/social/expenditure.htm*

⇒ *Therefore, it is vital that countries at earlier stages of planning and development of their social protection systems set out a nationally agreed definition of of social protection through a consultative process.*

⇒ *When defining social protection, it is imperative that countries include core lifecycle benefits in their delineation of the sector, its objectives and its intended covered population.*

⇒ *Narrower definitions that only consider — or emphasise too heavily — smaller, supplementary ('safety net') programmes are not only at odds with the broader international experience, but often preclude possibilities for greater integration and more effective system-wide governance.*

## 2.2 A strong legislative and regulatory framework

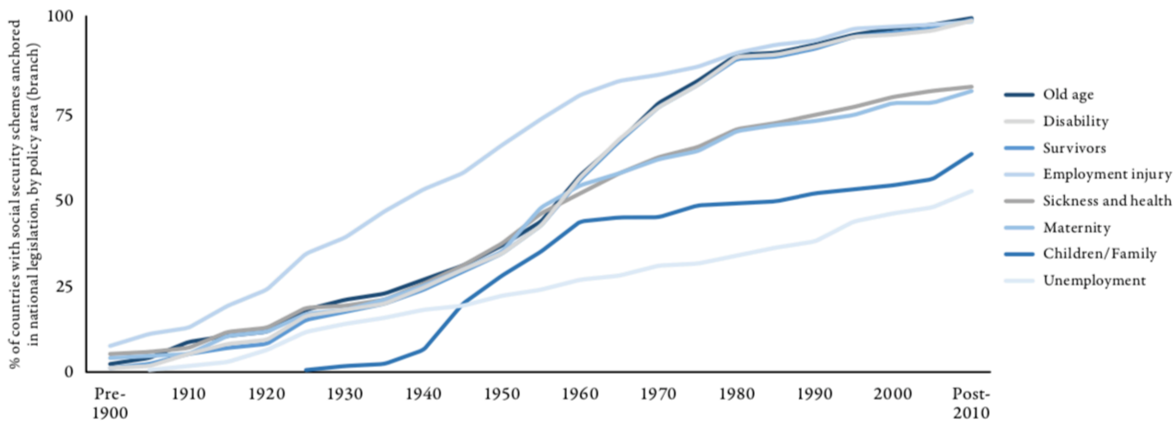
Globally, more and more countries are embedding the right to social security in their constitutions, providing a fundamental enabling environment for the expansion of social protection.[38] These provisions can range from establishing social security as an object of state policy, imposing a duty on the state to provide social security (without necessarily affirming an individual right), or directly affirming the individual right to social security, providing a firm foundation in national law for social security.[39] Ultimately, however, the realization of the right to social security often depends on the specific articulation of rights and entitlements in national legislation as the explicit expression of the state's commitment to honour them.[40] For example, out of 16 countries that have implemented cash transfers in Latin America examined in Cecchini and Martínez, (2012), all but five had constitutional recognition of social rights, but in only four of them did these rights translate into explicit (non-contributory) guarantees.[41] Once firmly embedded in a legal and regulatory framework, rights linked

[38] ILO (2011), Chapter 3.
[39] The latter two – individual rights or state responsibility – are most likely to result in enforceable provisions.
[40] ILO (2019a), paragraphs 163-165.
[41] See Table II.2.

to specific programmes cease to be discretionary and become judicable and therefore enforceable in a national court system.[42]

Almost without exception, national contributory schemes tend to be grounded in legislation because they require social partners to agree to mandatory deductions in the form of social contributions and therefore generally require a legal framework to enforce compliance from the onset. Moreover, legislation covering contributory schemes tends to be highly specific, laying out the covered population; the size of the contribution for workers, employers and government; the level of benefit or replacement rate; the conditions for compliance and enforcement; and the governance (in the narrow sense) and administrative structures behind the scheme. For historical reasons, the large majority of schemes that have a statutory basis are contributory schemes. Figure 2-3 depicts the global evolution in the adoption of statutory social security programmes, by branch, based on the first year when a statutory provision was introduced. It shows that countries tend to follow similar paths in introducing new contingencies, starting with employment injury, then adding old-age pension systems (which were generally linked to disability and survivors pensions) and then gradually adding benefits focused on people of working age and families, including cash sickness and maternity benefits, family benefits and unemployment.[43]

**Figure 2-3: Evolution of social security legislation around the world, by branch**




Source: Reproduced from ILO (2017), Figure 1.2. Original source: ISSA/SSA (multiple years).

While the majority of programmes tracked in the trends above are contributory, many non-contributory schemes are also grounded in legislation and are included in Figure 2-3. Here, the distinction between core lifecycle and other supplementary benefits becomes salient, since virtually all countries ground their core national lifecycle schemes covering the risks of old age, disability and survivorship — regardless of how they are financed — in legislation. A large number of the newer, non-contributory programmes that have proliferated in recent decades in low- and middle-income countries still lack a formal legislative framework.[44] Many of these programmes began as extra-budgetary, sub-national (often pilot) initiatives which have tended to expand and contract, and even

[42] Indeed, the Committee of Experts on the Application of Conventions and Recommendations noted that "safety nets, initiatives and other projects that are not established by law do not therefore offer sufficient guarantees to be considered as forming part of national social protection floors within the meaning of the Recommendation" (ILO, 2019, paragraph 172)

[43] ILO (2017a). Many high-income countries also have legislation supporting schemes providing minimum income guarantees. See (ILO, 2019a; ISSA/SSA, multiple years; Mutual Information System on Social Protection (MISSOC), latest years).

[44] (ILO, 2019a, 2017a)

disappear, with subsequent changes in government.[45] However, it is also true that the number of schemes that have gained statutory status has begun to increase in the last decade, particularly in Latin America. However, the likelihood of these schemes having a legal framework is considerably higher for schemes covering core lifecycle contingencies than otherwise. For example, analysis of the Social Assistance, Politics and Institutions (SAPI) database[46] suggests that, whereas around 57 per cent of social assistance "cash transfers" (conditional and unconditional) in developing countries were grounded in "ordinary legislation" in 2015, nearly 80 per cent of non-contributory programmes covering the risks of old age and disability were.[47] While it is beyond the scope of this review to determine the reasons behind this, it is very likely related to the broad appeal of these programmes and their higher potential to gain and sustain national political interest.

Importantly, core lifecycle benefits are individual entitlements, which tend to be easier to enforce. This is in keeping with a rights-based approach, which recognises the inherent human right of all individuals to social security, rights that can be readily claimed and adjudicated when specified in law.[48] With individual benefits, a claim is made based on relatively easily demonstrable risks (e.g. age, labour market status, maternity, incapacity). On the other hand, many of the smaller, often poverty targeted benefits are paid to households. While individuals may and typically do benefit indirectly from household transfers, the mechanism is not guaranteed, particularly in situations where intra-household dynamics are imbalanced resulting in an unequal sharing of resources. With household benefits, enforcing a claim is more complicated. Household benefits pool eligibility requirements across multiple individuals within a household, and household means and composition (two primary requirements for eligibility) are both subject to constant fluctuation. These features makes proving an unclaimed right, where it exists, extremely challenging.[49]

- ⇒ *Therefore, anchoring social protection programmes in legislation is a minimum requirement for ensuring that rights are enforceable.*
- ⇒ *Because they require consensus from social partners, contributory programmes tend to have a strong and specific statutory basis governing the obligations and rights of contributors and beneficiaries.*
- ⇒ *Non-contributory benefits are more likely to be grounded in legislation when they are tied to core lifecycle contingencies, such as old age, disability or survivorship.*
- ⇒ *Individual entitlements such as those specified in a lifecycle framework lend themselves more readily to being enforceable under a rights-based approach to social protection.*

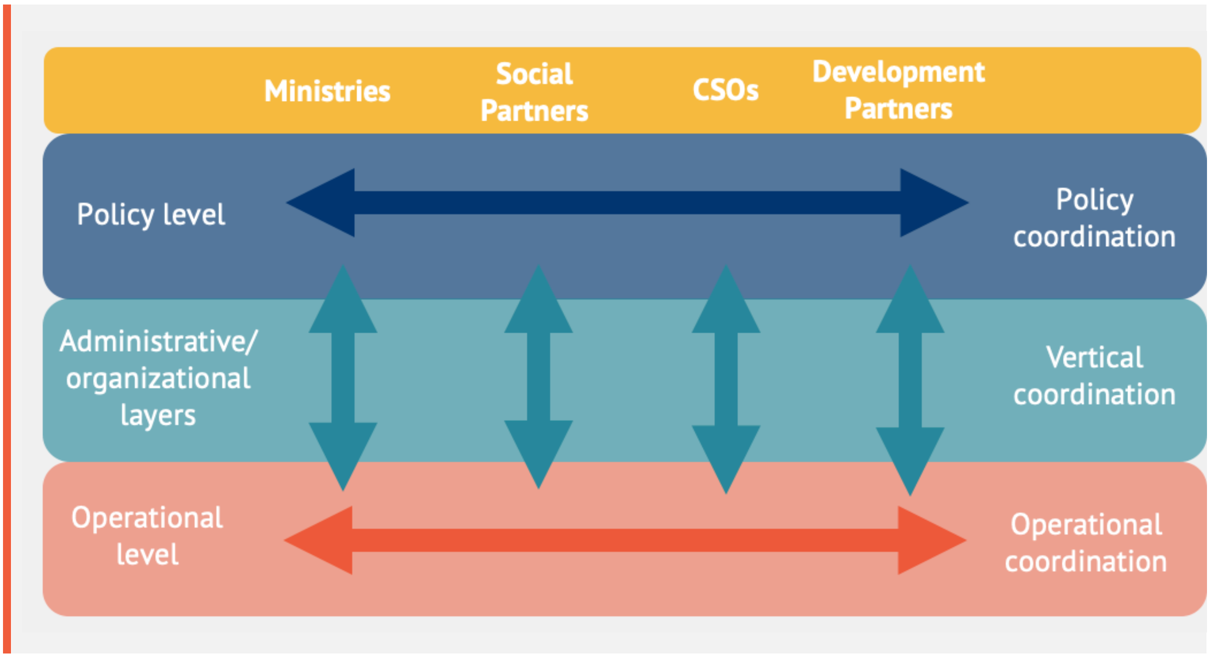
## 2.3 Mechanisms for national coordination in social protection (vertical and horizontal)

Close coordination among the varied and disparate actors implicated in the social protection system is fundamental and, according to some scholars, a precondition for the establishment of

[45] Indeed, partly because non-statutory programmes are difficult to track over time but also because they do not constitute entitlements, key comparative resources on social security programmes often exclude programmes with no grounding in legislation. See (International Social Security Association (ISSA) and Social Security Administration (SSA) of the United States, multiple years)
[46] The SAPI database provides a synthesis of longitudinal and harmonized comparable information on social assistance programmes in developing countries, covering the period 2000-2015 (UNU-WIDER, 2015).
[47] The database also tracks other types of statutory instruments, such as Constitutional law, Decrees, and agency regulations. These other forms of statute are considerably weaker than ordinary legislation; however, similar patterns emerge though the gap narrows somewhat. For example, 90% of old-age and disability programmes are anchored in either ordinary legislation or decree, this drops to 79% for UCTs and CCTs.
[48] Social security is a human right, as outlined in Article 22 of the Universal Declaration on Human Rights, which states: "Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality."
[49] See also Section 0.

comprehensive social protection systems.[50] So-called 'horizontal' coordination — which involves coordinating across sectors, actors and institutions — is growing in importance as policy innovations increasingly require stronger linkages between income transfers, services and benefits in kind. Governments must also grapple with the very complex challenges related to 'vertical' coordination between central and local levels, both regarding different levels of government and along the different components of the social protection within an established hierarchy of responsibility. Figure 2-4 depicts the main types of horizontal and vertical coordination that are required for the effective implementation of national social protection floors, as suggested by the UNDG Social Protection Coordination Toolkit (2016). Horizontal coordination is required both at the policy level and the operational level, while vertical coordination is required across all administrative and organizational layers, from the highest levels down to frontline operations.

**Figure 2-4: Coordination required to implement national social protection floors**




*Source: Adapted from* (United Nations Development Group (UNDG) and International Labour Organization, 2016)*, Figure 3.*

### 2.3.1 Horizontal coordination

Because social protection interacts closely with other policy areas, steady and significant expansion of social protection requires both 'internal' and 'external' policy coherence.[51] The social protection system or 'sector' operates within the broader economic and fiscal context, but direct coordination is often required with specific policy areas, such as employment and tax policy, for example regarding formalization and contribution and collection; education, health and nutrition policies; water and sanitation; housing; legal aid; financial services; etc.[52] The policies that are closely implicated with social protection policies are often referred to as 'complementary' policies or interventions. Figure 2-5 depicts a basic model that situates a simplified social protection sector, which may consist of social security with close links to social care and social work, within this

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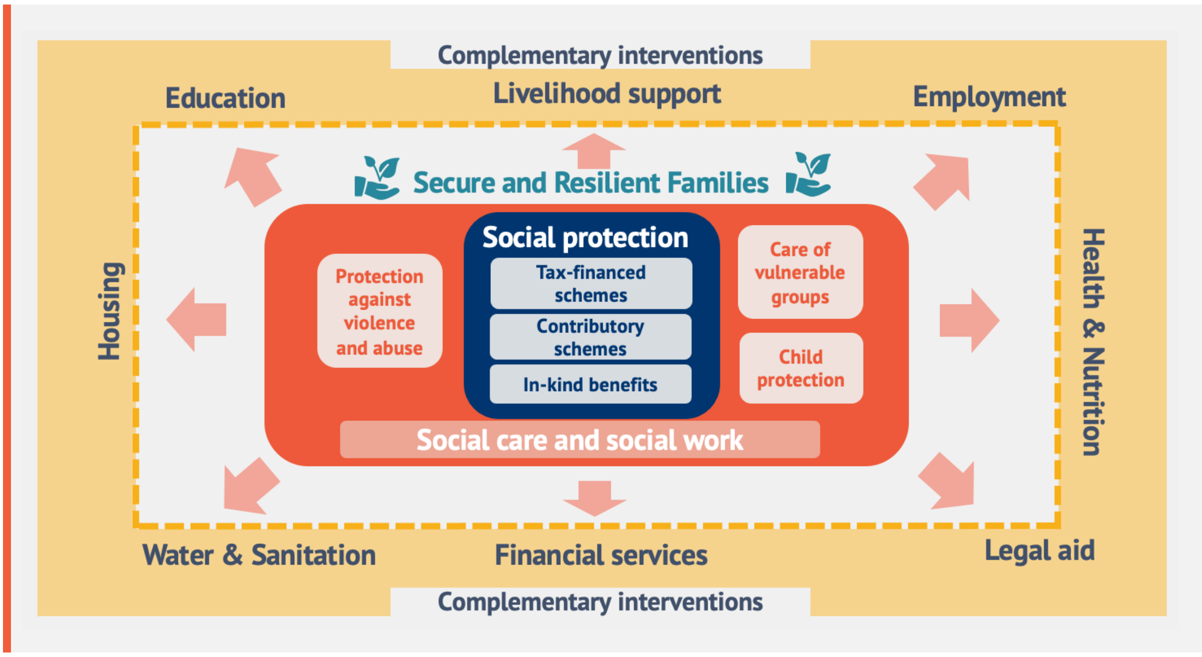
[50] According to Cunhill Grau et al. (2015b), "It is therefore no exaggeration to say that one of the basic conditions that must be in place before a comprehensive social protection system can be crafted is the presence of closer coordination and management of different sectors of government and of the different levels of government" (p. 376).
[51] ILO (2019a). See also Recommendation No. 202, paragraph 10 (ILO, 2012).
[52] Gillion et al. (2000) for the ILO defined governance in pensions as being concerned with scheme management, but "also concerned with the interrelationship between national policy, national management and scheme management" (p. 217).

broader policy context of complementary interventions. Coherence is required between social security (including between tax-financed and contributory schemes, and with regard to in-kind benefits) and social care services; but there must also be coherence with other 'external' policies that impact on the governance and administration of social protection.

**Figure 2-5: Internal and external policy coherence in social protection**




*Source: Development Pathways.*

In practice, achieving internal and external policy coherence is anything but straightforward and depends only partly on the governance structures within the social protection system itself. Ultimately, improvements to governance within social protection may be constrained by impediments to governance in the broader economic, political and institutional system in which it is embedded. Nevertheless, there are a number of concrete measures within the social protection system that can make both internal and external coherence more likely.

According to the UNDG Social Protection Toolkit, "Ideally, the shared vision of social protection would be embodied in one entity. This entity should be responsible for facilitating the coordination process, have the legitimacy to settle conflicts, and be accountable for the successful and efficient implementation of the SPF."[53] National coordinating bodies articulate formal lines of responsibility and clear division of roles between different actors and stakeholders, including across wider government, the private sector and civil society, and are therefore central to achieving horizontal coordination of the sector. [54] They frequently take the form of permanent, inter-governmental councils or bodies in which the key actors in the social protection system are represented: ministries of labour, social development, health and education, as well as leaders of the respective departments with responsibility for implementation; (semi-autonomous) social security agencies and pension funds, if separate; as well as an advisory role for donors, if relevant, representatives of stakeholders (social partners) and beneficiaries (civil society organizations). Usually, they are headed

[53] (United Nations Development Group (UNDG) and International Labour Organization, 2016)
[54] These national coordinating bodies are becoming commonplace across low- and middle-income countries. If sub-Saharan Africa has been the locus of the proliferation of national social protection policy and strategy documents, Latin America has been at the forefront of the establishment of national coordinating bodies (or 'social cabinets') for social protection and/or social development, a process that began in the 1980s and has continued to the present (ECLAC, 2016). See also Pino and Confalonieri (2014) on West Africa.

by the lead ministry responsible for delivery of social protection. However, they can also be convened on an ad hoc basis in response to a particular need or policy, and they may be more limited in scope involving a few, specifically relevant institutions, departments or units. Whether "high-intensity" or "low-intensity",[55] all of these spaces, if well managed, can provide a vital formal space for coordinating the sector and can service to enhance buy-in for national expansion strategies and indeed are a fundamental tool for implementing national social protection floors.[56]

Successful coordination under a national coordinating body is far more likely when the entity has the legal authority to carry out its officially mandated duties. Such authority may be established, for example, by an Act of Parliament or other statute,[57] which should also specify terms and conditions that are reviewed and agreed by all relevant parties and authorities, including by the agencies and actors that fall under its remit. Moreover, overall accountability is strengthened when the coordinating body, sometimes referred to as a National Social Protection Board (NSPB), is also required to report to a higher authority, such as relevant oversight committees within the executive or legislative branch.[58] While the coordinating body should comprise representatives from the key actors and institutions involved in delivering social protection, the number of representatives should be "as limited as possible" to ensure efficiency and effectiveness of the Board.[59] Figure 2-6 depicts a typical institutional set up for an NSPB, based on a review of international experiences conducted for the UNDG Social Protection Coordination Toolkit (2016),[60] although in practice, partial successes may be achieved even without all of the formal components in place, as explained in Box 2-4.

**Box 2-4: Advances in coordination in Kenya through the Social Protection Secretariat**

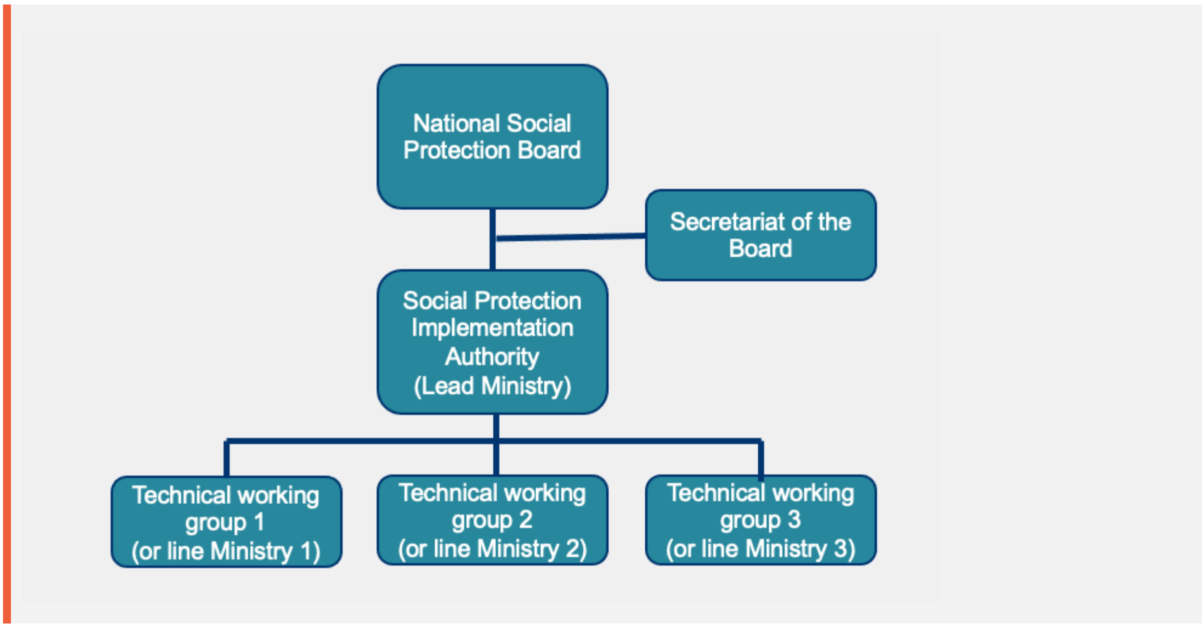
While the NSPB is a core governance unit for the sector, the Social Protection Secretariat can sometimes play an outsized role in sector-wide coordination. This occurred, for example, in Kenya, where plans for the formal establishment of a National Social Protection Council laid out in the National Social Protection Policy of 2011 never took shape, pushing de facto responsibility onto the National Social Protection Secretariat (SPS). Even though it lacked formal backing from Parliament, the SPS became the catalyst body for the eventual institutional consolidation in the sector and introduction of the universal pension. That said, the lack of formal backing for the Secretariat's powers has occasionally been noted as a limitation to carrying out certain functions.

Source: Kenya case study in this report series.

55 Repetto and Pottenza Dal Masetto (2012).
56 See ILO (2012), Article 20.
57 Ibid.
58 That said, one of the achievements of coordination bodies in many Latin American countries has been to counter-balance authority and decisionmaking in the sector away from the exucitive branch, where social protection was often housed in the office of the Vice President or even the First Lady.
59 (United Nations Development Group (UNDG) and International Labour Organization, 2016), p. 26.
60 The report notes that the setup depicted in the diagram is based on the experiences of the Philippines, Cambodia and others.

*High-level governance*

**Figure 2-6: Example of the organizational set-up for coordination at policy level**




*Source: Reproduced from Figure 4 in United Nations Development Group (UNDG) and International Labour Organization (2016).*

Notably, the NSPB or equivalent sits atop the lead implementing authority, generally the Lead Ministry, which is responsible for coordinating technical working groups on specific policy areas, programmes or thematic areas (such as children or older people). These issue-based technical working groups can become vital spaces for dialogue and provide needed momentum behind social protection expansion. This can occur even where no high-level national coordinating body exists for social protection writ large. For example, in Fiji, the national consultative process that preceded the National Policy on Ageing 2011-2015, led directly to effective policy change, and specifically to the expansion of the Social Pension Scheme, which today reaches nearly 90 per cent of older Fijians.[61] The SPS was forged out of a collaborative national process, that included government agencies,[62] NGOs, faith-based and civil society organizations, with technical assistance from international organizations.[63] The process both reflected and precipitated good governance decisions, but it was carried out within a relatively narrow policy space on a specific issue area (ageing) and without a central authority charged with policymaking and planning for the 'sector'. The Fiji experience demonstrates the potential for smaller issue-based consultative processes to drive larger changes in countries that have a weak history of sector-wide coordination efforts. Lessons from targeted

[61] See the Fiji case study in this report series.
[62] We have no information on which agencies were involved.
[63] Sharma and Koroivueta (2019).

consultative processes can also be applied to future coordination efforts in other issue areas or as a template for initiating larger, sector-wide planning processes.

However, cross-sectoral coordination is not without risks and can in fact be an indication that authority is dispersed too broadly across the sector. Coordinating bodies too often lack decisionmaking power and serve as a space for exchanging information about respective 'silos' rather than joint decisionmaking. Sometimes, this can be because a coordinating body was promoted by external actors and never 'owned' by governments. For example, in Bangladesh, despite significant investment in a national coordinating structure by donors, investment in social protection has actually fallen, engagement by national policymakers has been low, and the organization of thematic working groups may inadvertently undermine the development of integrated contributory and non-contributory systems, as explained in Box 2-5.[64]

**Box 2-5: Successful coordination in Bangladesh, but limited progress toward expansion**

Donors, particularly the UNDP, provided significant funding to the Government of Bangladesh in developing the National Social Security Strategy (NSSS) and in building support across government for its implementation through the Social Security Policy Support (SSPS) programme. The NSSS is recognised as a reference point for the social security sector and, as a result, there is an agreed set of objectives across government and development partners. A key aspect of UNDP's support has been to strengthen coordination across the 35 Ministries engaged in social security. With support of the SSPS to Cabinet Division, the Central Management Committee (CMC) has become recognised as the main management and coordination body for the social security sector while a number of clusters for the sector have been established. A significant achievement has been to develop agreed Action Plans for each Ministry, focused on their implementation of the NSSS.

While coordination mechanisms are functioning, leadership of the social security sector remains weak, and investment in tax-financed core lifecycle programmes has declined from around 0.45 per cent of GDP in 2013 (Kidd and Khondker, 2013) to 0.33 of GDP in 2019, according to analysis of the Mid-term Review of the SPSS. While the CMC meets, often it is without the appropriate level of representation, which reduces its influence. Indeed, coordinating 35 ministries is a challenging task, and the broad scope of involvement may not be necessary given that most ministries have very small schemes, only some of which are delivering core lifecycle benefits.

Similarly, there is little evidence that the organisation of implementing ministries into five Thematic Clusters has been effective; for example, the clusters are supposed to meet four times a year for a total of twenty thematic meetings but have fallen short on this relatively modest target. In fact, the separation of social allowances and social insurance into two separate clusters is likely to undermine the development of a coordinated and inter-linked multi-tiered social security system.

Source: Based on Bangladesh Planning Commission (2019) and national stakeholder consultations.

Moreover, cross-sectoral coordination is costly in terms of time and financial resources, and is not always required. While some issues and challenges clearly require cross-sectoral coordination (for example, issues related to MIS strategy and development[65]), many issues are best solved by the appropriate delegated authorities and do not rise to the level of complexity that would require broad coordination efforts.[66] Policymakers in the lead ministry responsible for directing coordination may need to limit the number of issues and problems that call for coordination or scale back expectations with regard to the degree of integration that is practicable (see Box 2-6). Furthermore, decisions about the degree of power sharing (i.e. whether coordination involves joint decisionmaking and/or pooling of resources, or whether it is more about cooperation among relatively autonomous units) depends on the degree of integration sought, the design of the policy

[64] Based on analysis of the World Bank Public Expenditure Review (2019) and Mid-term Review of the National Social Security Strategy (NSSS) (2019) and (Kidd and Khondker, 2013).
[65] See Section 3.
[66] Cunhill Grau et al. (2015b).

(if around a specific policy) as well as the ability of different actors to overcome institutional resistance to increased integration.[67]

**Box 2-6: Scaled back ambitions regarding cross-sectoral coordination in Chile Crece Contigo**

Sometimes, big plans for multi-sectoral governance are challenging to implement in practice, and policymakers may find themselves scaling back expectations regarding the level and nature of engagement of different actors. Chile Crece Contigo is an example of an ambitious attempt at inter-sectoral coordination that stopped short of achieving the objective of full integration and comprehensive coordination envisaged.

Chile Crece Contigo was implemented in 2006 under the Bachelet administration as a holistic approach to early childhood development providing in-kind benefits and services. Qualifying families with children up to age 5 year receive free antenatal care, maternity care, child healthcare; a layette; psychosocial support for children and families; and free childcare and pre-school. As such, it brings together a multitude of actors and institutions beyond the social protection sector. While many components of the programme are universal, free childcare and pre-school are affluence tested and only available to those who score in the lower 60 per cent of the household social registry. In this sense, the programme extends well beyond the prevailing poverty targeting approach that characterised other flagship social protection programmes (e.g. Chile Barrio, Chile Solidario, and Chile Emprende).

While in principle, the policy envisaged a high degree of cross-sectoral coordination and even full integration for Chile Crece Contigo, including shared policymaking, one study found that coordination was in fact limited to inter-sectoral financial transfers from the lead ministry (Ministry of Social Development) to other ministries involved. Notably, the education sector was not included in key decisions, despite the implications for the sector of a new mandate for free preschool. Multi-agency plans and budgets were not prepared, followed or assessed. Rather, coordination in practice was limited to identifying performance indicators and sectoral contractual agreements.

Source: Cunill-Grau et al. (2013), cited in Cunhill-Grau et al. (2015b).

A specific type of cross-sectoral coordination has emerged with regard to conditional cash transfers (CCTs) as well as “cash plus” initiatives, the latter of which are increasingly finding favour with international organizational and governments.[68] CCTs condition eligibility for cash benefits on the fulfilment of behavioural conditions, most often related to health (basic check-ups and preventive health) and education (school attendance and enrolment). CCTs are still the model of choice in many Latin American countries, with more than 30 programmes in operation in the region in 2015.[69] Like many other supplementary social protection benefits, CCTs are increasingly administered by Ministries of Social Development, which some have noted as a sign progress in their institutionalization given that many started as ad hoc programmes under executive offices (e.g. the vice president or prime minister) or in other ministries (see Box 2-7). However, establishing specific ministries to address specific problems can create additional challenges, including fragmentation.

Moreover, from a governance perspective, verifying compliance with conditions can be extremely challenging, requiring complex cross-sectoral coordination. For example, in Brazil, some 36,000 professional are required to verify school attendance of 17.5 million students; rules have been interpreted differently by local officials; and the Ministry of Social Development[70] struggled to get the Ministry of Education to prioritise the programme, despite relying on the participation of the education sector to successfully implement the programme.[71] Given the fact that evidence for the effectiveness of conditions is weak (or highly qualified), and in light of the high administrative costs

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[67] Cunhill Grau et al. (2015b) note the following sources of institutional resistance to cross-sector action: centralism, predominance of a market rationale in the organization and management structure of the public sector (competition for resources), sectoral approach to budgetary matters and assessments, and vertical intergovernmental relations. They also note resistance to information sharing (see also Section 3).

[68] See, for example, Roelen et al. (2017).

[69] Cecchini and Atuesta (2017). Among the most well known of the ‘new’ social protection programmes were Oportunidades/Prospera in Mexico (though now defunct) and Bolsa Familia in Brazil.

[70] The names of the Ministries have changed numerous times since the programme’s inception.

[71] Cunhill-Grau et al. (2015b).

of enforcing conditions, the benefits of investing heavily in enforcing conditions is questionable.[72] It is perhaps no surprise that unconditional cash transfers are gaining favour internationally and make up the vast majority of supplementary social assistance programmes in Africa.[73]

**Box 2-7: Institutionalization of cash transfers from a whole systems perspective**

The establishment of specific ministries to address specific policies – recall, for example, Brazil's Ministry of Social Development and Combatting Hunger – may help to concentrate resources on a set of previously under-appreciated issues, but it can also create additional challenges, including fragmentation and coordination.

For example, in Latin America, 18 countries have established dedicated Social Development Ministries, while six have formal authorities attached to the executive. However, there is still a high degree of fragmentation with regard to the management of cash transfers. For example, only 43 per cent of active CCTs are housed in Social Development Ministries, while the rest are distributed across sectoral (health, education) ministries, social investment funds, or subnational institutions (Cecchini and Atuesta, 2017, and ECLAC, 2016).

Moreover, newly established lead ministries may have low levels of convening authority, especially if financial resources are not forthcoming (UNDP and African Union, 2019). In social protection, given the need for tight coordination across all types of income transfers to reduce duplication, overlap, and perverse incentives, there are strong justifications for placing the oversight of income transfers under a central ministry —such as labour and social affairs — although the specific political and institutional circumstances must be taken into account.

In many ways, cash plus interventions are an inevitable sequitur to CCTs. As CCTs matured, it became increasingly evident that the emphasis on the demand side (so-called "co-responsibilities" by citizens) must be matched by equal or greater supply-side improvements in service delivery as the state's fundamental responsibility.[74] Under an ideal cash-plus scenario, the non-fulfilment of conditions should trigger state checks and appropriate support from social workers to ensure that beneficiaries are aware of and able to access the relevant services. The most widely cited examples of relatively successful "cash plus" programmes include Chile Solidario and Colombia's *Familias en Acción* in Latin America, and the Livelihoods and Empowerment Against Poverty (LEAP) programme in Ghana. Research has shown that cash plus interventions can enhance the impacts of cash only programmes, but their success depends in large part on good governance, including: clear, formal agreements among participating authorities as a necessary condition; a high degree of awareness and engagement by all stakeholders at all levels of programming; high levels of capacity among social workers, which it should be noted is lacking in the vast majority of low-income countries; case management and referral systems; and financial resources to match ambitions; among other factors.[75]

The coordination required to implement CCTs and cash plus initiatives is both broad and narrow. Broad in that it requires deliberate cross-sectoral coordination between income transfer functions (generally located within Ministries of Social Development where supplementary social protection benefits are typically administered), and the Ministries of Health and Education, as well as with social care and social work services, which are often housed in different departments within Social Development Ministries. Among other positive outcomes, these policies have helped shine a light on

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[72] See e.g. Hulme et al. (2012). Largely for these reasons, there are indications that CCTs are declining in popularity. For example, after years of consistent expansion, the percentage of households participating in CCTs in Latin America stagnated at around 18.6 per cent from 2008 to 2012 and had declined to 16.9 per cent by 2016, and overall investment began to decline from a high 0.38 per cent in 2014 to 0.33 per cent in 2015 (Cecchini and Atuesta, 2017), and in any case is much lower than what most governments spend on core lifecycle schemes. These average figures mask a high degree of diversity in coverage in these programmes. The programme with the highest coverage (62%), Bolivia's Juancito Pinto programme, is in fact universal for all children attending school. The majority of programmes have much lower coverage, ranging from 1.8% of households in Chile, to 18.4% in Honduras, while a few (6 countries) have higher-than average coverage. See Cecchini and Atuesta (2017), figures 6 and 10.

[73] UNDP and African Union (2019). Out of 45 cash transfer programmes in Southern and East Africa, only four are conditional. In West Africa, 16 are unconditional and six are conditional.

[74] There was also growing recognition that those most likely to fail to fulfill conditions and be hit by sanctions were often among the poorest and most vulnerable, creating a vicious cycle in which the programme ends up punishing those least able to comply, often through no fault of their own.

[75] (Roelen et al., 2017)

the weak provision of social care and social work in low- and middle-income countries and the urgent need for investment in case management and referral systems.[76] However, cash-plus coordination is also somewhat narrow in that it generally corresponds to a narrower definition of social protection —one that is synonymous with 'cash transfers' in the supplementary (non-core) sense — and therefore does little to address the fragmentation within the broader social protection sector or the under-supply of key social services to the broader population (including those not covered by cash-plus interventions).

- ⇒ *Therefore, horizontal coordination is a basic requirement for both 'internal' and 'external' policy coherence, as social protection increasingly interacts closely with other policy areas.*
- ⇒ *Successful coordination depends heavily on clear, formal mandates for the central coordinating body in the sector as well as participating actors, agencies and institutions, but can also occur in less formal, or targeted, smaller-scale spaces.*
- ⇒ *However, the gains from engaging in complex, cross-sectoral coordination, particularly when involving small, complementary or supplementary social protection programmes, should be weighed carefully against the potential opportunity cost of not first investing more concertedly in within-sector coordination and integration through strong institutional frameworks for core inclusive social protection programmes.*

### 2.3.2 Vertical coordination

Ensuring streamlined delivery of social protection benefits and services requires clear, formal mechanisms for coordination between central and local levels, both regarding different levels of government and between the different components of the social protection within an established hierarchy of responsibility. Effective vertical coordination ensures that policy decisions are respected during implementation; improves efficiency by empowering local structures with administrative responsibilities; improves information flows at all levels; improves transparency; enables ownership at local levels; and facilitates sound and timely allocation of resources.[77] Levels of decentralization and the rules governing the distribution of power vary considerably across countries, but everywhere, it is imperative that national rules for reporting are made clear to all appropriate authorities from an early stage to facilitate coordination.

There is a wide variety of social protection delivery models around the world, with local authorities exercising varying degrees of control over administration, and processes vary even across individual programmes, agencies and even sub-components of programmes. Programme-specific vertical coordination rules often take centre stage where sector-wide coordination and monitoring structures are relatively weaker. For example, in Africa, decision-making authority is highly centralised, while local governments take on the lion's share of core programme delivery for tax-financed schemes, but there are persistent challenges with regard to establishing clear lines of reporting back to ministries and national governing structures. For example, in Mozambique, a lack of clear administrative hierarchy (where local structures do not correspond to national level structures) creates challenges for formal reporting and accountability, and in Malawi, District Councils are often unaware of social protection activities in their districts, and the local landscape is dominated by multiple ad hoc committees overseeing implementation of separate programmes, with little national coordination.[78] In Ethiopia, despite the inter-ministerial policymaking challenges at national level, the PSNP benefits from relatively tight vertical management, with specifically defined and multi-disciplinary task forces at different levels (*kebele* and *woreda*), which coordinate planning based on national guidelines. And, despite advances toward greater sector-wide

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[76] See e.g. Roelen (2014) on Ghana's LEAP.
[77] (United Nations Development Group (UNDG) and International Labour Organization, 2016).
[78] UNDP and African Union (2019).

coordination, Kenya's Social Assistance Unit still lacks implementing structures at lower levels and relies on the Department of Social Development to implement programmes.[79] Other regions show similar variability by programme or implementing agency, making broad-brushed generalizations difficult, particularly in contexts with multiple programmes spread widely across ministries and institutions.

The legal distribution of power between national and subnational units, and the degree of decentralization in the wider institutional context, matter for social protection as with other sectors. According to the UNDG Social Protection Toolkit (2016), "Ultimately, the social protection system needs to be consistent with deconcentration and decentralization policies, as well as with local administrative capacities."[80] Even unitary systems often have complex rules regarding the degree to which subnational units can deviate from the national policy. For example, in Vietnam and China, wealthier provinces can in some cases pay higher benefits (or contribution subsidies, in the case of China) than are established under national rules.[81] Generally speaking, though, managing vertical coordination in unitary states is more straightforward than in federal systems, where complex issues around devolved authority (especially as regards fiscal federalism) can create challenges for governing social security. In particular, many of these systems may have 'hidden' welfare states — subnational schemes and programmes that are difficult to coordinate with national schemes in terms of financing, eligibility across programmes, levels of benefits and incentive structures, besides posing significant challenges for national assessment and international comparisons. Federalism can also influence the expansion and contraction of social protection over time, as explained in Box 2-8.

**Box 2-8: The complex role of federalism in social protection extension**

Federalism can have both positive and negative implications for the expansion of social security, but the relationship is complex. The optimistic view is that relatively more progressive subnational units serve as "policy laboratories" finds some, albeit highly qualified, support in federalist scholarship (Greer and Elliott, 2019; Obinger et al., 2005). One might point to Kerala State in India, or to more 'generous' states in the US, or to the recent devolution of authority over certain aspects of social security policy to the Scottish government as a reflection, at least in part, of an expectation that improvements are more likely to occur at lower levels of government. However, a dominant thesis — supported by econometric analysis showing that federal states spend less on average than unitary states on social policies —has long held that federalism is inimical to the development of the welfare state. Drawing on the experiences of federal democracies in high-income countries, research from political science has shown, however, that the conditions under which this holds are heavily context dependent.

In particular, where countries are in the development of their welfare states seems to matter a great deal. Largely because federalism tends to slow the reform process, in the early, foundational stages of social policy development, federalism has worked against social policy expansion, while in latter stages (e.g. retrenchment), federalism has served to slow efforts to retrench and can therefore help to preserve social policy institutions (Obinger et al., 2005). This suggests that low- and middle-income federal states that find themselves at the early stages of developing their social protection systems may find progress to be slower to come by and more difficult to manage than in their unitary counterparts, all else being equal, largely because it requires more resources to be spent on bargaining among relatively autonomous units. Effective national MIS systems that enable information sharing and cross-programme coordination are crucial for avoiding the informational bottlenecks that can pervade federal systems.

It is particularly important in federal states that vertical coordination structures in social protection are formally aligned with the distribution of national and subnational powers. For example, in Germany, states have responsibility for law-making and regulation for certain areas of social policy and health, but the national government plays a key role in establishing uniformity and equality of (minimum) standards across the main components of the social protection system.[82] Responsibility for delivery may also vary by the class of recipient, as with family benefits in Switzerland, where the federal government administers allowances for agricultural employees and self-employed farmers, and cantonal governments pay equivalent or higher child allowances for non-agricultural employees

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[79] See also the case study on Kenya in this report series.
[80] (United Nations Development Group (UNDG) and International Labour Organization, 2016), p. 12.
[81] ISSA/SSA (multiple years); Kidd et al. (2016).
[82] (ILO, 2019a)

and self-employed workers.[83] Sometimes, the level of devolution varies by programme even within the same federal system. For example, in the United States, national government control is much tighter (even uniform) in large mandatory social insurance programmes like Social Security (old age cash benefits) and Medicare (old-age health insurance) but much more diffuse in poverty-targeted programmes like Temporary Assistance to Needy Families (TANF) and Medicaid (means-tested health benefits), where states have a higher degree of discretion in determining eligibility and benefit levels, resulting in large variations in adequacy for beneficiaries in different states. Where these roles and powers are not explicit or are weakly enforced, coordination is undermined, as in Argentina, where formal rules governing fiscal federalism can matter less than political considerations in determining the distribution of resources to different provinces and within programmes.[84]

Regardless of the legal distribution of power in the wider context, improving vertical coordination within the social protection system requires understanding the importance of a two-directional flow of information and funds. Whereas top-down processes — for example, strategic leadership and guidance, monitoring, planning and budgeting, etc. — are key to ensuring effective delivery of social protection policies and programmes, there is also a need for bottom-up mechanisms to ensure feedback and reporting from lower, operational levels to higher levels.[85] To illustrate, the UNDG Social Protection Toolkit (2016) defines the main forms of vertical coordination as follows, citing specific concrete examples for each:

1) **Delegate responsibilities to local authorities with clear definitions of the roles and responsibilities between the different layers of the subnational administration**. For example, in South Africa, the South Africa Social Security Agency (SASSA) is subdivided into four administrative tiers flowing from a National Office, to 9 regional offices, 44 district officer, and 331 local offices. This structure allows nationally defined entitlements to be standardized and delivered equally across all nine provinces, while maximising the efficiencies provided through local offices with close proximity to beneficiaries.
2) **Install an incentive system for the local administration**. This is particularly important in federal contexts. For example, in Brazil, the federal system calls for creative solutions to incentivise active participation and alignment in social protection delivery. The Bolsa Familia programme utilised performance-based financial incentives, measured through a Decentralized Management Index, to encourage municipalities to effectively implement the programme at local levels. A study of earlier iterations of the programme (Bolsa Escola) showed that local mayors who complied with programme monitoring and registry requirements, and received federal funds for it, were more likely to be re-elected, and those who did not experienced significant political costs.
3) **Install an efficient chain of committees and set of procedures to organize flows of information and funds in two directions.** For example, in Kenya, the chain of command was streamlined significantly following the adoption of the National Social Protection Policy, which clarified roles and lines of responsibility between the national level down to county level.[86]
4) **Design and implement reporting mechanisms and tools.** Harmonization in reporting mechanisms requires creating common systems and platforms to channel information quickly and efficiently upwards from local levels to higher-level oversight and monitoring

[83] See country profile or Switzerland in International Social Security Association (ISSA) and Social Security Administration (SSA) of the United States, multiple years).
[84] See case study on Argentina in this report series.
[85] (United Nations Development Group (UNDG) and International Labour Organization, 2016)
[86] See also the Kenya case study in this report series.

units. Systems can make use of flash reports and dashboards[87] to ease communication between layers. For example, in the Philippines, improvements to the reporting framework and mechanisms have helped the country move toward better harmonization in M&E and reporting. The Community-based Employment Program (CBEP), which developed a common reporting mechanism for all public employment programmes, can serve as a model to extend to other areas of social protection.

5) **Develop an integrated management information system.** For example, Chile's single registry, the Social Information Registry (RIS) allows for continual update of social protection programme information by municipalities, as well as data exchange through legal agreements with 43 state institutions and 345 municipalities. Chapter 3 explores integrated MISs in greater detail.

Issues related to coordination in mid-level and 'frontline' governance processes are taken up in subsequent Chapters of this report.

⇒ *Therefore, countries should clarify the formal rules of the game for vertical coordination within the social security system from the outset.*

⇒ *In federal structures, formal structures may actually impede rapid development of the sector, and efficient mechanisms for information exchange are required to reduce the risk of bottlenecks.*

⇒ *Improving vertical coordination requires introducing mechanisms to facilitate the top-down and bottom-up flows of information and funds, which can take a variety of forms, from information management systems, to reporting mechanisms, to incentivising active participation by lower-level units.*

## 2.4 Institutional structures and policy designs for effective social protection expansion and delivery

A government's ability to pursue expansion in social protection largely depends on their ability to drive forward a sector-wide vision that can be implemented through the appropriate institutional channels. There is enormous variation in the way that social protection systems are organised from an institutional perspective, but in general, the simpler the organigram and corresponding policy designs, the easier the task of governance.

### 2.4.1 Institutional frameworks for social protection delivery

Section 2.1 suggested that the way social protection is defined in sector-wide documents reflects, and may help determine, the institutional arrangements governing the sector, presenting an opportunity for countries to give shape to disordered social protection landscapes. Indeed, the institutional architecture for overseeing, organising and delivering social protection programmes is a fundamentally important enabling condition for achieving universal social protection. Effective governance requires clear institutional structures, including designated lead Ministr(ies) and/or agenc(ies) tasked with delivering the core components of the national social protection system.

Having a dedicated ministry or department overseeing social protection implementation ensures visibility for social protection, which can be particularly important in contexts where programmes are scattered across other sectors or ministries.[88] Because oversight also involves sector-wide monitoring and evaluation, designating a lead ministry also ensures a degree of accountability for

[87] See also the Kenya case study in this report series.
[88] UNDP and African Union (2019).

sector-wide planning, including setting strategic targets and priorities and achieving strategic outcomes through the effective delivery of different social protection programmes. In an ideal arrangement, programme-level monitoring should feed up to the lead ministry and respond to these targets and objectives. (In addition, legislative bodies may exercise oversight of the sector or individual programmes as they perform their core responsibility to enact and amend legislation governing the sector.) In order to ensure that the lead ministry is able to effectively carry out its coordination and oversight responsibility, it should ideally have strong convening power, which typically links to budgetary responsibility for delivering the core (or the largest) social protection programmes in the sector. Too often, however, oversight for different programmes is divided among multiple institutions without effective coordination mechanisms, and/or coordination is left to relatively weak institutions. This institutional fragmentation is among the key challenges preventing broad-based coverage extension and the eventual achievement of universal social protection.

It is important to note that complexity in the dispersion of administrative responsibility for programmes is not problematic per se, provided there are effective coordination structures in place. Indeed, many high-income countries have extremely complex programme delivery and administrative structures. However, the tolerance for complexity in institutional dispersion of administrative responsibility and even oversight functions is highly dependent on having strong state and institutional capacity. Paradoxically, the contexts that most require effective coordination due to high degrees of fragmentation, are often those least able to provide it. For example, according to the ILO, there is a much "greater need for systemic integration and unity" in a country like Bangladesh, where the National Social Security Strategy references some 95 programmes, reflecting incredibly complex, disparate and often conflicting and contradictory reporting lines and ministerial responsibilities.[89] Moreover, the initial placement of programmes is heavily path dependent: once a programmes is embedded within a given ministry or agency in the national institutional architecture, there are high transition costs to governance reforms that would streamline arrangements, although progress is certainly possible.

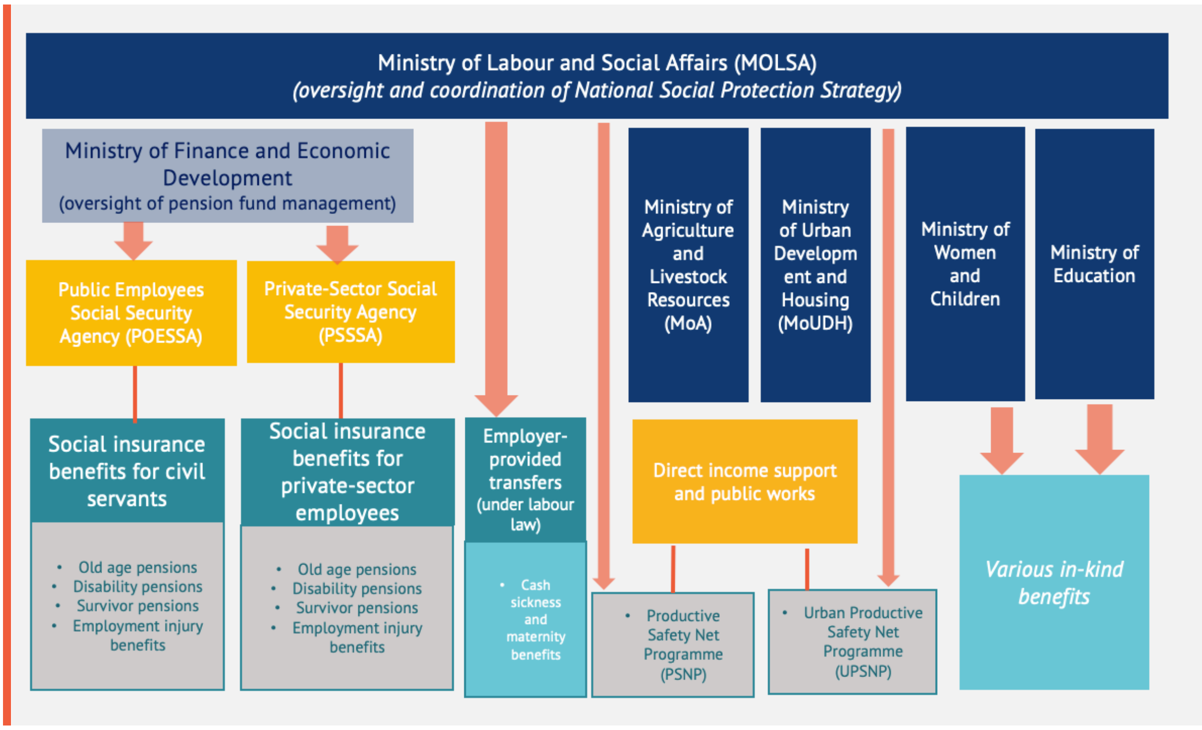
Figure 2-7 shows the national social protection institutional arrangements in place for the main cash benefit programmes in Ethiopia, which is emblematic of countries that are in the nascent stages of sector development. In line with the NSPS, the lead ministry ostensibly responsible for the coordination of social protection implementation (the "focal government Ministry") is the Ministry of Labour and Social Affairs (MoLSA). However, the Ministry has weak convening power and delivery capacity, despite being required under the NSPS to establish and coordinate an inter-Ministerial stakeholder committee tasked with monitoring progress in the sector. As a legacy of the pre-NSPS period, core components of the flagship Productive Safety Net Programme (PSNP) (and its urban counterpart, the UPSNP) are actually delivered by separate ministries, including the Ministry of Agriculture and Ministry of Urban Development.[90] Meanwhile, the Ministries of Women and Children and Education also deliver a collection of small, targeted programmes, disconnected from the larger social protection programmes. In addition, the newly established contributory pension schemes for formal-sector workers consist of two separate agencies for public- and private-sector workers, respectively, reporting to both the Ministry of Finance (fund oversight) and MoLSA (policy oversight). Finally, a new health insurance scheme that would create a separate institution was approved in 2010 but has not been implemented.

[89] ILO (2019), paragraph 658.

[90] The public works components of the PSNP/UPSNP are delivered by the Ministries of Agriculture and Urban Development, respectively, while the direct income support for those who are unable to work is delivered by MoLSA. The process has given way to significant institutional power struggles between MoLSA and the other ministries.

*High-level governance*

**Figure 2-7: Institutional arrangements in Ethiopia's nascent social protection system[91]**




*Source: Development Pathways' depiction based on ISSA/SSA (multiple years).*

In Ethiopia, the national social protection policy clarified roles and responsibilities of uncoordinated institutional actors and units within the Government, but the resulting framework is still largely reactive to existing programme structures that pre-dated the conceptualisation of social protection as a 'sector'. Nevertheless, as previously noted, the definition of the sector as such provides a clear space for further contestation and adjustment in future.

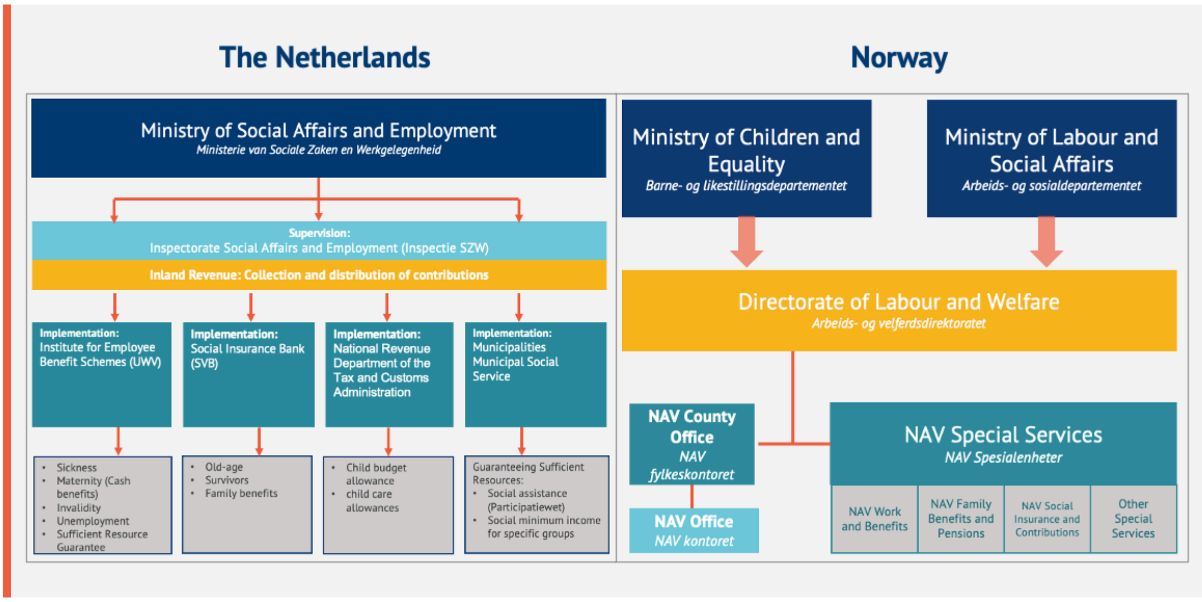
The complex institutional architecture that characterises many countries in the Global South stands in stark contrast to the relatively more concentrated structures governing social security systems in many high-income countries. It is important to note that these structures did not appear overnight but in most cases have been forged over decades.[92] While there is a wide variety of institutional structures reflecting complex institutional legacies, some of which continue to rely on intricate coordinating mechanisms across multiple agencies and ministries, the overarching tendency over time has been toward consolidation of authority and resources within one or two core institutions or agencies. This has occurred most recently, for example, in Norway, Portugal and Spain, which merged the functions of the ministries of labour with the ministries of social affairs.[93] A number of countries, including Belgium, Spain, Sweden, and Turkey, also centralised administration under unified social security agencies.[94] And others, including countries of all income levels, moved to centralise collection of contributions and payment of benefits under one institutions (a full service

[91] Additional national social security organograms can be consulted in 0 and in the case studies in this report.
[92] For example, in the "Continental" welfare states (Esping-Andersen, 1990), social insurance systems initially consisted of entirely different schemes for different occupational groups, but the differentiation among them gradually gave way to more uniform national standards and policies.
[93] In Norway, the Ministry of Social Affairs merged with the Ministry of Labour and Government Administration; in Portugal, a new Ministry of Labour and Social Solidarity took on labour and employment functions as well as the functions previously overseen by the Ministry of Social Security, Family and Children; in Spain, the Ministry of Labour and Social Affairs was redesigned to integrate three secretariats – Social Security, Social Services Family and Disability, and Immigration and Emigration (ILO, 2019a).
[94] Ibid.

social insurance institution).[95] Notably, many European countries, especially those predicated on a social insurance model, place supplementary social assistance benefits under the management of municipalities, even if these are tightly regulated by national governments.[96] Nordic countries, on the other hand, tend to deliver all types of benefits through central, national administrative structures. Therefore, paradoxically again, even in high-capacity contexts where the ability to cope with institutional complexity and fragmentation is higher, relatively concentrated institutional arrangements are often preferred.

Figure 2-8 shows the current institutional setup in the Netherlands and Norway. While they reflect different approaches and historical legacies, in each case, oversight is concentrated in a single ministry and the core business of social protection is associated with one or two agencies. In the Netherlands, the Ministry of Social Affairs and Employment provides policy oversight and management, while benefits administration is supervised by the Inspectorate for Social Affairs and Employment (SZM) and delivered through three structures roughly corresponding to employment-related benefits (UWV), core lifecycle benefits (SVB), and minimum income guarantees (municipalities). In Norway, the Ministry of Labour and Social Affairs has primary oversight for social security through the Directorate of Labour and Welfare,[97] while the national social security agency, NAV, delivers benefits through local offices. Contributions are also collected through local tax offices in Norway.

**Figure 2-8: Social security institutional arrangements (excluding health care) in the Netherlands and Norway**




*Source: Development Pathways' depictions based on (Mutual Information System on Social Protection (MISSOC), latest years).*

A number of low- and middle-income countries have also avoided high degrees of institutional fragmentation, and it is perhaps no coincidence that these are also the many of the same countries that have achieved notable social expansion. For example, Mauritius, South Africa, Mongolia, Georgia, China and Vietnam, among others, all concentrate control of the sector under a central

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[95] Examples include: Algeria, Azerbaijan, Belarus, Brazil, China, Czech Republic, Egypt, France, Ghana, Israel, Japan, Kuwait, Lithuania, Madagascar, Mexico, Namibia, Poland, Saudi Arabia, Spain, Thailand, Tunisia, Uganda and Zimbabwe (ILO, 2011, paragraph 382).
[96] Based on analysis of Mutual Information System on Social Protection (MISSOC), (latest years).
[97] The Ministry of Children and Equality, as well as the Ministry of Health and Care Services, also have an oversight role with respect to specific functions in their remit.

ministry, even if different departments manage different types of transfers or programmes. In other social protection 'leaders' in the Global South, such as Seychelles and Uruguay, different ministries might be responsible for oversight of different key programmes, but a central administering agency (the Agency for Social Protection in Seychelles (APS), and the Social Insurance Bank (BPS) in Uruguay) is responsible for delivering all of the main benefits.[98] Similarly, in Argentina, even as high-level ministerial configurations have shifted, administration of core social protection benefits has remained largely concentrated under the central national administering body, the ANSES.[99]

Furthermore, even in nascent and emerging systems, substantial progress is possible and enabled by good governance decisions around consolidation of benefits. Concentrating power over social protection in designated ministries and departments can be a way for governments that have been dependent on donors to finance specific programmes, to begin to take control of the development of the sector. Such changes can occur gradually and in small steps, even in contexts where state capacity is relatively lacking, and the social protection sector is highly fragmented. This has occurred, for example, in Kenya, where the Government's clear steps to clarify and consolidate programme governance and administration has arguably enabled the Government to take the lead – from a financing and policymaking perspective — allowing it to chart a new course within an emerging rights-based, lifecycle approach, as exemplified by the universal old age pension.[100]

However, it should also be noted that increased concentration in administrative structures may not be a necessary condition for expansion. There are some examples of countries that have achieved successful social protection expansion where authority appears to be dispersed across different ministries and administering bodies. For example, in Nepal, which invests more in social protection than almost all low- and middle-income countries, the Ministry of Federal Affairs and General Administration oversees the core lifecycle programmes including the universal pension and child protection grant, but the Ministry of Labour oversees all employment-related benefits, while the Employees' Provident Fund is autonomous and located under the Ministry of Finance. Equally, in Cabo Verde, multiple ministries have oversight functions, with the national social security institution, the INPS, administering contributory benefits and the National Centre of Social Pensions administering social pensions and social health insurance (community-based social insurance).[101] Future research would be required to demonstrate a definitive relationship between specific institutional structures and social protection expansion outcomes; nevertheless, the broad experience is suggestive of greater concentration of authority and/or administration as an important enabling condition.

- ⇒ *Therefore, while there is no one solution for overcoming fragmentation, the experience of high-income countries and successful low- and middle-income countries suggests that a higher degree of concentration of authority and administrative responsibility, especially for administering core lifecycle social protection programmes, is often associated with broad-based coverage expansion.*
- ⇒ *Countries with low state and institutional capacity are less able to cope with institutional complexity and would be better served to simplify institutional arrangements as early (or as soon) as possible.*
- ⇒ *Even in low-capacity contexts with high degrees of fragmentation, increased concentration can occur gradually, and small steps can open the door for potentially meaningful expansion.*

[98] (ISSA/SSA, multiple years)
[99] See Chapter 2, case study on Argentina.
[100] See Chapter 3, case study on Kenya.
[101] (ISSA/SSA, multiple years)

### 2.4.2 Policy design and governance

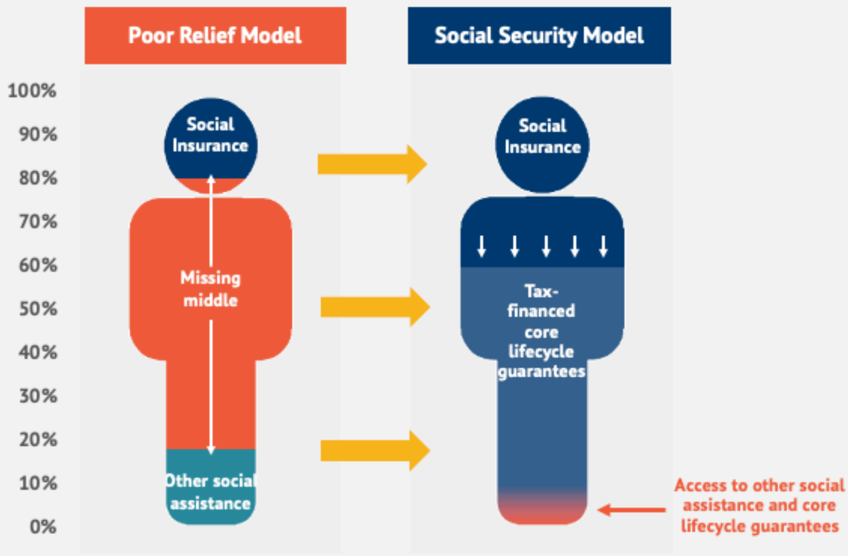
Institutional structures are often a reflection of the policies behind them. This is true regardless of a country's income level but is especially pertinent to countries at earlier stages of social protection sector development. Social protection systems are characterised by a high degree of dualism in low- and middle-income countries, where often, the majority of the population — many of whom are employed in the informal economy — are unable to access benefits through the contributory system but are not deemed poor enough to qualify for limited poverty-targeted transfers. Calls for "increased integration" are too often de-linked from discussions around the policy objectives of different types of programmes, which may be inherently in conflict. Greater integration of the sector, ultimately, requires shifting from a model wherein 'social assistance' is provided only to those in extreme poverty or those deemed particularly vulnerable, to one in which lifecycle social security – financed through a combination of taxes and contributions — is regarded as an entitlement for everyone during their lives, as depicted in Box 2-9. In such a social security system, a loose collection of other benefits (other 'social assistance') plays a much more limited, supplementary role for those who need additional support.

### Box 2-9: Fragmentation in social protection sectors in low- and middle-income countries

The ad hoc and piecemeal establishment of new programmes has left messy institutional configurations in the social protection 'sector' (where it can be called such) in the large majority of low- and middle-income countries.[102] The predominant model in many countries consists of a bifurcated system with, on the one end of the spectrum, multiple (sometimes hundreds) of programmes, many of which are small, programmes targeting narrowly defined 'vulnerable groups', often in specific geographic areas, with overlapping eligibility conditions, small and unequal transfer values and large coverage gaps. At the other end, contributory schemes cover workers in the formal economy, leaving out the vast majority in the 'missing middle' who may not be classified as poor but are nonetheless vulnerable. This 'poor relief' model, focused narrowly on poverty reduction, risks undermining the right of the majority of citizens to social security.

Integration in social protection requires shifts in the policy design of the key components the system so that everyone is increasingly included in core lifecycle benefits under a 'social security model', which, in low- and middle-income countries with high levels of informality, calls for a much larger role for tax-financed lifecycle guarantees, and a more limited role for other types of 'supplementary' social assistance.

#### Figure 2-9: Mixed, fragmented social protection systems in low- and middle-income countries




*Source: Development Pathways.*

The global commitment to social protection floors responds, in part, to a growing recognition of the complexities and slow progress of extending coverage through contributory schemes in a context of of stubbornly high informality and a changing world of work.[103] Attention has turned to tax-financed (or 'non-contributory'[104]) social protection schemes as better suited, in the immediate term, to guaranteeing coverage for groups that have been difficult to incorporate into formal contributory schemes. Furthermore, R202 calls for basic social protection income and health guarantees in childhood, during working age, and in old age and echoes the nine risks underlined in C102.[105] Article 9 of the Recommendation calls on countries to "implement[] the most effective and efficient

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[102] It is no exaggeration to suggest that the proliferation of new small schemes is a direct legacy of the neoliberal policy framework of the 1990s and early 2000s. The "rediscovery of the 'social'" went hand-in-hand with the recognition that poverty persists, even in good times, and must be specifically addressed (Mkandawire, 2004) and ushered in a period of "projectization" and "micro-ization" of social policy that relegated it to a "residualist category of safety nets" (Tendler, 2004). Therefore, what sometimes looks like progress at first glance – a new programme here, a pilot there – has in many cases complicated the path to universal social protection.

[103] This included a perceived inflexibility or "ill-suitedness" of traditional employment-based social protection systems to adapt to the persistent challenges of poverty, social exclusion and labour market informality (World Bank, 2019).

[104] The term 'non-contributory' risks discounting the contributions made by all people throughout their lives, through their work, the payment of indirect taxes, social reproduction and care, etc. See McClanahan (2020).

[105] ILO (2012).

combination of benefits and schemes in the national context" provided these are designed in a coherent way and do not leave gaps.[106] In other words, R202 calls for policies to establish universalism *by design*, through coordinated policies that cover everyone for a given contingency, rather than as an uncertain future result of an eventual blurring together of a collection of unarticulated benefits for different groups. For pensions, a few countries achieve this through a single tax-financed design, as in Botswana, Georgia, New Zealand, among others.[107] More commonly, however, successful countries combine tax-financed and mandatory contributory (social insurance) schemes to provide universal coverage for those who are unable to contribute, while also offering higher-level coverage to those enrolled in the contributory system.[108] And, a few European countries technically consist of social insurance only, albeit generally with minimum guarantees.[109]

How countries design their tax-financed programmes will help determine how well they can be integrated with the existing contributory architecture that exists in most countries. For these systems to be inclusive, it is important that the tax-financed schemes (Tier 1) undergirding these 'multi- tiered' systems (Box 2-10) be either universal or pension tested, but not poverty targeted, to ensure that there are no gaps in coverage. A number of low- and middle-income countries have taken steps to put in place inclusive multi-tiered systems, including Thailand, Nepal, and Timor Leste in Asia; Bolivia, Brazil, Barbados, and Mexico in Latin America; and Cape Verde, Mauritius, and Seychelles in Africa, among others. These inclusive pension systems are not only administratively simpler, but they are more likely to be administered by the same authority, increasing the chances of smooth integration between the two types of schemes.

Many countries, however, including the majority of countries in South and Southeast Asia,[110] many in Latin America[111] and most African countries outside of Southern Africa, when they provide social pensions, opt for smaller, means-tested transfers. Not only do these poverty targeted programmes tend to leave out the majority of workers in the informal economy, but they can contribute to institutional fragmentation as they are administratively more complex, are frequently administered by separate institutions (often the Ministry of Social Development or the Ministry of Finance) and therefore are less likely to be integrated with the contributory schemes. Indeed, the creation of the institution often follows the policy rather than the other way around, which can be problematic if programmes emerge haphazardly or in response to a narrowly defined problem. For example, in many Latin American countries, the Ministries of Social Development were established in tandem or only after the launch of targeted and conditional cash transfer programmes, bypassing the labour or social security ministries.[112] While this may represent progress from the perspective of anchoring the programmes in a national institutional framework, it also artificially separates the poverty reduction function of social security from its broader objectives (to the extent that these dedicated ministries are seen as 'responsible' for reducing poverty and inequality) and obscures the poverty reduction

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[106] For example, among the core principles specified in Article 3 is "coherence across institutions responsible for delivery of social protection."

[107] For example, Aruba, Botswana, Cook Islands, Georgia, Kosovo, New Zealand, Suriname, and Timor-Leste.

[108] Around 64 countries organize their pension systems this way. Based on analysis of ILO (2017c) (original source (ISSA/SSA, multiple years).

[109] For example, Austria, Bosnia and Herzegovina, Croatia, Czech Republic, Jersey, Lichtenstein, Luxembourg, Monaco, Montenegro, Romania, San Marino, Serbia and Slovakia. However, many of these schemes also contain non-contributory or semi-contributory components within them.

[110] For example, India, Bangladesh, Pakistan, Cambodia, Myanmar, Sri Lanka, Malaysia, the Philippines and Indonesia. See HelpAge International (latest year); ILO (2017c).

[111] For example, Argentina, Colombia, Costa Rica, El Salvador, Ecuador, Paragray, Peru, Uruguay. See HelpAge International (latest year); ILO (2017c).

[112] ECLAC (2016).

role that core lifecycle schemes (including social insurance) play in this process, where they typically have a bigger impact than poverty-specific programmes (see also Annex 3).[113]

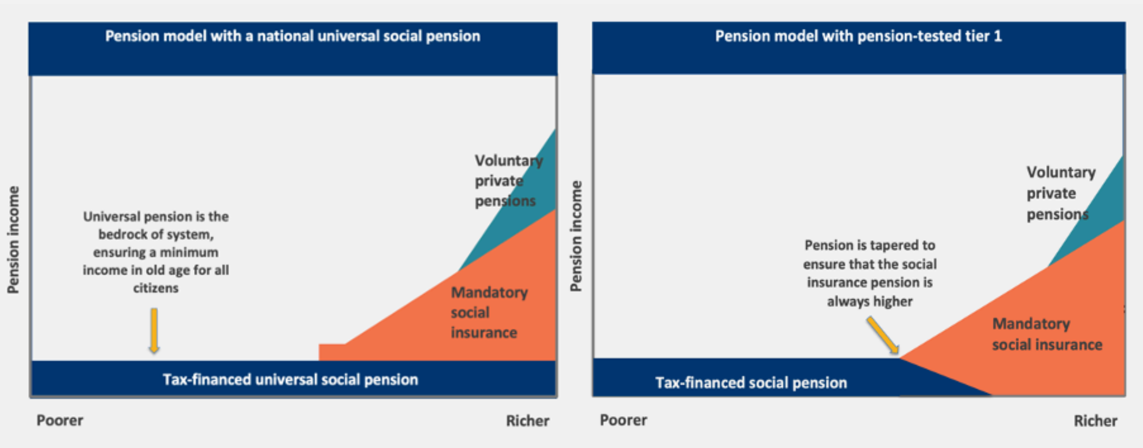
## Box 2-10: Multi-tiered systems for universal coverage

Although all benefits across different 'branches' of social security can be multi-tiered, pension systems are most commonly associated with multi-tiered designs, as has long been promoted by the ILO (see e.g. Duran, 2017). An ideal multi-tiered pension system, depicted in Figure 2-10, consists of:

- **Tier 1**: an adequate, guaranteed pension (social pension) financed from general taxation, which can be either universal or 'pension-tested'
- **Tier 2**: mandatory social insurance paying higher-rate pensions for those who pay social insurance contributions
- **Tier 3**: voluntary private (supplemental) pensions for those who wish to make additional contributions.[114]

The guaranteed tier 1 benefit can be universal or 'pension-tested', meaning the social pension is only paid to those who are not enrolled in a mandatory social insurance system. Furthermore, the tier 2 benefit must be higher than the tax-financed guarantee in order to preserve the incentive to join social insurance.

### Figure 2-10: Depiction of ideal pension systems with universal (left) or pension-tested (right) tier 1

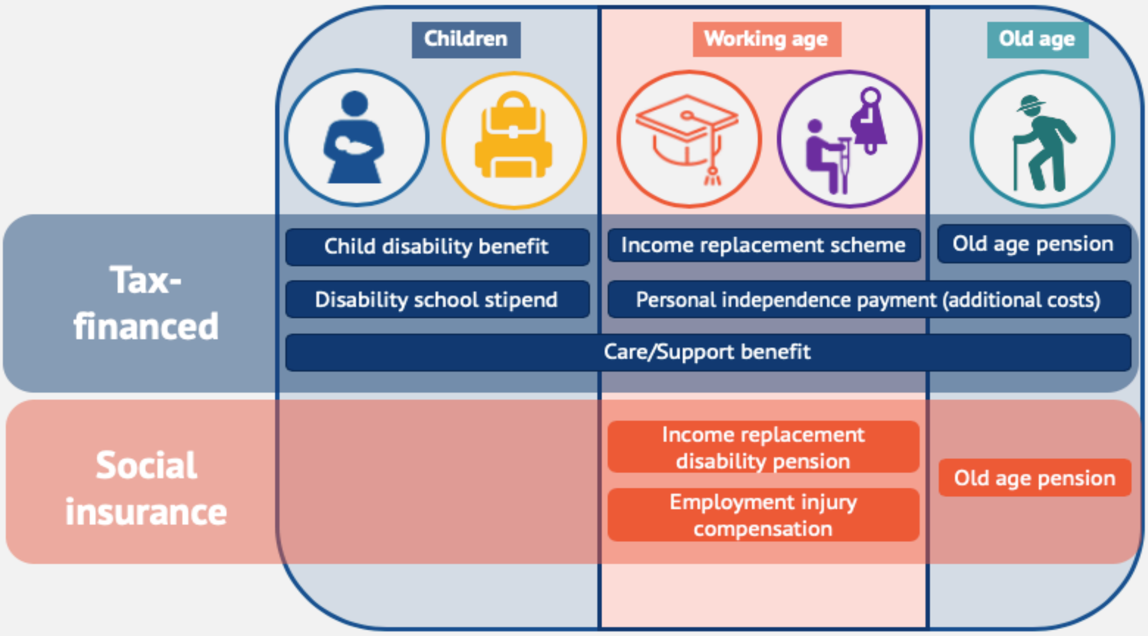



This multi-tiered design is consistent with the ILO's "staircase social security" policy paradigm, where countries first aim to provide basic coverage at a minimum guaranteed level (horizontal extension), while striving to gradually provide higher levels coverage, including consumption smoothing, through risk pooling arrangements (vertical extension ) (ILO, 2010). Often referred to as a multi-pillar" approach, it has rarely been applied to other branches (see e.g. Kidd, 2015; Duran, 2017; and World Bank, 1994). However, there is a clear need for more careful thinking about how the multi-tiered design ought to be applied to lifecycle benefits for all contingencies. Figure 2-11 outlines an ideal disability benefits system consisting of a combination of tax-financed and contributory benefits that could be accessed at different phases in the lifecycle and for slightly different purposes. (See also McClanahan and Gelders (2019) for a discussion of multi-tiered child benefits.)

[113] For example, in the US, research has shown Social Security reduces overall poverty by a third, twice as much as 5 means-tested programmes combined, and reduces poverty among the elderly by 75%, 20 times the combined effect of means-tested transfers (Meyer and Wu, 2018). In Brazil, the pension system (including Previdencia Rural) was found to reduce inequality by 11%, while Bolsa Familia only reduced it by 0.6% ((ISSA, 2013).
[114] See Kidd (2015).

*High-level governance*

**Figure 2-11: Multi-tiered disability benefits system**




*Source: Development Pathways' depictions.*

Despite conventional wisdom, poverty targeting is far from the only option available to governments facing budget constraints. In fact, the principle of universalism can still be respected in policy design, so as to leave no (legal) gaps, by using other, easily identifiable characteristics, such as age or social insurance affiliation, to select beneficiaries. For example, universal policies can begin with narrow eligibility for limited age groups (e.g. only the youngest children, prioritizing early years, or only the very oldest) and then gradually expand the age criteria according to a standard schedule.[115] This approach has been used in South Africa with the Older Persons Grant, where the programme initially covered only those children aged 0-6 years but then continued to extend the upper age threshold each year until it reached 18, ensuring that all children who first enrolled were never offrolled from the programme. Vietnam is also following this model with the social pension, for which the age eligibility began at 80 years and is to be gradually reduced as part of the reform process. This method is much simpler to administer and ensures that everyone in the age category is covered.

Alternatively, pension testing, or benefit testing, is a fairer and administratively simpler mechanism than poverty targeting that also permits smoother integration with contributory systems: all that is required is to maintain data on who is registered in the social insurance system; everyone else receives the social pension. While far from fool proof, pension/benefit testing ensures that legal coverage is guaranteed, even if effective coverage may not be fully achieved due to administrative shortcomings.[116] This model is most effective when the two types of benefits are administered by the same institutions. However, when the two tiers are administered separately, the coordination challenges as well as the risks of errors and institutional 'turf disputes' are far greater.[117] A further potential advantage of pension-tested systems is that, as social insurance membership grows

[115] With this approach, it is important that the government have a transparent and agreed plan for gradually adjusting the age eligibility so that expectations are clear for the public as well as to allow for clear planning based on budgetary projections.
[116] For example, Kidd and Athias (2019) found that pension testing was superior to poverty targeting but nevertheless resulted in higher than expected exclusion rates in countries they examined.
[117] See e.g. Chirchir and Barca (2020) for a discussion of the challenges of information sharing across institutions, particularly with respect to semi-autonomous social security institutions.

(provided this is a priority for the government and it is taking concrete steps to improve this), the size of the population receiving tax-financed benefits, and the corresponding budget required to finance it, should decline over time.[118]

Many countries are working very hard to extend social insurance, but the establishment of non-contributory schemes can complicate these efforts if not carefully designed. Governments must balance the immediate goal of coverage extension (at all costs) against the longer term but equally valid goal of building increasingly adequate coverage that supports decent employment.[119] Key to this balance is ensuring that the correct incentive structures are in place, including providing higher benefits for those who pay contributions to avoid disincentives to formal employment. For example, in Argentina, the Government prioritized extending coverage of child benefits through the *Asignación Universal por Hijo* (AUH) above all else (a laudable objective) and achieved broad and rapid extension.[120] However, that extension came at the cost of a not insignificant number of working women deciding to stay informal or leave formal employment since the benefit provided in the non-contributory schemes was equivalent or higher than the ones provided through the contributory system.[121]

Situations like these can be avoided if the multiple components of the system are considered as part of a whole — which is a core high-level governance imperative — with the ultimate goal of everyone (or as many as possible) enjoying higher levels of coverage (adequacy) provided through risk pooling.

- ⇒ *Therefore, it is a common misconception that good governance is independent from policy design, but in fact, the two are intricately linked.*
- ⇒ *Simpler policy designs — the quintessential example being universal tax-financed benefits but also pension-tested or benefit-tested lifecycle schemes — have more straightforward implications for governance.*
- ⇒ *Complex policy designs — such as means-tested or conditional policies*[122] *— have more complex administrative requirements, are less compatible with contributory programmes, and create more opportunities for error and violations of rights.*

[118] See McClanahan and Gelders (2019) for actuarial projections of the declining cost of a benefit-tested tax-financed child benefit based on assumptions of continued growth of the social insurance system.
[119] ILO (2019b).
[120] ILO and UNDP (2011).
[121] Garganta et al. (2017); Garganta and Gasparini (2015).
[122] Conditional cash transfers or multi-sectoral policies also involve complexities that complicate governance, as discussed in the next section.

# 3 Mid-level governance

Good governance of social protection systems requires technical capacity — including appropriate administrative, systems and management processes (Box 3-1) — to implement the policies and programmes that make up the system. Wherever possible, these functions should be carried out in an integrated way, and in a digital age, social protection systems increasingly rely on robust information management systems (MIS) to support coordination and interoperability. Not so long ago, even some high-income countries still relied heavily on paper-based processes to perform the basic functions of social protection.[123] Today, however, ICT-based integration permeates every facet of social protection governance – including policymaking, oversight, scheme management and delivery of benefits and services. It is therefore both the 'backbone' of a well governed social protection system, as well as the 'gateway' through which the social protection system interacts with other areas of government, or indeed with other social protection systems in other countries (through the facilitation of portability of benefits in line with international social security agreements). An absence of functioning back-office information system, or any of its components, is a major impediment to the establishment of social protection floors.[124]

[123] Indeed, the pace of digitisation has been similar in countries of very different income levels, and sometimes, digital solutions have been slow to arrive in even the most ICT infrastructure-friendly environments.
[124] According to the latest General Survey concering the Social Protection Floors, the Governments of Burkina Faso, Cambodia, Honduras, Jamaica, Madagascar, Mauritius, Peru, Philippines, Seychelles, Sudan, Suriname, Tajikistan, and Trinidad and Tobago cited challenges related to data collection and information systems as key obstacles to implementing Recommendation No. 202 (Chirchir and Hu, 2019).

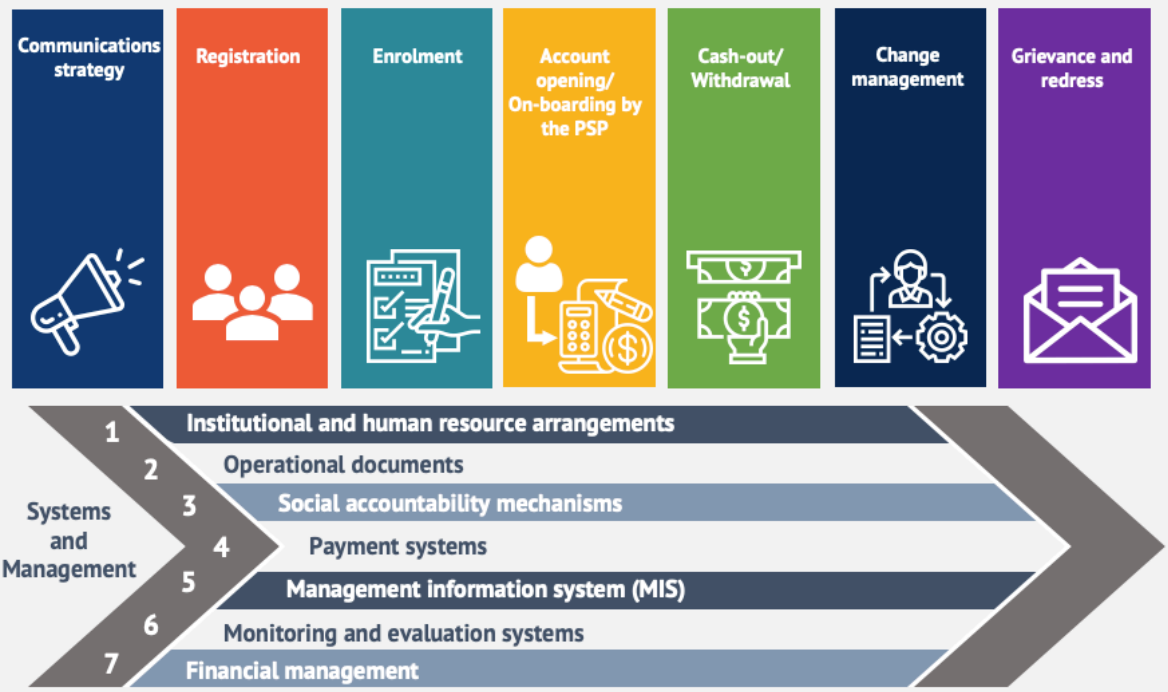
### Box 3-1: Core administrative, systems and management processes in social protection implementation

egardless of the high-level policy design, delivery of a new social protection programme[125] requires a set of core administrative processes, including.

- a **communication strategy** to introduce and continually raise awareness about the programme;
- a **registration mechanism** that enables collection and validation of personal data of applicants and stakeholders (e.g. employers),
- an **enrolment** process that enables those selected for the scheme to officially join it, including the issuance of membership cards or other tokens of inclusion;
- especially in low-income countries where many are un-banked, **on-boarding and account opening** by the payment service provider (PSP) often involves separate processes and compliance requirements;
- **the cash-out or withdrawal** process by which recipients are able to retrieve their benefits;
- a **change management** process to dynamically respond to changes in beneficiaries' eligibility status; and
- a **grievance and redress** mechanism, built into the scheme design, that enables citizens to appeal decisions, file complaints or otherwise provide feedback.

Alongside the core administrative processes, a social protection programme contains a number of critical systems and management processes that operate to ensure the smooth functioning of the scheme, including: adequate institutional and human resource arrangements; a set of operational documents detailing the rules of operation for the scheme to guide administrators; social accountability mechanisms to ensure that government, PSPs and administrators can be held to account; payment systems; computerised management information systems; monitoring and evaluation systems; and financial management of the scheme. The systems and management functions are required along the continuum of core administrative processes for successful scheme implementation, as depicted in Figure 3-1.

#### Figure 3-1: Key operations processes and systems for social protection scheme implementation




*Source: Development Pathways' depiction.*

Based on a review of good practices in MIS in social protection, this section identifies elements or components of mid-level social protection system structures that are associated with effective

[125] These operations apply to the delivery of income transfers. While many of the processes are also core components of delivering in-kind benefits, including health care, appropriate modifications would need to be made.

governance at the scheme-, institution- and system-level, recognising that countries are at different stages of digitisation of their social protection systems. An emphasis is placed on the role of MIS for improving coordination and integration within the sector.

## 3.1 Programme-level MIS – Simpler designs for low-capacity contexts

An MIS system is the backbone of an effective social protection delivery system and, in a digital age, computerised MISs are increasingly important for the fulfilment of rights. Programme-level MISs (especially digital ones) can support every phase of the social protection delivery process for both contributory and non-contributory programmes, including identification of applicants and beneficiaries through targeting and registration; compliance with conditions (where required); management of appeals and grievances; exit and graduation; production of payment lists and reconciliation of payments. Digital programme level MISs support social protection delivery by enhancing accuracy and integrity of data through appropriate data quality controls and verification, improving efficiency and effectiveness of programme operations and enhancing accountability and citizen empowerment through public portals, self-registration portals, dashboard and programme reporting mechanisms.[126] There are many examples of MIS systems that support these end-to-end delivery processes. For example, the MIS for Uzbekistan's Pension Fund supports nearly all aspects of programme management, from computation of pension amounts, production of payrolls, and reconciliation of payments, to automated SMS messaging to alert beneficiaries that payment has been executed, as well as complaints and grievances through a module that allows for direct linkages with the Office of the Prosecutor General.[127]

At the programme level, many of the information management requirements are different for contributory schemes compared with their non-contributory counterparts. For this reason, the two instruments are considered separately in this section.

### 3.1.1 Contributory schemes

By their nature, contributory schemes involve complex data collection and management processes. Much of the complexity is driven by the imperative to collect contributions, as well as to monitor compliance by employers and workers. These core functions are necessary for the financial sustainability of the schemes as well as to ensure that benefits can be paid in a timely way, and governance of these systems require a specific set of mechanisms and processes. Box 3-2 summarises the key components of a contribution and collection system, based on the ISSA's Guidelines on Contribution Collection and Compliance.[128]

[126] Chirchir and Barca (2020).
[127] Chirchir (2017) cited in Chirchir and Barca (2020).
[128] (International Social Security Association (ISSA), 2019b)

**Box 3-2: Contribution collection and compliance system requirements**

In contributory schemes, the contribution and collection process alone is highly complex and sits within the broader governance system of the social security scheme or institution, which typically comprises an Executive Board. However, specific governance mechanisms may be required for the different components of the contribution collection and compliance process. According to the ISSA, a contribution collection and compliance system involves nine components:

- "A registration process. This should be comprehensive and include all contributors who are liable to pay contributions, and other parties, such as employers, who are involved in the collection process, along with banks and non-bank financial institutions;
- A process for determining the liability of insured persons and their employers, and what contributions are due;
- A validation process to ensure the correctness of the contributions paid;
- A process to collect these contributions;
- A process for recording contributions paid by a contributor over their lifetime, which can then be used by the benefit-paying authority to determine the amount of social security benefit due. If this process is not robust, and contributions are not accurately reflected on contributors' individual records, confidence in the overall social security system will be undermined;
- A risk-based approach for monitoring compliance and controlling fraud within these processes. This should include units to detect fraud and inspect records to ensure contributors and employers are meeting their obligations;
- A debt management process for pursuing contributions where liabilities have not been met;
- An enforcement process including law courts for collecting contributions due where the contributor or employer refuses to pay;
- A set of operational processes which connects all these key elements and specifies the information flows between the different parts of the organization(s) involved."

Each of these components is associated with a related set of information management needs, and meeting them requires a high degree of institutional capacity. The ISSA provides guidance for institutions seeking to strengthen their contribution collection and compliance systems, including detailed resources and support available to social security agencies. The guidelines cover the following themes: Governance and Management; Strategy; Operational Processes; Fraud Control; Coordination with External Organizations; Fostering Awareness and a Culture of Compliance; and Maturity Programme and Permanent Evaluation and Adjustment.

In addition to contribution collection, the calculation of earnings-related benefits in contributory systems relies on maintaining accurate data on past earnings as well as the application of what are often complex accrual formulas. Moreover, contributory schemes generally operate within a strong legislative framework which lends a certain degree of stability to the functional requirements of their information systems. That said, ongoing reforms to contributory systems around the world — which range from parametric reforms, such as changes to benefit formulas or the pensionable age, to structural reforms with serious, even existential, implications for the ways the schemes operate — have placed new information management demands on social security agencies. At the same time, these entities are increasingly tasked with devising administrative and technical solutions to facilitate the extension of coverage to workers in the informal economy and adapting to new forms of work, which brings a range of highly complex challenges related to data collection, management and monitoring.[129] All of these challenges require innovative solutions and a high degree of adaptability.

As noted in earlier sections on sector-wide institutional coordination, the degree of 'tolerance' for handling complexity often depends on the degree of institutional or administrative capacity in the wider environment. The same principle can be applied at the level of the implementing agency, where complex schemes require a high degree of institutional capacity. For a number of reasons, the agencies that administer contributory schemes are often semi-autonomous and well-resourced, including in low- and middle-income countries. This grants them access to technological solutions and human resources — for example, better software and 'brainware' (see Section 3.2) — that are not typically available to line ministries and other implementing entities and enables them to cope with the higher degree of complexity involved in administering their schemes. Largely because the

129 (International Social Security Association (ISSA), 2019c)

information management requirements for contributory schemes are necessarily more complex, many of the national social security institutions, even in low-income countries, have moved toward increased digitisation of contribution collection and compliance monitoring. Advances in these processes are taken up further in Section 4.1.

Finally, a key factor in determining the design and effectiveness of an MIS, is the amount of information managed.[130] In this regard, contributory schemes generally tend to collect core information needed to operate the schemes such as applicant/recipient, application process, grievance process, payment process and exit process. This focus on essential information as opposed to large monitoring data (which is common with targeted schemes, as discussed below) coupled with standardised operational processes ensures that contributory schemes can benefit from a number of top Enterprise Resource Planning (ERP) software platforms to support their operations.

### 3.1.2 Tax-financed (non-contributory) schemes

At the programme level, the implications of policy design choices for MIS development and implementation are often overlooked, which is particularly true for tax-financed (non-contributory) schemes. However, the design of non-contributory schemes is critically important for determining the amount and type of information that will be collected and the degree of stress on the administrative structures, including MISs. The more complex a scheme design is, the more information must be collected, and each additional type and piece of information that must be collected adds cost and raises the potential for errors. [131] Generally speaking, for non-contributory schemes, core lifecycle benefits have lower information management requirements than other types of benefits,[132] particularly those paid to households. For example, a universal old-age pension or a child benefit place a much lower information burden on an MIS at the point of eligibility determination, since the core information required is captured at the individual rather than household level and includes basic demographic and personal identification information. Furthermore, changes in eligibility for lifecycle benefits, especially when they are based on age, are predictable and therefore conducive to forward planning.

In contrast, non-contributory schemes that base eligibility on poverty targeting or require compliance with conditions are inherently more administratively taxing than universal or unconditional programmes.[133] For example, Georgia's PMT formula used to determine eligibility for the Targeted Social Assistance (TSA) programme consists of three separate indices (household welfare index, household needs index, and household consumption index), each with a long list of predictor variables, with different coefficients for four geographic areas.[134] Georgia has relatively high state capacity, but similarly complex models are being widely used in low-capacity contexts such as Zambia or Malawi, and typically fall under the responsibility of relatively weaker line ministries, which have very low technical, financial and human resource capacity. Besides the additional variables needed for poverty targeting, these monitoring data variables need to be updated frequently presenting additional administrative strains on the information systems. As discussed, programmes that then condition payment on fulfilment of conditions add a whole separate set of data collection (sometimes involving other sectors such as education and health), data transmission, data processing and linkages beyond one sector, and data management requirements including data protocols and scalable data hosting platforms. This is arguably one of the reasons why conditional cash transfers are declining in popularity among governments in low-

[130] (Chirchir and Kidd, 2011)
[131] (Chirchir and Kidd, 2011)
[132] See Box 2-1.
[133] (Kidd et al., 2017)
[134] Baum et al. (2016).

and middle-income countries, since they require large amounts of secondary information capture from complementary programmes.

In addition, Kidd and Chirchir (2011) have argued that, because poverty targeting mechanisms are inherently inaccurate, the likelihood of complaints and appeals is higher for these types of schemes. Increases in appeals, in turn, put additional stress on MIS systems. And, because the information requirements from poverty targeting are so great — involving information about the whole household — re-censusing is usually only done every four or five years, at best. However, since people's incomes, employment situation, household composition and living arrangements are changing constantly, the systems will struggle to keep up with ever-changing dynamics, especially in low-capacity contexts.[135]

While the management of individual types of schemes presents specific sets of challenges, when considering the potential for increasing integration of contributory and non-contributory schemes, policymakers must consider a number of additional issues. First, policy design again matters. For example, pension/benefit-tested schemes — which are common in core lifecycle programmes such as old-age or disability pensions, but are also used for other contingencies, such as unemployment, sickness, maternity/paternity and family support —have lower information requirements at the point of registration than poverty-targeted schemes and are hence more conducive to an integrated design. This is because, beyond the core qualifying conditions (such as age, disability status, employment status, etc.), the only additional information required relates to whether or not the individual is eligible for a contributory benefit, which is much simpler to obtain than information on individual or household means. Regardless of the overall scheme design, however, clarifying the data security and privacy protocols between different scheme administrators is crucial as contributory schemes have an interest in avoiding exposing sensitive personal data of their members.

Finally, the objective for integrating information needs to be considered. Where integrating information across contributory and non-contributory schemes is required to monitor the operations of the social protection sector, this could be achieved by bringing together summary statistics on contributions for reporting and analytics instead of linking personal data. However, if the objective is to check for duplication or to facilitate transitions between contributory and non-contributory schemes, then there is a need to link the information based on some unique ID or a combination of IDs. For instance Brazil's Cadastro Unico uses 'match keys' (name, mother's name, birthdate, and codes from key documents).[136] And, these unique IDs are often linked to the National Identification Database or Civil Registration Systems which are very important authentication and verification systems for both contributory and non-contributory schemes in many countries.

Notably, the availability of high-tech solutions depends on the quality of the broader ICT infrastructure in a country. Leveraging technology for the expansion of social protection requires basic data capture technology, servers for hosting databases and software, as well as cloud-based technology. For example, the success of the ISAS Information system in Turkey is largely owed to a very effective wider e-Government environment.[137] In places where basic hardware or telecommunications infrastructure is lacking, the range of solutions available will be more limited. Beyond a very basic level, ICT infrastructure is enabling rather than determinant: that is, progress is possible even in contexts with very limited ICT infrastructure, and even in contexts with advanced ICT infrastructure, governments may be slow to adopt digital solutions for a variety of reasons (e.g. bureaucratic obstacles, low levels of 'brainware' in government relative to private sector, etc.). A

[135] Knox-Vydmanov (2014).
[136] https://www.dfat.gov.au/sites/default/files/integrating-data-information-management-social-protection-a1-brazil.pdf
[137] Chirchir and Hu (2019).

number of countries that have made significant headway in building up integrated MIS structures even where ICT infrastructure is a constraint.

⇒ *Therefore, digital programme level MISs support social protection delivery by enhancing accuracy and integrity of data through appropriate data quality controls and verification, improving efficiency and effectiveness of programme operations and enhancing accountability and citizen empowerment through public portals, self-registration portals, dashboard and programme reporting mechanisms*

⇒ *Scheme design has implications for information systems and management, where complex schemes require higher degrees of institutional capacity than simpler designs.*

⇒ *Contributory schemes have inherently complex information management requirements, especially regarding contribution collection and compliance, which call for specific governance and management information systems, and social security agencies tasked with implementing contributory schemes tend to have higher institutional capacity.*

⇒ *Paradoxically, it is often the weaker (social development) line ministries that are tasked with implementing more complex non-contributory schemes, such as those requiring collection of additional monitoring information to support the targeting and compliance monitoring processes, which place a strain on collection, transmission, processing and management of data.*

⇒ *For non-contributory schemes, the simpler the programme design, the more effective, accurate and manageable the tools will be, particularly in low-resource contexts where ICT infrastructure, administrative capacity and human resources are limited.*

## 3.2 MIS for an integrated[138] sector—high-stakes choices, with implications for governance

Integration in information management across different social protection programmes can take several forms. It can occur between only a few programmes or institutions, or it can be broader, even sector wide. Integrated digital platforms serving multiple social protection programmes can take two main forms, depending in large part on the broader policy objectives, and in particular, whether sector-wide integration involves both core lifecycle and other schemes. This section introduces the components and pre-conditions for MIS integration; different models/levels of MIS integration, their different objectives and functions, as well as advantages and disadvantages; considers additional risks to seeking technological solutions to coordination/integration; and explores emerging international frameworks to ICT-based solutions to support social protection coordination.

### 3.2.1 Digital and integrated social protection information systems – components and pre-conditions

Chirchir and Barca (2020) identify five key **components required for digital and integrated information systems** in social protection, including:

- **ICT infrastructure** required in a given country context, including hardware and telecommunications (e.g. data capture technology, servers for hosting databases and software, cloud-based technology);
- **A registry/database** system to easily organize, store and retrieve large amounts of data;

[138] Integrated and coordinated are used interchangeably throughout this section.

*Mid-level governance*

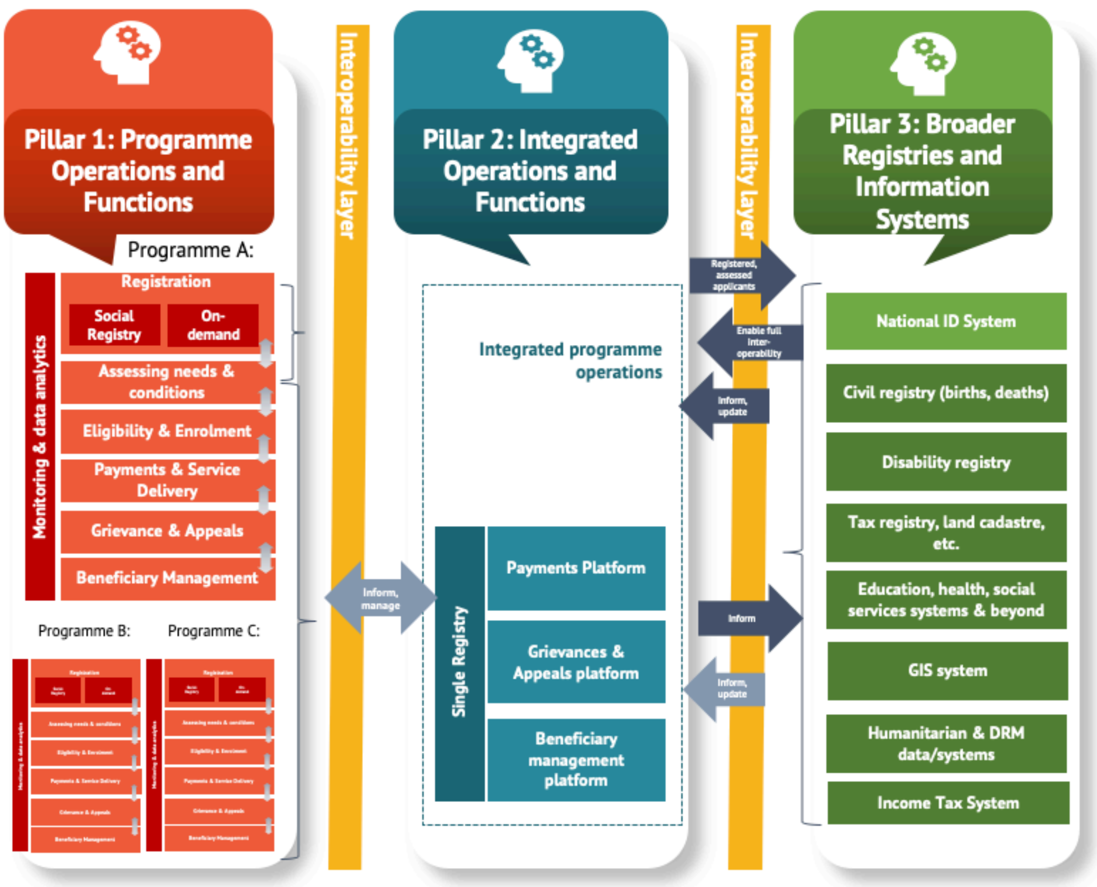
- **Software** to manage, link and process data, including linkages between frontline and back office processes; and
- **Brainware**, or trained human resources (e.g. IT skills, programme management and business process engineering skills, analysis skills, promotion and capacity building skills) capable of leveraging the system's technology at all levels of administration; and
- An enabling **institutional setting** to provide appropriate legal and policy backing, institutional framework, budget, and operating standards and procedures.

Although these components would still be needed when setting up a basic programme MIS, they are absolutely crucial when establishing a digital and integrated information system. Moreover, social protection systems constitute an **'ecosystem' with three 'pillars**' for information management:

- **Pillar 1:** Supporting programme-specific operations and functions;
- **Pillar 2:** Supporting integrated operations and functions across the social protection 'sector' or system; and
- **Pillar 3:** The broader set of registries and information systems that exist within a national information system.

These pillars are depicted in Figure 3-2.

**Figure 3-2: The three pillars of a social protection information management ecosystem**




*Source: Adapted based on Chirchir and Barca (2020), Figure 4.*

Coordination is required within each of the pillars with regards to different functions, as well as across them. When seeking digital solutions to social protection challenges, governments must be aware of where in the ecosystem the challenge or solution is situated (at programme level versus cross-programme or between social protection and other sectors), as well as what implications an intervention in one area might have for the development and coordination of the overall system. While the Government's immediate attention is often drawn to developing appropriate ICT-based solutions at the programme level (Pillar 1), there is growing recognition of the vital importance of investing in sector-wide solutions (Pillar 2) and integrating them with the broader sets of registries and information systems in the wider national context (Pillar 3).

⇒ *Therefore, governments must think strategically about how the social protection system is nested within the broader social protection information 'ecosystem' and ensure that the management of individual programmes and schemes corresponds and contributes to broader planning and development of the whole sector's information systems.*

### 3.2.2 Models for integrated information management – social registries and single registries (integrated beneficiary registries) [139]

Figure 3-2 depicted the position of within-sector (Pillar 2) integration vis-à-vis programme-level functions (Pillar 1) and cross-sector integration (Pillar 3). However, social registries and single registries[140] do not perform the same functions. While social registries and single registries both seek to improve integration within the social protection sector, they have fundamentally different objectives, and moreover, they serve different policy landscapes. Whereas social registries are limited to the coordination of residual, supplementary programmes, single registries enable integration across the whole sector, including core lifecycle schemes. This distinction is often lost on countries that are promised high-tech solutions to all social protection challenges through a social registry. As Chirchir and Barca (2020) note, "the development of a social protection information system is at least as much a political process as it is a technical process" (p. 48).

In line with the proliferation of poverty targeted schemes in recent decades, a number of countries have invested heavily, with donor support, in improving the accuracy of poverty targeting systems in their countries. Social registries have been heavily promoted by certain donors, notably the World Bank, as a tool for countries to solve complex cross-programme coordination problems. However, it should be noted that they aim almost exclusively at supplementary social assistance programmes, which should comprise a small share of a country's total social protection portfolio, including from an investment perspective. The idea behind social registries is to build central databases that contain household data, including predictors for income, which form the basis for the proxy means test (PMT). Social registries aim to integrate certain core functions of programme management,[141] including outreach/communication, registration and needs assessment of potential beneficiaries, by collecting information on potential beneficiaries through a census survey using the social registry's standardised registration tool, providing a single source of information about the potential eligibility and enrolment status of beneficiaries. Because their purpose is to allow for the application of eligibility thresholds based on means, households are then ranked according to criteria established, for example, through a PMT. Defined protocols enable data sharing across other poverty-targeted social protection programmes that may or may not have the same eligibility criteria. In this way, a social registry provides information to programme-level MISs (Pillar 1) while also drawing on external databases when relevant.

There are a number of significant risks and drawbacks associated with social registries, not least of which is their narrow focus on supplementary social protection schemes. First, the emphasis on efficiency gains from social registries is often based on the motivation to reduce fraud and

[139] Brief descriptions of additional successful MIS integration experiences referenced in this section are included in Annex 4.

[140] Single registry and integrated beneficiary registry are used interchangeably. The latter term reflects rapidly evolving terminology in the field. See Barca and Chirchir (2014) or Chirchir and Barca (2020).

[141] See Section 3.1 for a discussion of the core administrative processes involved in social protection programme management.

(inclusion) error in social protection systems. However, exclusion errors are much more serious from a rights-based perspective, especially in low- and middle-income countries where large proportions of the population are living in poverty. Second, despite countries investing heavily in these systems, social registries do not appear to have improved targeting significantly in places that have them.[142] Social registries not only do not prevent exclusion errors; they risk exacerbating them as they systematise the same exclusion errors across multiple programmes (whereas exclusion errors are confined to one programme when registration and assessment is done at programme level).[143] Therefore, if extending coverage is the priority, then management information systems must be leveraged *primarily* toward increasing coverage (avoiding exclusion errors) and only secondarily for reducing inclusion errors, including fraud.

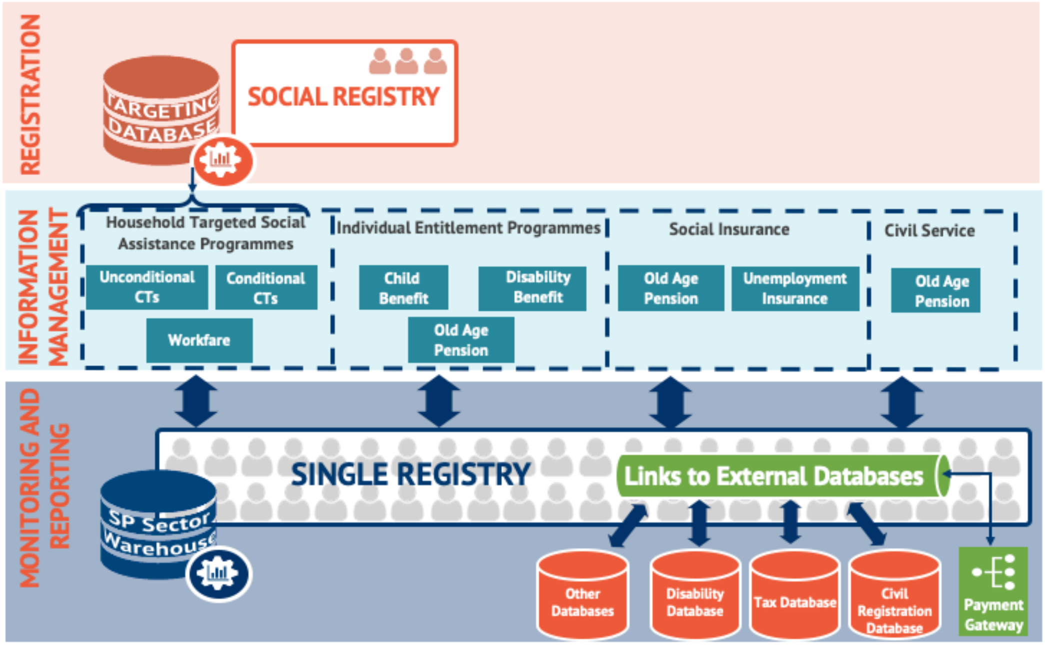
Moreover, the implicit assumption — by many Governments and donors that support social registries — is that households should not be allowed to receive multiple benefits at once. However, in a lifecycle framework, individuals and households can and should be allowed to receive multiple benefits at one time, according to their individual needs and vulnerability, while assessment of household income or means is a separate process. In high-income countries, income from other benefits can be taken into account in an assessment of overall household income in means tests; however, social registries do not hold information on the programmes and services accessed by beneficiaries and therefore cannot perform this function. This is only possible when social registries are integrated within a broader integrated beneficiary registry, or single registry (discussed below). The information contained within social registries is generally not useful for supporting programmes that are not poverty targeted or household based (for example, lifecycle schemes like old age pensions or child benefits, or any individual programme), and therefore is not useful for providing sector-wide coordination.[144]

In contrast, single registries — or integrated beneficiary registries — according to Chirchir and Barca (2020), "provide a consolidated overview of 'who receives what' benefits to support coordination, planning and integrated monitoring" (p. 24). Single registries act as a 'data warehouse' which can be used to establish common delivery systems or serve as a nexus between programme MISs and external databases, including national IDs, tax registries, civil registries, or disability databases – important for determining eligibility for disability benefits, as well as for linking other cash benefits to disability-related services. Therefore, unlike social registries, whose primary objective is to harmonise registration across (similar types of poverty-targeted) programmes, single registries have as their primary objective to provide reliable information for evidence-based decisionmaking, planning and sector-wide coordination. They therefore enable governments to address a number of the core challenges confronting the governance of social protection systems. Figure 3-3 depicts a hypothetical integrated social protection information management system, where the clear distinction between the role of a social registry as compared with a single registry, including the latter's ability to integrate information management across both supplementary (household targeted social assistance programmes) and lifecycle (individual entitlement, or tax-financed programmes, and social insurance) schemes, is apparent.

[142] See Annex 3.
[143] Chirchir and Barca (2020).
[144] Barca and Chirchir (2014); Chirchir and Barca (2020); Chirchir and Farooq (2016).

*Mid-level governance*

**Figure 3-3: A potential integrated social protection information management system**




*Source: Reproduced and updated with permission based on Chirchir and Farooq, (2016), Figure 1.*

Single registries enable a number of processes that contribute to better social protection system-wide governance. When successfully implemented, they correspond to a number of good governance principles: for example, they allow for better financial planning and sustainability (e.g. through improved predictability in beneficiary populations and benefit amounts); improved accountability (e.g. through improved case management across multiple programmes); improved performance of the system (e.g. through coordinated monitoring and evaluation tools); and transparency (e.g. through publicly accessible dashboards). Countries that have achieved significant integration through single registries include Turkey, Uzbekistan and South Africa (see Annex 4). Table 3-1 summarises the objectives and associated measures of success of single registries, as outlined in Chirchir and Barca (2020), and indicates the key principles of good governance they address.

*Mid-level governance*

## Table 3-1: Objectives, indicators and examples of good national practice in Single Registries (Integrated Beneficiary Registries)

| Objectives of Single Registry (Integrated Beneficiary Registry) | | Measures of success | Main principle of good governance furthered | Examples of national good practices |
|---|---|---|---|---|
| **I. Provide reliable information for evidence-based decision making, planning and coordination across the sector** | | • Consolidated data on who receives what and when<br>• Comprehensive reporting and analytics for all programmes based on harmonised indicators (national M&E framework and annual targets) | • Coherence/coordination<br>• Financial sustainability<br>• Accountability | Uzbekistan, South Africa, Turkey and Mauritius |
| Sub-objectives | Validate potential beneficiaries to address error/ fraud | • Consolidated validation of potential beneficiaries against external databases (national ID/civil registry) if no social registry | • Coherence/coordination<br>• Accountability | Kenya, Chile, Uruguay, Turkey, Uzbekistan, China and Mauritius |
| | Manage beneficiary enrolment against agreed targets | • Analytical reports comparing enrolled beneficiaries with planned expansion across multiple programmes<br>• Dashboards to compare beneficiaries against geographic quotas across multiple programmes | • Coherence/coordination<br>• Financial sustainability<br>• Accountability<br>• Predictability<br>• Transparency | Kenya, Chile, Uruguay, Turkey, Uzbekistan, China and Mauritius |
| | Identify/manage overlaps and gaps across existing programmes | • Reports on beneficiaries receiving multiple benefits<br>• Linkages (layering/sequencing) between benefits and services to ensure universal coverage (multi-tiered systems)<br>• Transition of beneficiaries across schemes | • Coherence/coordination<br>• Financial sustainability<br>• Dynamism/responsiveness | Kenya, Chile, South Africa, Uruguay, Turkey, Uzbekistan, China and Mauritius |
| | Assess the effectiveness, impact and sustainability of the scheme | • Consolidated information on social protection interventions and beneficiaries (supply) | • Coherence/coordination<br>• Financial sustainability<br>• Predictability<br>• Transparency | Kenya, Chile, Uruguay, Turkey, Uzbekistan, China and Mauritius |
| **II. Enable integrated delivery systems across programmes** | | • Platform for joint management of selected delivery system functions across programmes (if relevant and feasible) | • Coherence/coordination | Chile, Uruguay, Turkey, Uzbekistan, South Africa and Mauritius |
| **III. Increase accountability and transparency** | | • Provide public reporting interface (dashboard) with summary statistics on beneficiaries, disbursements and complaints | • Transparency<br>• Accountability | Kenya, Chile, Uruguay, Turkey, Uzbekistan and Mauritius |

*Source: Adapted based on Chirchir and Barca (2020).*

*Mid-level governance*

Although social registries and single registries provide foundational models of integrated information management systems in a number of countries, it is possible to integrate information for every element within the social protection delivery chain as stipulated in Table 3-2, performing a key coordination function at the operational level.[145] A payments platform is used to integrate information on payment functions for multiple programmes and provide linkages to payment services providers. A grievances and appeals function is an integrated information function for integrating registration, management and resolution of complaints and appeals for multiple programmes within social protection sector. Finally, beneficiary management platform integrates beneficiary updates and cases for multiple social protection programmes. It is worth noting that these integrated information management elements within social protection delivery chain could be weaved into a superior integrated information system depending on countries social protection governance set up and social protection maturity. For instance, South Africa's SOCPEN is used to administer six social grants and 2,300 concurrent users by consolidating information across registration, enrolment, payment and complaints and grievance management functions.[146]

**Table 3-2: Integrated information management elements along social protection delivery chain**

| Programme MIS process/function | Integrated information management functions |
|---|---|
| Outreach and registration | Social Registry |
| Assessment of needs and conditions | |
| Eligibility assessment and enrolment | N/A |
| Payments and service delivery | Payments gateway or platform |
| Complaints and appeals | Grievance and appeals platform |
| Beneficiary management | Beneficiary management platform |
| Monitoring and data analytics | Integrated Beneficiary Registry |

It is important to note that, when pursuing greater coordination through MISs, the choice is not between a social registry or a single registry, but rather concerns the scope of ambition for coordinating the entire sector and the relative emphasis placed on each tool. For countries that are seeking greater integration across programmes, whether between contributory and non-contributory benefits, between core lifecycle and other social protection programmes, or between social security income transfers and access to other services (e.g. linkages between labour market interventions and unemployment benefits), a single registry can be a powerful tool. However, social registries may play a valid, but more limited role in tightening coordination across means-tested schemes.

⇒ *Therefore, social registries offer a very limited potential for coordination across a collection of means-tested programmes, whereas single registries hold greater promise for system-wide integration, including across core lifecycle (contributory and non-contributory) schemes.*

## 3.3 Risks and additional considerations

While integrated information systems can help solve a number of governance challenges, they also risk creating or amplifying others. These risks and additional considerations are briefly outlined here:[147]

[145] See also Chapter 4.
[146] Barca and Chirchir (2014).
[147] Chirchir and Barca (2020).

*Mid-level governance*

1. **Underlying infrastructure and data quality**. As with any system, the data contained in an integrated registry is only as good as the component parts that make it up. Therefore, MIS systems must first ensure that the system is adequately serving the core administrative processes at programme level before aggregating to a higher level. This depends, in part, on the underlying ICT infrastructure available in a country, and there are certainly some contexts in which paper-based or semi-electronic MIS will still be required,[148] though this situation is rapidly changing. In Uzbekistan, the application for social allowances is captured in multiple channels including paper at the Mahalla (local office) then digitised at the district level where there is ICT infrastructure. Optionally, data can be captured at the Single Windows or public e-citizen portal. Overall, there are broader telecommunication infrastructure in rural areas in many developing countries.
2. **Human and financial resources**. An investment in improved information management technology can be costly – including costs related to ICT infrastructure, software and brainware and maintenance. Simpler information systems involve lower costs and are necessary in low-resource contexts. (And, where capacity is lacking for development and maintenance, governments must safeguard against additional risks that emerge related to contracting out to third parties.) For these and other reasons, low and middle-income countries –where underlying business processes, financial management and M&E frameworks are nascent—are generally best served by starting small and gradually introducing newer and bigger solutions.
3. **Governance silos can impede coordination**. For single registries or integrated beneficiary registries to function properly, however, there must be a 'whole-of-government' approach to sharing and managing social protection information. A lack of participation by key stakeholders can the ability of the social protection sector to act in a coordinated way. For example, regulatory frameworks that grant high degrees of autonomy to implementing agencies (notably, traditional contributory social security institutions) may in fact create obstacles to information sharing and integration. In many countries, social security institutions operate with high degrees of independence, because they are manged by executive boards, are often not required to report to higher authorities within Ministries on key matters. For example, in Uzbekistan, a Memorandum of Understanding had to be developed building on the Cabinet of Ministers Resolution to link the Single Registry to other 13 government databases. Therefore, policymakers must be aware that good governance principles applied in different parts of the social protection system (institutional autonomy) can at times work at cross-purposes with others governance principles (coordination). In this case, where laws and regulations that were enacted to safeguard specific institutions against political pressures and preserve financial integrity, may hinder or undermine central government efforts to ensure a coherent and coordinated approach to information management and integration.[149]
4. **Additional risks to the right to privacy**. Regardless of the level of integration, it is vital that social protection MIS systems build in protections related to the right to privacy and data security, even (and especially) where the broader governance context does not require it. Not only is the right to privacy a fundamental human right,[150] but the risks and exposure to potential breaches are compounded in a digital age. Integrated MIS systems elevate the level of risk from the programme level to the national level and must embed adequate safeguards and strict protocols to prevent accidental and intentional breaches. For example, many countries that have pursued integration —such as Kenya, Uzbekistan, Uganda,

[148] (Chirchir and Kidd, 2011)
[149] This independence and the risk to social protection expansion extends beyond MIS integration into nearly all aspects of sector-wide policymaking and coordination.
[150] As enshrined in the Universal Declaration of Human Rights (Article 12), the International Covenant on Civil and Political Rights, and ILO Recommendation 202.

Uruguay and Chile — typically implement MOUs, data protection and sharing protocols in addition to the data protection laws.

5. **Automation and systematic exclusion**. While social registries, based on a single assessment and data capture, have a high risk of systematically replicating exclusion errors across multiple programmes, the risk of exclusion due to automation is present to some degree with any digitisation. As social protection systems become more digitised, governance frameworks must be developed to protect against automatic exclusion through strong grievance mechanisms, with clear rules related to appeals against computerised decisionmaking. Indeed, the EU has recently outlawed decisionmaking based solely on automated processing.[151]

Each of these issues can be an obstacle to various aspects of governance, and good governance requires anticipating and accounting for these risks as part of any high-level strategic planning for increased integration in social protection management information systems.

⇒ *Therefore, while greater integration in social protection MISs can be a powerful tool to facilitate better system-wide governance, it is not without its own risks and likewise requires prudent governance to manage.*

## 3.4 Emerging international frameworks for ICT in social protection

It is important to note that countries need not start from scratch and are not operating in a vacuum when considering implementing ICT-based solutions. International organizations have developed a number of frameworks, guidelines and resources countries and institutions can consult. For example, the UN's e-Government[152] framework, specifically Stage 4 which deals with "joined up government" (integrated services, processes, systems, data and applications), offers a useful set of resources and standards for applying ICT-based interventions in facilitating social security coordination.[153]

In addition, the ISSA, which has more than 320 member institutions in more than 150 countries,[154] has developed a detailed set of guidelines to support social security institutions in the application of ICT-based solutions for service delivery. These guidelines offer support to implementing agencies as they attempt to navigate through the complex decisions surrounding digital interventions affecting their schemes and programmes. The ISSA Guidelines include three parts: ICT Governance and Management (including sections on governance, management service delivery, investment and value management); Key Technologies (with sections on interoperability, data security and privacy, mobile technologies, and data analytics); and Social Security Components (with sections on master data management, ICT-based implementation of international social security agreements, e-Health, and implementation of social security business processes).

Although the ISSA Guidelines are targeted toward individual social security institutions (which may be implementing a variety of programmes), Ruggia-Frick (2016) proposes five models for

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[151] See General Data Protection Regulation (Article 22).
[152] E-Government is defined by UNDESA as "utilizing the internet and the world-wide-web for delivering government information and services to citizens" (see https://publicadministration.un.org/en/research/un-e-government-surveys).
[153] See e.g. UNDESA (2016) and Ruggia-Frick (2016).
[154] ISSA members consist primarily of national social security agencies empowered with administering social security benefit. In high-income countries, their remit generally covers the whole gamut of social security/protection benefits and services in a country. However, in most low- and middle-income countries, the national social security agency often only implements contributory schemes for the formal sector, although more and more countries are placing newer tax-financed or otherwise non-contributory programmes, especially pensions, under the administrative responsibility of the social security agency. This is the case, for example, with Viet Nam's social pension, as well as many social pensions in Latin America.

coordination (integration) beyond single institutions. Social security agencies, because of their relatively strong institutional capacity and political and financial clout, are critically important actors to engage in, and, where possible, lead national efforts to integrate and coordinate social protection information management systems. However, doing so *at the service of coverage extension* is not without its challenges, given the historically limited coverage and vested interests of these institutions and their members in low- and middle-income countries.[155]

These different models touch on various ICT-related aspects of social protection programmes, from ICT governance and interoperability, to data protection and security, among other dimensions. They also address cases of cross-national coordination and portability of rights, which is already a challenge for schemes covering the formally employed (where rights are typically enshrined in law), but will become increasingly relevant for the entire social protection sector, including tax-financed schemes, as systems continue to develop and rights become more firmly embedded in statutes.

The proposed models, from simplest/least integrated to most complex/ most integrated, are: 1) Coordinated processes; 2) Common front-end; 3) Shared information system; 4) Common software application; and 5) Common operational platform. The main features of these models and corresponding examples[156] at the sectoral, cross-sectoral and international levels, are summarised in Table 3-3.

[155] See also Section 4.4 for further discussion of the challenges of bringing on board the diverse actors and interests in a common national social protection expansion agenda.
[156] A number of the examples included in the table are described in greater detail in Annex 4; others are cross-referenced in original sources.

## Table 3-3: Models of coordination and examples, from least integrated/complex (left) to most integrated/complex (right)

| Description and examples | | Coordinated processes (Model 1) | Common front-end (Model 2) | Shared information system (Model 3) | Common software application (Model 4) | Common operational platform (Model 5) |
|---|---|---|---|---|---|---|
| **Description** | | Consists of independent systems with processes that exchange data and/or perform cross-institution Internet-based service executions (e.g. through Web Service invocation); Relatively simple but effective model, which minimizes the complexities of managing common resources | Consists of independent systems delivering client services by means of a common portal; Enables the implementation of one-stop-shop e- services. | Consists of independent systems sharing an information system with relevant data, such as a registry of beneficiaries. | Consists of a business software application implementing social security functions that is shared by the coordinating entities; Software may be either executed "as a remote service" or executed locally and distributed as a package. | Consists of a common operational platform in which are executed joint business processes implementing functions of the coordinated programme; Provides ICT operations. |
| **Examples (by level or pillar)** | **Sectoral** (corresponds to Pillar 2 in Chirchir and Barca, 2020) | • Data exchange between social security and tax authorities (various countries)<br>• Data exchange on beneficiaries' income in the Netherlands and occupational accidents in Switzerland | • ILO's Single Window Service in SP programmes<br>• Social Security services in Australia and Spain | • Unemployment benefits in Belgium<br>• Integrated MIS (IMIS) in Kenya, Indonesia, Mauritius, South Africa and Turkey | • Integrated MIS in Indonesia and Kenya<br>• Case management in the US | • Contribution collection in Costa Rica, France, Republic of Korea |
| | **National, cross-sector** (corresponds to Pillar 3 in Chirchir and Barca, 2020) | • Health insurance in Chile, Colombia, Uruguay | • ILO's Single Window Service in SP programmes<br>• One-stop shops (e.g. Canada) | • Shared MIS systems for CCTs in Brazil, Chile, Costa Rica, Jamaica, Mexico, Uruguay<br>• RNCPS in France<br>• ILO Single-Window Service in Cambodia and India<br>• Contribution collection in Oman<br>• Health insurance in Colombia and Uruguay<br>• CBSS in Belgium | • Contribution collection in Argentina and Uruguay | • CCTs in Chile and Uruguay<br>• Integrated MIS in Mauritius, South Africa, Turkey<br>• ILO Single Window Service in Cambodia, India and Pakistan<br>• Contribution collection in Argentina and Uruguay<br>• CBSS in Belgium |
| | **International** | • International social security agreements | | • EESSI in the EU | • MERCOSUR-SIACI<br>• EESSI in the EU | • EESSI in the EU |

*Source: Based on Ruggia-Frick (2016).*

*Mid-level governance*

These models and corresponding examples highlight the potential for greater social protection coordination at different levels. There is a growing number of examples internationally, and each experience addresses a unique set of challenges, making identification of 'best practices' challenging. Nevertheless, cross-country learning in social protection information management, facilitated through internationally validated guidelines, can play a particularly important role in shaping national decisions around the governance and development of MISs, and particularly integrated ones.

- ⇒ *Therefore, countries need not re-invent the wheel but can learn from international guidance as well as from other countries facing similar challenges at similar stages of developing their social protection MIS capacity.*

# 4 Frontline 'street level' governance

The previous sections have offered a birds-eye view of the high-level and information management processes and structures that are associated with good social protection system governance. This section explores how well systems 'interface' with key stakeholders and rights holders at the point of service delivery or enforcement of compliance. It identifies appropriate frontline governance structures that contribute to build trust in the system among end users (including both rights holders, as well as stakeholders such as social partners or private-sector actors engaged in delivery). This is, arguably, among the most important functions of a social protection system, since positive experiences with the system can strengthen the social contract, while negative experiences can undermine it.[157]

The following paragraphs highlight the key challenges and good practices for facilitating the fulfilment of reciprocal social obligations. While each stage of delivery is important, we focus here on five key structures and points of interaction between rights holders and stakeholders and the social security system: compliance with social contributions; coordination at the operational level; payment of benefits; grievance and appeals mechanisms; and stakeholder participation in scheme management.

## 4.1 Securing and facilitating payment of social contributions

Ensuring efficient collection of contribution, and enforcing compliance among companies and workers who are obliged to contribute, remains among the most longstanding and daunting challenges within the framework of governance of contributory social security schemes. Timely and effective contribution collection is situated squarely on the front lines — at the interface between workers, employers and governments — and is the basis for sustainable financing of schemes. But, more importantly, "implementing rigorous contribution collection and compliance processes strengthens the legitimacy of social security as a societal institution."[158] It follows, then, that high rates of non-compliance are one indicator of low trust in the system and, often, poor governance and a weak social contract.[159]

The aim of this section is not to repeat already established international guidelines on contribution collection and compliance,[160] but to draw on them to examine a selection of tools and experiences in governance of contribution collection and compliance *at the service of coverage extension.* In this way, improved governance in the area of compliance with social contributions concerns the ability of social security systems to actively *facilitate* these processes to close coverage gaps, rather simply following the letter of the law. Indeed, the previous section revealed that legislative frameworks for contributory systems are already among the strongest features of the broader social protection policy landscape in low- and middle-income countries.[161] But legal coverage has not been followed by effective coverage in most cases. This is in part because social security institutions historically played a reactive role with respect to coverage extension, where increased coverage was viewed as an outcome of formalization, when in reality, social security affiliation is part of the very definition of formality in many contexts and is therefore inseparable and indistinguishable.[162] The corollary to this

[157] See Annex 5 for a discussion of the relationship between social protection and the social contract.
[158] (International Social Security Association (ISSA), 2019b).
[159] The payment of taxes is also part of this broader reciprocity but is not specifically considered here.
[160] Ibid.
[161] The ISSA Guidelines on contribution collection and compliance presume that institutions are operating within a broader legal framework setting out obligation (International Social Security Association (ISSA), 2019b).
[162] (ILO, 2018)

is a realization that social security coverage can *precede* formalization and indeed is a crucial means of achieving it in many contexts.

Therefore, supporting the effective extension of contributory social security coverage, through the facilitation of contribution compliance, is increasingly recognised as part of the state's duty, and indeed, coverage extension is explicitly included in the ISSA Guidelines on Contribution Collection and Compliance (see Box 4-1).[163]

**Box 4-1: International guidelines for coverage extension through facilitating contribution collection and compliance**

Guideline 6 of the ISSA Guidelines on Contribution Collection and Compliance states that "The institution [should] develop strategies to maintain and extend the effective coverage of contributory social security, by promoting the exhaustive inclusion in the collection system of all contributors covered by the social security regulations or, if this is not the case, through coverage extension." Moreover, it proposes that the management "should define specific goals and implementation measure aimed at extending and maintaining coverage" and "define specific performance indicators to evaluate the achievement of these goals and measures."

The mechanisms proposed for operationalizing these guidelines include:

- Developing specific information and communication approaches to target different contributor groups;
- Defining specific contribution rules for difficult-to-cover groups such as informal economy workers, self-employed workers, rural workers, migrant worker and domestic workers, taking into account financial aspects and implementational feasibility. This could include, among others:
    - Options for calculating contributions differently, for example by basing contributions on the local minimum wage, or the average income for the specific work sector, or previous year's earnings;
    - Options to support payment of contributions, for example flexibility of payment dates such as yearly, quarterly, or pre-calculating contributions amounts and simplified administrative procedures, or government subsidies and incentives.
- Following up on coverage of and issues related to contribution collection and compliance in different contributor groups;
- Following up on the situation of migrant workers and those temporarily working abroad, and the applicable regulatory framework(s), notably international social security agreements.

Finally, the Guidelines propose setting up a specific management unit to be responsible for following up, including monitoring performance indicators, on those aspects of the strategic plan that apply to coverage extension.

*Source: International Social Security Association (ISSA), (2019a).*

Moreover, compliance cannot be concerned merely with enforcement of existing regulations but must be forward-looking and strategic. It goes beyond mere technical solutions and potentially involves:

- Clarifying, modifying and adapting rules around obligations, where these are not clear, including clearly defined roles of different actors and institutions at all levels (national, inter-institutional, and institutional);
- developing a strategic plan for improving contribution collection;
- actively disseminating information and raising awareness of obligations, particularly among informal establishments;[164]
- devising incentives (both at policy and administrative levels) for unregistered businesses and workers to join (see below);
- collaborating with social partners and financial services actors to find joint solutions to contribution collection challenges;

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[163] Similarly, the ISSA Guidelines on Administrative Solutions to Coverage Extension are heavily weighted toward facilitating the incorporation of difficult-to-cover groups into contributory arrangements (International Social Security Association (ISSA), 2019c)

[164] Awareness raising is key to the success of all social protection schemes, contributory and non-contributory alike, and must target people at young ages, as well as workers, employers and individuals who are entitled. A detailed discussion of the key types of information, channels for dissimination, and examples of successful practices can be found in (ILO, 2019b), Section 3.

*Frontline 'street level' governance*

- taking on a more active role in contribution calculation, payment and reconciliation (discussed below);
- ensuring inspectors are adequately empowered and capable of performing their duties;
- to the extent possible, automating the process from end to end.

A number of countries are taking a proactive role in facilitating the payment of contributions which often involves incorporating previously excluded groups. For example, many social security institutions are increasingly relying on ICT-based solutions to facilitate contribution collection, through improved data exchange among the key parties involved, as described in Box 4-2.

**Box 4-2: ICT-facilitated data exchange for contribution collection and compliance**

Collecting contributions in an efficient and transparent way is among the most fundamental challenges of contributory schemes. The more that the social security institution can do to facilitate calculation and payment of contributions by employers, the better. While the burden of calculating contributions was traditionally on employers, more and more countries are shifting the responsibility to social security agencies. This process requires efficient and transparent data exchange between employers and social security agencies on payroll and contributions, where employers provide payroll data and then validate and reconcile contributions owed. Currently, the mechanism is used in a wide range of countries: Argentina, Barbados, Brazil, Canada, France, Germany, Italy, Japan, Malaysia, Mauritius, Mexico, Morocco, the Philippines, Saudi Arabia, Singapore, Spain, the UK and Uruguay.

Other forms of ICT-based integrated mechanisms of contribution collection include:

- Exchange between social security institutions and external bodies, such as the tax authority, that may be responsible for contribution collection (Argentina, Austria, Azerbaijan, Barbados, Belgium, Cameroon, Canada, China, Estonia, France, Germany, Holland, Italy, Jordan, Kyrgyz Republic, Mexico, Morocco, Panama, Saudi Arabia, Uganda, and the UK)
- Integrated contribution collection across multiple social security institutions (Republic of Korea and France)
- Integration of contribution collection and banking and financial services institutions (China, Mexico, Panama, the Philippines, Thailand, and Uganda).

*Source: Kounowski (2012)*.

In addition, many countries are moving to integrate benefit and service delivery through a single-entry points, so-called 'one-stop shops' or single window services (SWS). Often implemented at local levels (through local branches of ministerial departments or social security offices, or even through local governments). Examples can be found in Cambodia, Mauritius, and Mongolia, among others.[165] These service centres are a key component of coordination at the operational level and aim to provide rights holders with a simplified means of accessing multiple services, including social security benefits but also, potentially, other government services ranging from the tax system, to housing benefits, to employment services.

In particular, many countries have moved toward integrating social security contributions and tax collection, especially in Europe and North America, but increasingly in low- and middle-income countries.[166] For example, the Fiji National Provident Fund and the Revenue and Customs Authority developed a Joint ID Card for members and taxpayers.[167] This can increase efficiencies and improve contribution collection, while also improving employers' and workers' experience with both systems. In fact, some countries have always relied on close collaboration between revenue authorities and social security institutions. This is the case in Mauritius, where the MRA collects contributions on behalf of the Ministry of Social Security and the Ministry of Labour (for unemployment benefits).[168] And, several countries in South America, including Argentina,[169] Uruguay and Brazil have also

[165] See (United Nations Development Group (UNDG) and International Labour Organization, 2016)
[166] Examples include Albania, Argentina, Australia, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Estonia, Finland, Hungary, Ireland, Italy, Latvia, Republic of Moldova, Montenegro, the Netherlands, New Zealand, Norway, Romania, Slovakia, Slovenia, Sweden, the UK and the US (ILO, 2011, paragraph 381).
[167] See the case study on Mauritius and Fiji in this report series.
[168] See the case study on Mauritius and Fiji in this report series.
[169] See the case study on Argentina in this report series.

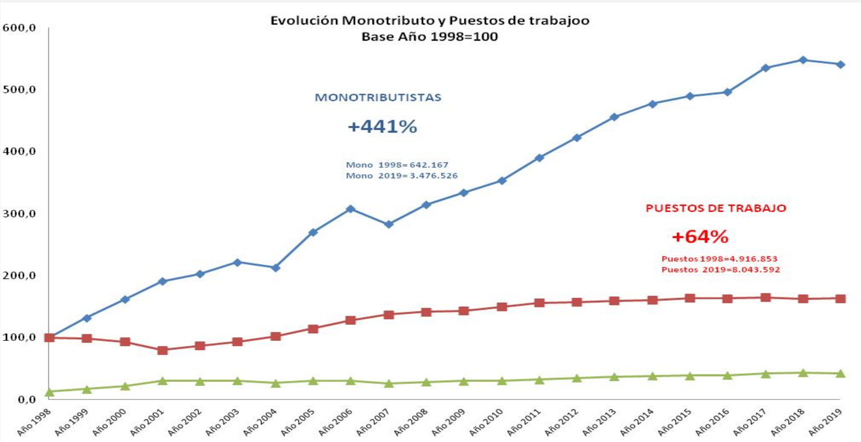
experimented with increased integration of tax and contribution collection, particularly for certain difficult-to-cover groups like the self-employed. The results in terms of coverage extension have been noteworthy (Box 4-3).

### Box 4-3: The Monotax and coverage extension in Argentina and Uruguay

Some countries in Latin America have had success by linking social contributions more closely with the tax system. The so-called 'monotax' systems in Argentina, Uruguay and Brazil offer lower overall rates to small contributors (self-employed and small businesses).

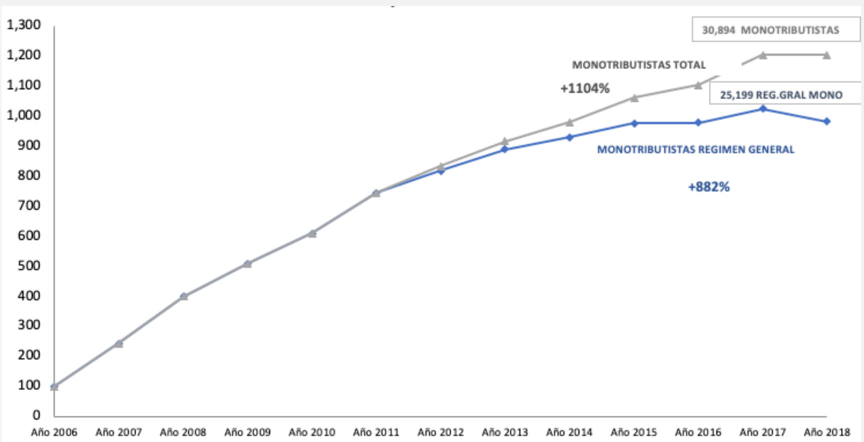
In Argentina, self-employed persons can enrol in the simplified contribution collection programme and pay a flat contribution ranging from $499.31 to $1,279, depending on their declared earnings, with exemptions for low-income workers. This contribution covers all social security and tax obligations in exchange for immediate health coverage and all other contributory social security benefits. Participation rates under the monotax regime rose from around 600,000 in 1998 to almost 3.5 million in 2019, an increase of more than 400 per cent. Moreover, the increase far exceeded the pace of new job creation over the same period, which increased at a rate of 64 per cent, attesting to the strong effect of the monotax system in driving coverage extension (Figure 4-1).

**Figure 4-1: Increase in social insurance membership under the monotax regime vs new job creation, Argentina (1998-2019)**




In Uruguay, a similar system exists whereby self-employed persons and persons employed in microenterprises with up to 3 partners, provided their annual earnings are below a certain threshold, can enrol in the Monotributo and pay a single monthly contribution for social security. Participation in the monotributo scheme increased dramatically, by 1,200 per cent, between 2006 and 2018, as shown in Figure 4-2.

**Figure 4-2: Increase in monotributo participation, Uruguay (2006-2018)**




*Source: (Chirino, 2019).*

Many contributory systems are moving services online and encouraging mobile contribution payments. For example, the Mauritius Revenue Authority offers a "One-Stop Shop" for employers to file Pay As You Earn (PAYE) as well as all social security contributions. Employers – including employers of domestic employees — can submit a new joint PAYE/NPS return online sing a unique ID and password. In addition, a mobile app called "MRAeasy" facilitates payment of contributions among small businesses (less than 10 employees) and employers of household employees.[170] Similarly, in Fiji, the National Provident Fund has a free mobile app that allows fund members to access information about their accounts and eligibility for benefits,[171] while employers can submit monthly contribution schedules online. Finally, in Kenya, mobile payment of contributions is the preferred method for voluntary contributors, while regular contributions are collected from employed workers and their employers either by the employer's cheque or through direct bank channels.[172]

In addition to administrative solutions like simplified contribution regimes and increased use of online and mobile technology, countries are constantly experimenting with the use of incentives to encourage and facilitate broader incorporation into contributory schemes to complement efforts at enforcement. While some of these require changes at the policy level, other incentives can take a wide variety of forms and have met with varying degrees of success. Detailed experiences have been thoroughly covered in existing literature and will not be repeated here,[173] but a few of the most prominent are noted:

[170] MRA (2018). See also the Mauritius and Fiji case study in this report series.
[171] FNPF (2020).
[172] See the Kenya case study in this report series.
[173] See e.g. (ILO, 2019b, 2019c; OECD, 2018).

- **Contribution or premium subsidies for workers with low or irregular incomes**. Subsidizing contributions lowers the effective cost of joining for workers who lack contributory capacity. However, subsidies are often expensive.[174] Depending on how they are financed, they can either jeopardize the financial sustainability and integrity of social insurance funds or, if they are financed from general revenues, can be highly regressive in contexts of low contributory coverage, when state resources are arguably better spent on tax-financed benefits for large informal sectors.
- **Leveraging other social security benefits as incentives**. There is growing interest in the use of additional social security benefits as incentives to join contributory schemes. This may involve extending a 'package' of short-term benefits (e.g. maternity benefits or health insurance coverage), potentially under special rules or schemes, e.g. for the self-employed or domestic workers. The enticement of immediate or short-term benefits can reduce the myopia that is an obstacle to joining social insurance when core benefits are perceived as unlikely (e.g. disability) or distant (e.g. old age).[175] In addition, benefits for dependants or elderly parents can be used to attract workers to social insurance, as has occurred in China (Box 4-4) and Uruguay with respect to health insurance under the monotax. Notably, even absent an explicit policy incentive, social security agencies can use innovative communication around existing benefits to reinforce the value for money arguments behind paying contributions.
- **Waiving or reducing penalties for non-compliance**. Sanctions for non-compliance can be steep, but some countries have relaxed rules if employers register employees. For example, Argentina reduces fines for violations contingent on regularization of workers.[176] Depending on the context, these measures not rise to the level of policy or legal reforms and may be possible through regulatory changes.

**Box 4-4: Attracting young workers to social insurance through social pensions in China**

Prior to the 1990s, an earlier voluntary rural pension scheme had stagnated, largely because it contained no incentives. In contrast, the new rural pension schem introduced in 2011 with the new Social Insurance Law embeds strong incentives. Among other features, the new scheme:

- Introduces strict quotas for local authorities
- Contains a tax-financed and contributory (individual account), although the components are indivisible, i.e. receipt of the tax-financed component requires 15 years of contributions
- Contains flexible scales for contribution levels including a possibility of buy back
- Offers heavy subsidies for the contributory component for vulnerable groups and reiongs
- In pilot provinces, non-contributors can receive a social pension if their children have contributed a minimum of CNY100.00, once per year, serving as a strong incentive for young workers.

Both rural and urban pension schemes were merged in 2014, with an average contribution rate of CNY 100.00 (US$ 16.0) per month. By the end of 2014, approximately 70.6 per cent of eligible people contributed to at least one pension insurance programme and now nearly 100 per cent of older rural residents receive a pension.

The reform is not without challenges. Because only a minimum contribution is required for the granting of a social pension, contributions are ikely to be insufficient to cover the cost of future adequate pension payments. Moreover, the benefit level of the basic pension remains very low, at CNY 70.00 per month, which is equivalent to slightly over 1.5 per cent of GDP per capita.

*Sources: ISSA (2013); Zhang and Wu (2016); ISSA/SSA (multiple years).*

[174] See e.g. (OECD, 2018). Some have estimated that covering agricultural workers through subsidies can cost 30 to 80 per cent of the total cost of social security benefits ISSA (2012) cited in ILO, (2019b). In Viet Nam, because contributions for the voluntary system are so high (nearly 30 per cent of earnings), it was found that subsidies would need to be 90 per cent of the contribution to prevent the relative increase in near-poverty rates from rising above 5 per cent (McClanahan et al., 2019).
[175] A recent study examined the potential of contributory child benefits to offset the welfare loss associated with a contribution in Viet Nam (McClanahan and Gelders, 2019).
[176] (ILO, 2019c)

*Frontline 'street level' governance*

- **Making contributions voluntary**. The temptation is strong to make contributions voluntary in contexts of high informality and weak mechanisms to support widespread income declaration, but evidence is mounting that voluntary schemes do not significantly increase coverage. For example, in Viet Nam, after more than ten years of allowing voluntary participation, only around 300,000 people had enrolled, representing only 1.3 per cent of the total uninsured workforce and only 0.54 per cent of the total workforce.[177] In contrast, compliance has steadily increased among firms and workers covered under the mandatory system – from 2004 to 2017, the number of people employed by formal enterprises grew by some 11 million, from 12 per cent of the labour force to 26 per cent of the labour force, reflecting the fact that compliance enforcement, when diligently pursued and adequately resourced, can produce big results.[178]

Finally, labour and social security inspections are a vital governance mechanism to ensure compliance with social security obligations. It is important to note that the mandate of labour inspectors is determined by law and may or may not include social security contribution compliance enforcement and may therefore require reforms at higher levels. However, the ILO highlights the proactive role that labour inspectors can and should play in identifying legal deficits, noting that, "Actually one of the main functions of labour inspectors is to bring to the notice of the competent authority defects or abuses not specifically covered by existing legal provisions."[179] Therefore, where regulations on enforcement of social security contributions are lax or not being effectively enforced, labour inspectors would have a role in bringing this to light. Furthermore, as key frontline representatives of the system, inspectors' roles go beyond enforcement and also ideally involve communication and awareness raising about obligations and how to become compliant.[180] In this way, inspection is also a critical interface for coverage extension – where social security and labour inspectors can take a proactive role with respect to registration, enrolment and regularization of workers in the informal economy. When inspectors uncover non-compliance and bring a previously informal or non-compliant firm in line with regulations, this extends coverage by bringing new workers into the system and/or by uncovering underpayment, thereby improving financial solvency of the social security system and, by extension, adequacy of benefits for those who are enrolled.

There is wide diversity in the roles, functions and modus operandi of inspectors around the world. While a thorough review of inspection processes is outside the scope of this study,[181] we note here a number of examples where countries have adapted the inspection process to the specific needs and circumstances of non-standard workers. For example: Argentina's special scheme for rural workers guarantees decent work conditions, including access to social security, and requires inspectors to ensure this;[182] in China, the Social Insurance Law of 2010 extends social protection to rural and migrant workers;[183] in Paraguay, specific schemes for atypical forms of employment also adapt inspections to their circumstances;[184] in Nicaragua, the General Law on Labour Inspections of 2008 specifically recognises the role of inspections in protecting the rights of informal economy workers;[185] and in Uruguay, a special section in the Labour and Social Security Inspectorate is responsible for supervising the respect of labour and social security standards for domestic workers.[186]

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[177] McClanahan et al. (2019). Estimates based on Vietnam Social Security (VSS) administrative data.
[178] (Galian, forthcoming).
[179] (ILO, n.d.)
[180] Ibid.
[181] Inspection Mechanisms Research Note background paper for this project.
[182] Original reference: Ley 26.727 Régimen de Trabajo Agrario; ILO, 2018b, p.34.
[183] Ibid. Original reference: Art. 95, 97 Social Insurance Law of 2010.
[184] Ibid. Original reference: Ley No 5.407 trabajo doméstico and Ley N. 4.457 micro, pequeñas y medianas empresas (ILO, 2018b, p.22).
[185] Ibid. Original reference: Preamble VI, Ley General de Inspección de Trabajo No. 664, 2008.
[186] Ibid. Original reference: (ILO, 2016, p. 18)

⇒ *Therefore, contribution collection and compliance involves a combination of enforcement and facilitation.*

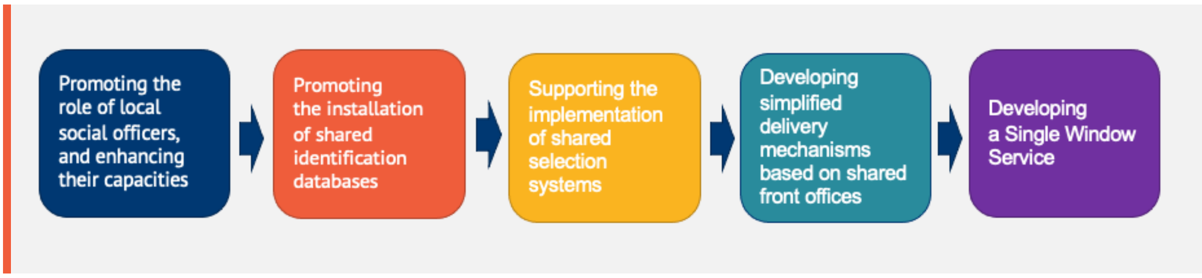
⇒ *For compliance enforcement to serve the broader goal of coverage extension, social security institutions and labour inspectorates should shift from a reactive role to playing a proactive role in extending coverage through the facilitation of contribution collection and compliance for workers in the informal economy.*

⇒ *They can do so by leveraging ICT-based solutions, offering single window services, and strengthening collaboration with revenue authorities.*

## 4.2 Horizontal coordination at the operational level

As mentioned, horizontal coordination is important both at the policy level as well as at the operational level. Many issues related to horizontal operational coordination have already been addressed in the mid-level governance discussions, particularly related to the development of integrated MISs across social protection programmes that are also linked up with external databases. In addition, aspects of horizontal operational coordination have already been highlighted in discussions of increased collaboration between institutions to facilitate contribution (and tax) collection and single window services. The UNDG Social Protection Coordination Toolkit (2016) highlights the importance of strengthening these and other types of coordination, summarizing five steps for improved coordination in social protection at the operational level, including promoting the importance of local social welfare officers; promoting the installation of shared identification databases; supporting the implementation of shared selection systems; developing simplified delivery mechanisms based on shared front offices; and developing a Single Window Service. These are shown in Figure 4-3.

**Figure 4-3: Five steps to improve operational-level horizontal coordination**




*Source: Reproduced from Figure 17 in* (United Nations Development Group (UNDG) and International Labour Organization, 2016).

The importance of having an adequately staffed and trained cadre of social workers and social welfare officers cannot be over-emphasised. These key workers "are the frontline providers of social protection who are tasked with identifying vulnerabilities among populations and providing social transfers as well as other social support."[187] They are often required to have a bird's eye view of the benefit structure within a country in order to be able to advise potential beneficiaries regarding eligibility for different programmes and provide crucial support in the application and registration process, especially for those who are face higher administrative barriers to coverage. Social workers are also important actors in facilitating complaints and appeals processes (see Box 4-9). Failure to

[187] Ibid., p. 46.

invest properly in adequate staffing and training can undermine basic good governance at the operational level.

Importantly, however, the roles and functions of social welfare officers varies according to high-level scheme design. Poverty targeted schemes and schemes that use conditionalities often require larger numbers of social workers to be able to enforce conditions and verify eligibility at household level, which can be costly, and moreover, does not necessarily improve coverage. For example, in Mauritius, to meet the additional administrative requirements for case management linked to the introduction of conditionalities as part of a new set of Empowerment Programmes, UNDP recommends increasing the current social workforce by more than three times, at an annual cost of MUR 50 million.[188]

**Box 4-5: Mauritius' single window through MoSS frontline offices**

The MoSS has 46 Social Security Offices in Mauritius (including on Rodrigues) where citizens can interact with frontline workers, submit applications for benefits and communicate questions and complaints. Once a potential beneficiary applies, the Ministry determines eligibility in accordance with legislation and regulations and payments are issued, mainly via bank transfer, where beneficiaries provide bank account numbers and details upon application.

For social assistance benefits, the eligibility determination is increasingly carried out in collaboration with the Social Register of Mauritius (SRM) and may involve a visit to a household by welfare officers. Once processed, citizens receive a written notice informing them of the Ministry's decision. In addition, since October 2018, SRM registration is also carried out at local MoSS offices. Once registered and eligibility is determined, MoSS sends the information to MSIEE, which proceeds to sign Marshall Plan Social Contracts with eligible households. Currently, SRM Child Allowance are the only SRM benefits that are paid by MoSS, but this may change in line with the potential phase-out (conversion) of remaining Social Aid benefits to the Marshall Plan.

*Source: MoSS (2020), MoSS (n.d.). See also the Mauritius and Fiji case study in this report series.*

While coordination in information management and selection processes are taken up elsewhere, it is important to emphasise here the efficiency gains that can come from having shared front offices and/or a single window service. From the beneficiary's perspective, the social protection system can seem intimidating and unwieldly, especially when there are multiple benefits administered by different agencies and ministries. Centralising access to the system at a single administrative point, using local unit structures, can dramatically improve their experience with the benefits system. Using the example of Mauritius again, all citizens are made aware that the first point of contact for benefit application and other questions is the Ministry of Social Security (MoSS), even for supplementary social assistance benefits, where despite the establishment of new programmes with divergent institutional arrangements, officials recognised and capitalised on the administrative capacity, experience, and reach of the MoSS.[189]

Finally, horizontal coordination at the operational level is vitally important when the social protection system is required be react to and anticipate large-scale covariate shocks and crises, such as financial crises, drought, natural disasters, or epidemics/pandemics such as COVID-19. A so-called "shock-responsive social protection" system is able to flexibly expand, including horizontally and vertically, in the context of shocks.[190] This requires coordination not only within the social protection system, but also with wider actors implicated in the shock response, such as health authorities, humanitarian organizations, donors, among others. For example, in Argentina, immense pressure to respond rapidly and efficiently to the pandemic awakened long dormant coordination structures such as the Social Development Federal Council (*Consejo Federal de Desarrollo Social, COFEDESO*), which had been dissolved since 2002 but re-surfaced with the mission of building consensus among different jurisdictions on social policies, in particular with regards to social assistance, social promotion, social inclusion, food security, poverty reduction and the development of equal

[188] UNDP (2016). See also the Mauritius and Fiji case study in this report series.
[189] See the Mauritius and Fiji case study in this report series.
[190] (O'Brien et al., n.d.; OPM, 2017).

opportunities for the most vulnerable sectors.[191] While much of the strategic vision for shock-responsive expansion occurs at the higher (policy and planning) levels of governance, the ability of the system to activate plans in the immediate aftermath relies on having clear and seamless governance and administrative processes at the operational level, as explained in Box 4-6. According to the ILO, already, more than 200 countries have implemented some 1,500 social protection measures in response to COVID-19, which vary significantly in terms of social protection function and instrument.[192] The success of these measures will hinge on having effective governance systems in place at all levels.

**Box 4-6: Shock-responsive social protection and governance**

A growing literature explores the ability of social protection systems to flexibly anticipate and respond to large-scale (covariate) shocks, mitigating the impact of shocks on individuals, families and facilitating faster recovery in the broader society and economy.

OPM (2018) have identified five options for social protection systems to respond to shocks:

1) **Design tweaks** – making small adjustments to the design of routine social protection interventions, such as waiving conditionalities, altering payment protocols, etc.;
2) **Piggybacking** – using elements of an existing social protection programme or system while delivering a separate emergency response, including 'borrowing' beneficiary lists, staff, databases, etc.;
3) **Vertical expansion** – temporarily increasing the value or duration of benefits for existing beneficiaries;
4) **Horizontal expansion** – temporarily increasing the number of recipients in an existing social protection programme;
5) **Alignment** – aligning social protection and/or humanitarian interventions.

Many of these responses require high-level coordination with other entities and may call for specific governance systems, such as framework agreements, that would activate in the context of a shock. Vertical coordination between central and local levels is particularly important in a crisis response, where different actors may be operating in different places, requiring clear lines of responsibility. At the operational level, between organizations and across schemes, examples of coordination mechanisms include (OPM, 2018):

- Forums for data collection and analysis
- Technical working groups on specific themes (e.g. shock-responsive social protection)
- Cash working groups to coordinate cash assistance in emergencies
- Disaster response groups
- Alliances for advocacy and policy coordination
- Temporary committees
- Periodic conferences

*Source: OPM (2018) and O'Brien, et al. (2017).*

Importantly, there is strong evidence and an emerging consensus that, regardless of the nature of the crisis or shock, countries that have put in place inclusive social protection systems, with an emphasis on providing high levels coverage for core lifecycle programmes, are best able to cope with shocks when they occur.[193] This is primarily because high coverage – and especially universal schemes – reach many more households than poverty targeted schemes, providing a much broader benefits infrastructure on which to "piggyback", horizontally or vertically expand, or otherwise adapt in the face of a shock. Already, the evidence base is growing that COVID-19 emergency responses were more effective where systems were already in place.[194] Moreover, even key figures in the World Bank, which have historically promoted poverty targeting as technocratic and efficient way of channelling limited resources to those who need them most, have recognised that universal emergency benefits are more suitable as a COVID-19 response since those worst affected are often

[191] Official news: https://www.argentina.gob.ar/noticias/oficializan-la-creacion-del-consejo-federal-de-desarrollo-social. See the case study on Argentina in this report series.
[192] (ILO, n.d.)
[193] See e.g. (ISSA, 2012; Kidd et al., n.d.; Kidd and Sibun, 2020; Orton and Razavi, 2020; Razavi, 2020).
[194] See e.g. (Development Pathways for Oxfam, forthcoming)

those in the informal economy, who are usually excluded from poverty targeting are they are not deemed to be poor enough.[195]

- ⇒ *Therefore, improving coordination in social protection at the operational level involves promoting the importance of local social welfare officers; promoting the installation of shared identification databases; supporting the implementation of shared selection systems; developing simplified delivery mechanisms based on shared front offices; and developing a Single Window Service.*[196]
- ⇒ *Horizontal coordination at the operational level is vitally important when the social protection system is required be react to and anticipate large-scale covariate shocks and crises and usually requires specific cross-sectoral governance frameworks for shock-responsive social protection systems*.

## 4.3 Facilitating payments of income transfers

As part of the social contract, good governance of social protection requires that rules be established so that rights holders, stakeholders and the state are mandated to fulfil their mutual and reciprocal responsibilities. On the frontlines, social protection programmes — particularly income transfers —involve a (financial) transaction between citizens and the state in fulfilment of social obligations. This includes workers' and employers' obligation to pay contributions, but it also involves the state's obligation to pay benefits in a timely and efficient way. Very often, the payment mechanisms used within social security systems differ depending on whether the scheme is non-contributory or contributory. For contributory programmes, recipients are often already expected to own a financial account, and therefore, the institution delivering the scheme is generally not responsible for how members/contributors are treated by the payment service provider, and in addition, these schemes are often governed by formal legal and regulatory frameworks.[197]Not only are many non-contributory benefits outside of formal legal frameworks, but even where entitlements are grounded in legislation, regulatory frameworks around payments of benefits are generally weak. The following paragraphs focus on key issues in benefit payment in contexts where social protection is nascent, and where many recipients are interfacing with the social security system for the first time.

Due to the fact that many recipients of non-contributory income transfer schemes are financially excluded, the interaction with the social protection system can serve to enhance financial inclusion. Governments/donors often enter into contracts with payment service providers to deliver the payments on behalf of the programme.[198] Payments will be either manual (cash in an envelope) or electronic (for example, the provision of a bank or mobile money account). Electronic payments are an essential aspect of good governance as they increase transparency, improve traceability and real-time reconciliation, and reduce "leakage" and "ghost" beneficiaries (through more stringent identification documentation). Schemes that employ electronic payments include Colombia's *Familias en Accion* programme and Pakistan's Benazir Income Support Programme (BISP).[199] However, without appropriate financial education, electronic payments can also open beneficiaries up to fraud and theft if they do not fully understand how to utilise their payment instrument and account.

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[195] (Rutkowski, 2020)
[196] (United Nations Development Group (UNDG) and International Labour Organization, 2016)
[197] However, as indicated below, it is the government's obligation to its citizens to ensure that appropriate financial and payment services legislation and regulations are developed.
[198] At the early stages of a programme, the government or donor may deliver the cash itself. This will be a manual payment and not electronic.
[199] (Stuart, 2018)

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Depending on how developed the payments infrastructure is in a given country (for example, the geographic presence of branches, ATMs and agents and whether there is interoperability[200]), the payment service provider may be required to travel to more remote areas, by operating a "bank on wheels" model. Recipients will therefore be required to travel to a temporary paypoint at a required time and on a specific day. Recipients have little autonomy in these scenarios for they do not have any choice over when and where they can collect their cash transfer. As a country's infrastructure develops, however, it is preferable that recipients are given a financially inclusive account, which allows them to withdraw their benefit from a channel at a time that they choose. This evolution can be seen with Kenya's Cash Transfer for Orphans and Vulnerable Children (CT-OVC) programme: Government officials initially paid recipients their benefits manually, but banks now provide recipients with bank accounts, and recipients can use their debit card with their bank's local agent.[201]

It should be emphasised that in countries that are developing their national payment system, the financial and payment services legislation and regulation may still be underdeveloped. Recipients may therefore be charged excessive transactional fees or have limited access to the payment service provider's grievance and complaints mechanism. In the absence of a robust legal and regulatory framework, the donor/government should develop measurable standards that should inform key performance areas of a Commercial Contract/Service Level Agreement with a payment service provider.[202] Without a robust contract, contract management may prove difficult, and the government/donor may not be able to enforce that the payment service provider respects the rights of beneficiaries.

- ⇒ *Therefore, payment systems in social protection can be important avenues to promote financial inclusion among vulnerable groups.*
- ⇒ *However, the governance frameworks around non-contributory benefit payment systems in low- and middle-income countries are under-developed.*

## 4.4 Avenues for stakeholder participation in scheme design and management

Beyond formal or structured grievance redress mechanisms which provide a way for citizens to express dissatisfaction, good governance also calls for increasing the opportunities and channels for rights holders and stakeholders to shape decisionmaking around programme design and management. Historically, rules and standards governing stakeholder participation have been enshrined in international social security conventions, but many of these mechanisms have only been applied in practice to the governance of contributory schemes.

For example, ILO Convention 102 calls for representation of stakeholders in the management of schemes,[203] and indeed it is the norm for the Boards of national social security institutions to be tripartite, comprised of representatives of workers, employers and Government.[204] Official channels

[200] Interoperability allows a customer to, for example, use the infrastructure of a payment service provider that the customer does not hold an account with. A payment service provider can therefore serve a customer without having a presence.
[201] (McKay et al., 2020)
[202] (Kidd and Langhan, 2019) Standards should adhere to international best practice. For example, (Sphere Association, 2018) states that paypoinits should be within 5km of each recipient. (The World Bank, 2017) provides further provides a handbook for good practices for financial consumer protection.
[203] " Where the administration is not entrusted to an institution regulated by the public authorities or to a Government department responsible to a legislature, representatives of the persons protected shall participate in the management, or be associated therewith in a consultative capacity, under prescribed conditions; national laws or regulations may likewise decide as to the participation of representatives of employers and of the public authorities" (ILO, 1952, Article 72).
[204] See e.g. (International Labour Office and International Training Centre of the ILO, 2010; ISSA/SSA, multiple years).

like these are vital for garnering and sustaining support for social security, particularly as regards setting the terms and rules governing the level of 'sacrifice' (payment of contributions) expected by the parties involved, as well as the benefits they receive in return. Moreover, one of the functions of social security Boards is to separate the financing of social security from the government budget, preserving the operational integrity of contribution-based systems and insulating the schemes from competitive political processes around funding, which can be important for effective system-wide governance. In practice, Governments find ways to blur these lines, moving in both directions – where well-resourced social security funds act as lenders, or where social security fund deficits are financed (usually by law) from general revenues. The ISSA has developed extensive *Guidelines on Good Governance* (2019) with these organisations, including both the Board and Management, in mind.[205]

However, social security Boards are also highly contested, fundamentally political spaces, where interests and power behind the formal representation may or may not be balanced. This can result in situations where practices deviate from formal statutes, which can jeaopardise the independence of the body vis-à-vis Government.[206] In addition, Boards are not always legally tripartite in nature, but instead may be comprised of representatives from different Government ministries, as is the case with Georgia's new mandatory individual account scheme,[207] which severely limits the voices of social partners.

Furthermore, the 'interests' of Board members and the groups they represent are not always aligned with the extension or improvement of social security and, where social partners are resistant to necessary reforms, may in fact undermine the long-term financial sustainability. And, scheme design shapes the interests of different parties. For example, in certain types of schemes, such as savings-based (e.g. individual accounts or provident fund) schemes that are not based on risk pooling or solidarity, workers may have an interest in withdrawing 'their' money early or resisting reforms that would collectivise risk, paradoxically jeopardising the ability of the system to pay long-term benefits. Indeed, activism by workers' groups in Uganda has slowed reforms to the NSSF precisely for these reasons, as explained in Box 4-7.[208]

[205] (International Social Security Association (ISSA), 2019a)
[206] (International Labour Office and International Training Centre of the ILO, 2010)
[207] (McClanahan et al., forthcoming)
[208] For Uganda, see (McClanahan et al., forthcoming).

### Box 4-7: Scheme design shapes stakeholder interests in Uganda's NSSF

Despite its name, the current National Social Security Fund (NSSF) in Uganda is structured as a provident fund, which is essentially a mandatory savings scheme offering only lump sums for narrowly defined contingencies, notably old age, disability and survivors. In this system, the responsibility for 'saving' for the cost of incurring these common lifecycle risks is expected to be borne almost entirely by private individuals and, in the case of formally employed persons, by their employers who are required – if they comply – to pay contributions to NSSF and provide paid sick leave, paid maternity leave, severance pay, and cover the costs from work-related accidents and diseases.

In the absence of basic protections for working-age risks, workers' representatives demanded that an NSSF Bill "expand the scope of benefits to allow individuals with various challenges such as unemployment, sickness and school fees to help them solve their issues…without waiting for retirement."[209] However, in a savings-based system, early withdrawal drains individual accounts leaving little to cover long-term risks.

Seen in this light, workers' recent demands for so-called 'midterm access' to their savings from age 45 are an understandable clarion call that originates primarily from an absence of social security, rather than from a poor understanding of the value of saving for the future. Rather than early access, broader reforms are required, reforms that would secure protection for lifecycle contingencies – like sickness and unemployment.

*Source:* (McClanahan et al., forthcoming).

Whereas in contributory schemes, participation must comply with formal statutes and follow established good governance guidelines, avenues for stakeholder and rights holder participation are less clear cut in many of the emerging tax-financed, non-contributory schemes in low- and middle-income countries. One of the forms citizen participation can take is through civil society-organised platforms to weigh in on an upcoming law or policy (often through a pilot scheme) that could lead to a social protection initiative. The prevalence, form and impact of these fora will vary depending on the country and level of civil society within that country. Moreover, the success of participation depends on the degree of freedom of association and the level of 'tolerance' the government has for such organisations to assemble and voice their views. The "policy outcomes are often the result of long and sustained efforts and the productive combination of political acumen and coalition-building, from policy champions at different levels of government, grassroots civil society organizations to academia, often with the support of international partners; they do not necessarily emanate from the top" and once in train, they reach a point of "political irreversibility". [210]

There are a number of positive examples of citizen participation avenues. For example, in Latin America, a number of countries convene consultation groups (*Consejos Consultivos)* comprised of representatives of civil society as a way of involving stakeholders in problem-solving and to perform complementary monitoring functions.[211] While not always specific to social protection, they are concerned primarily with 'social issues' and can take up specific thematic issues, such as a particular social protection programme, within their remit. South Africa provides another important example of a government-led initiative to encourage local participation. The Department of Performance, Monitoring and Evaluation in the Presidency (DPME) initiated a "Framework for Strengthening Citizen-Government Partnerships for Monitoring Frontline Service Delivery", which involved a Citizen-Based Monitoring (CBM) Pilot as a means to include the beneficiaries so they could give feedback based on their experiences so far of service delivery under the pilot scheme.[212] There have also been examples of more informal, citizen-based groups set up by communities focused older people's associations in Cameroon, Ethiopia, the Gambia, Kenya and Uganda.[213] Box 4-8 describes a

[209] See (Ahimbisibwe, 2019)
[210] (Davis, 2016), cited in (UNDP and African Union, 2019).
[211] See, e.g., https://www.argentina.gob.ar/sinagir/institucional/ong/consejo-consultivo-sociedad-civil.
[212] (Livingstone, 2014; UNDP and African Union, 2019).
[213] HelpAge International, cited in UNDP and African Union (2019).

number of examples of citizen participation in social protection decisionmaking in Mozambique, India and Brazil.

**Box 4-8: Citizenship participation in social protection programme management**

In **Mozambique**, a union of various NGOs and civil society groups worked collaboratively in order to strengthen national and sub-national engagement with the government to become a "key partner" in social protection policy and programmes. This has seen the involvement of beneficiaries and citizens more widely by monitoring of the government's actions and improving programme awareness amongst the wider public. This gives greater ownership of programmes overall at local and national level (HelpAge International, cited in UNDP and African Union (2019).

In **India,** launched in 2006 and extended nationwide in 2008, the National Rural Employment Guarantee Act, later renamed the Mahatma Gandhi National Rural Employment Guarantee Act – MGNREGA. Best known for its public works components, the Act also strengthen decentralized, participatory planning through local government empowerment and improve governance through better transparency and accountability (Sabates et al., 2017). MGNREGA included specific design features which were, according to Mann and Pande, "bottom-up, people-centred, demand driven, rights-based" and allowed citizens to be engaged as "shapers and makers" (Sabates et al., 2017: 20) at the delivery phase that actively allowed beneficiaries to formulate and change the policy. The end result may have been unsatisfactory, but it demonstrated the potential for civil society engagement amongst those who would be directly affected by a specific social policy initiative.

In **Brazil,** the *Bolsa Família* programme became a flagship, national policy, and was hailed as "a global success story, and a reference point for social policy around the world" (Sabates et al., 2017: 24). However, it emerged at the local level from the active citizen involvement with the municipal-run poverty focused pilot schemes. Social assistance had been included as a right of citizenship coupled with a decentralisation agenda in Brazil's Constitution from 1988. Municipalities piloted schemes that proved to be so successful that they were then eventually adopted at state, nationwide level. Multi-stakeholder and policy analysis by Sugiyama illustrates that BFP is evidence of "well-functioning and responsive state-centred mechanisms and demonstrate a bottom-up oversight – nurtured by decentralisation and a history of protest politics" (as cited in Sabates et al., 2017: 25).

Involvement by stakeholders and rights holders may not always be straightforward, but in the long run, everyone is better served by increased participation. The more explicit, specific and transparent social protection systems can be in creating and promoting spaces for this type of engagement – including through formal representation, where possible, the better.

- ⇒ *Therefore, establishing formal avenues for stakeholder and rights holder participation in social protection management and oversight is vital to the long-term management of vested and emerging societal interests.*
- ⇒ *These spaces are usually established by law in contributory systems, but law and practices vary around the world.*
- ⇒ *Creating formal spaces for engagement is more challenging for tax-financed, non-contributory benefits where interests and voices are more diffuse, but promising examples of citizen participation exist.*

## 4.5 Grievance and appeals mechanisms for accountability

While enforcement is often viewed as unidirectional – i.e. the state enforcing compliance with obligations – it also works the other way through formal mechanisms for citizens and stakeholders to hold the state to account. Even well-governed systems sometimes fail to honour the rights and entitlements to social protection, whether due to policy failures, to technical or administrative errors, or in the worst case, corruption. It is vital that social protection systems offer mechanisms for ensuring accountability for rights holders and stakeholders and appropriate structures and mechanisms for facilitating grievance claims and complaints on social protection schemes and service delivery. Moreover, this right to complain and appeal about the quality and quantity of benefits is firmly enshrined in international social security instruments,[214] besides being consistent

[214] See e.g. International Labour Conference (2011), Chapter 3. For example, ILO Convention 102 (Article 70) establishes that every claimant should have the right to appeal in case of refusal of a benefit or to complain about its quality or quanity.

with broader human rights standards that provide for the right to an effective remedy when rights have been violated.[215]

According to Recommendation 202 (Article 7), social protection laws should specify complaint and appeal procedures that are "impartial, transparent, effective, simple, rapid, accessible and inexpensive" and that access to them should be "free of charge". Similarly, human rights standards call for an appeal process that is "independent, accessible, simple, fair and effective."[216] Furthermore, to mitigate power imbalances and protect complainants, officials should provide for certain guarantees, including: "multiple channels for presenting complaints; provision for anonymous complaints…; protections for the confidentiality of the complainant; and provision for low levels of literacy or alternative languages of the complainants."[217]

Many countries have formally established procedures for filing complaints and appealing social security decisions. The form that formal appeals and complaints mechanisms can take varies significantly across countries. The ILO (International Labour Conference, 2011) has identified four main types of procedures:

1) Internal administrative procedures, where the right to seek a change in decision is only possible at the administrative level, even if they may be elevated from lower to higher levels on appeal.
2) Special judicial procedures, such as labour tribunals or courts;
3) Judicial procedures before general courts;
4) Mixed procedures, where initial complaints can be lodged with administrative bodies, and appeals are processed in the various types of courts.[218]

Reviews of international experiences have highlighted a number of success factors to ensure maximum effectiveness of grievance and complaints mechanisms. For example, some have suggested that grievance and complaints mechanisms should ideally comprise three levels or 'tiers': first, a simple procedure with the payment provider to report non-payment, errors or fraud; a second tier granting access to programme administrators; and a third tier that enables complaints to pass to an independent authority, such as an Ombudsman, as a last resort.[219] A review of international best practice confirms the importance of allowing for multiple levels, where resolution of complaints at the point of service (lowest level, closest to the citizen) is more effective due to low information and transaction costs, while also ensuring access to independent channels for redress, such as an ombudsman, audit institutions, or third-party contracting out of complaints collection/facilitation. In addition, grievance

**Box 4-9: Complaints and appeals mechanisms in Fiji**

Fiji's Department of Social Welfare (DSW) Grievance and Complaint's Mechanism complies with most international standards of good practice. However, challenges in recent years have centred around access to information for claimants (low awareness of the process), the long waiting times and repeat visits required for application of benefits, slow grievance process, and lack of 'third-tier' grievance mechanism (the only recourse currently is to take the complaint to the Prime Minister's office, but it ends up back at DSW).

Addressing complaints is time consuming and therefore costly. The Director at DSW is reported to spend "half his time addressing complaints, mainly due to the challenges of the Poverty Benefit re-certification process" – that is, complaints are generally about exclusion. According to the UNICEF analysis, simplifying systems and in particular, "a key issue will be whether to address the challenges with the PMT targeting mechanism, which has significantly increased the workload of staff and led to a significant increase in grievances."

Source: UNICEF and MWCPA (2015) and Fiji case study in this report series.

[215] Sepúlveda & Nyst (2012)
[216] (Sepúlveda and Nyst, 2012)
[217] Ibid.
[218] Examples of countries that follow the different models for procedures can be found in International Labour Conference (2011), Chapter 3, and in the Background note on Social Security Complaint and Appeal Mechanisms as part of this project.
[219] UNICEF and MWCPA (2015).

mechanisms and structures must be adequately staffed and resourced and follow standard operating procedures, which is easiest when grievance mechanisms are incorporated into programme monitoring information system. Finally, it is imperative that the public understands the nature of their entitlements (including programme objectives, selection criteria, registration) as well as how to access the redress system if necessary.[220] The experience of Fiji's complaints system for the Care and Protection Allowance illustrates the importance of many of these issues (Box 4-9).

In addition to allowing for multiple levels of appeals and grievance resolution, it is important that social protection systems and programmes provide multiple channels for presenting complaints to ensure equal access for people who are more likely to face administrative barriers, such as women and people with disabilities. Table 4-1 presents the pros and cons of different channels, as summarised by Barca (2016).

### Table 4-1: Pros and cons of main types of programme grievance channels

| Type of grievance channel | Pros | Cons |
|---|---|---|
| Social assistant/social worker | ⇒ Strong understanding of social protection programmes<br>⇒ Very accessible locally<br>⇒ Regular contact with social protection programme<br>⇒ Can be easily trained | ⇒ Potential conflict of interest (cannot complain to them about their conduct)<br>⇒ Not always capable of solutions (e.g. targeting)<br>⇒ Not anonymous of confidential<br>⇒ Could be biased against certain community members |
| Complaints box | ⇒ Easy to set up<br>⇒ Can be anonymous (if form clearly states that name and address are not needed) | ⇒ Not appropriate for those who are illiterate<br>⇒ Conviction on behalf of complainants that it would not be acted upon |
| Call centre | ⇒ Direct<br>⇒ Simple<br>⇒ No problems linked to illiteracy<br>⇒ Theoretically can be anonymous/confidential<br>⇒ Useful in decentralised contexts | ⇒ Poor people are less likely to have access to a phone or to be willing to pay for the call<br>⇒ Less trust in revealing their identify and problems to someone they do not know<br>⇒ More difficult for the household to follow up on how the complaint is being managed<br>⇒ Needs to operate very well, or can backfire |
| Community grievance committees | ⇒ Members are from the community; widely known and trusted<br>⇒ Easy to access (direct and simple)<br>⇒ No problems linked to illiteracy | ⇒ Not anonymous or confidential<br>⇒ More costly to set up (identify actors) and train<br>⇒ Cannot make up for general programme weaknesses |
| Mobile unit | ⇒ Direct<br>⇒ Simple to access<br>⇒ No problems linked to illiteracy<br>⇒ Theoretically can be anonymous/confidential<br>⇒ Unbiased/external | ⇒ Reluctance to involve external actors (no trust in revealing their identify/problems to someone they do not know)<br>⇒ Not easily organised throughout the country<br>⇒ Costly to set up<br>⇒ People can only complain periodically. |

*Source: Reproduced from Table 1 in* (Barca, 2016).

In fact, grievances and appeals are an 'individualised' accountability mechanism that form part of a broader set of 'social accountability' mechanisms that can be leveraged for both statutory and non-statutory programmes. Social accountability has been defined as "the extent and capacity of citizens to hold the state and service providers accountable and make them responsive to needs of citizens and beneficiaries".[221] The fundamental importance of social accountability for social protection governance on the frontlines is clear in the conceptual framework depicted in Figure 4-4. Effective social accountability requires that all parties have access to the required information, that

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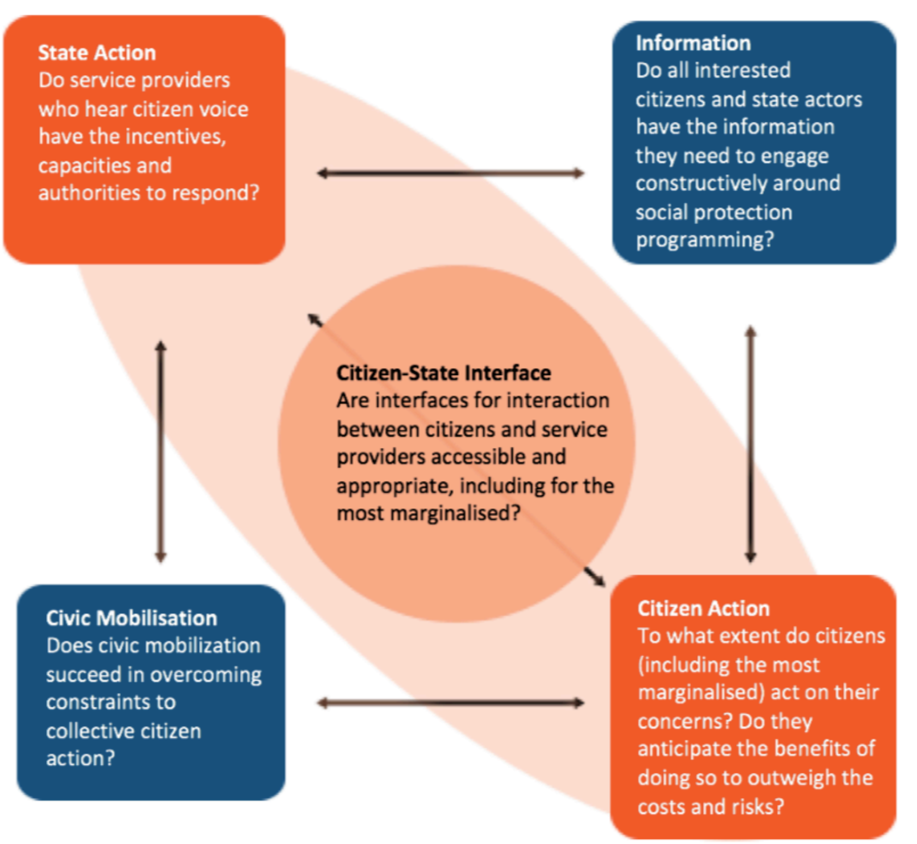
220 (Barca, 2016)
221 Grandvoinnet et al. (2015), cited in (T. Ayliffe et al., 2017).

beneficiaries act on their concerns (e.g. through grievances and appeals), if concerns are collective – that citizens mobilize to overcome obstacles to collective action, and that the service providers themselves (on behalf of the state, if relevant) have the capacity and authority to respond to the grievances.

**Figure 4-4: Conceptual framework for social accountability in social protection**




*Source: (Ayliffe et al., 2018).*

This body of research, which drew on an extensive literature review[222] as well as detailed case studies on India,[223] Nepal,[224] Ethiopia,[225] South Africa,[226] has revealed that success of social accountability in social protection is highly context dependent. Moreover, the type of social accountability mechanisms matter; while grievance redress mechanisms are often the default mechanism for social protection programmes, they may not be the most appropriate for all types of issues. In general, grievance redress mechanisms are appropriate when issues are individual and are able to be solved by applying the rules, while collective mechanisms (e.g. community scorecards, social audits, etc.) may be better suited to issues that are collective in nature or sensitive.

There are nevertheless a number of design features of social protection, both in terms of policy design and operations systems, and that help to facilitate the process of social accountability and grievance redress, including:

[222] (T. Ayliffe et al., 2017).
[223] (Schjoedt, 2018).
[224] (Schjoedt, 2017).
[225] (Ayliffe, 2017).
[226] (Aslam, 2018).

*Frontline 'street level' governance*

- **Easily comprehensible and clear eligibility criteria, transfer values and programme rules** – citizens are more likely to be able to exercise their rights when they understand the rules of the game, where 'categorical' (lifecycle) benefits are more straightforward than poverty targeted ones, which are typically paid at household level. For example, in Nepal, citizens are well informed of the eligibility criteria for benefits, largely because they are individual entitlements (old age pension, single woman allowance, child grant) with high coverage, but in Pakistan, many cases have been reported of people making repeated visit to programme offices to raise grievances because they do not understand why they are above the PMT eligibility threshold;
- **Alignment of financing with entitlements** – if financing is not guaranteed (such as programmes that use quotas to control costs) access is perceived to be arbitrary, which undermines the sense of entitlement;
- **Positive face-to-face interaction between marginalised citizens and programme officials** – while digital technology is valued by many better off beneficiaries, evidence suggests that people living in poverty may prefer to interact personally with frontline staff, and that this personal interaction – if it is positive (and e.g. not linked to enforcement of conditionalities) – it can build trust and confidence in the system;
- **Incentives, authorities and capacities of service providers to respond to demands** – in particular, where local officials lack authority, where authority over budgets is not adequately decentralised to enable response to decisions with budgetary implications, incentives are lacking for programme staff to elevate concerns or to respond; or where local officials lack knowledge or capacity.

A consistent finding across the literature, then, is that programme design matters for exercising citizens' right to complain. Moreover, a paradox emerges, wherein human rights experts note that "appeal mechanisms are especially crucial when targeting methods are used, as it is likely that many eligible poor households have been excluded from the programme."[227] However, the main basis for complaints in these programmes — ineligibility — has been identified as inappropriate for grievance redress mechanisms. According to Ayliffe et al. (2018), "[grievance redress mechanisms] seem particularly ill-suited to addressing thick accountability challenges, such as exclusion error in poverty-targeted programmes." They offer the examples of Kenya's HSNP, which has both a community-based targeting mechanism, and Pakistan's BISP, which uses a PMT, where, in both cases, complaints have "flooded the systems but remained largely unresolved". These cases also demonstrate that positive results are not automatic and depend largely on the state's capacity to respond. For example, in Kenya, Zimbabwe and Pakistan, state response has been identified as the weakest link in the complaints system when complaints have been unresolved.[228]

When complaints about denial of benefits are widespread, they can in some cases lead to changes in programme design and delivery, but typically this requires a recognition of the collective nature of the problem (and solution). For example, in Zambia, the Government had to change the targeting formula in response to public pressure.[229] And, in Georgia, a high number of complaints about eligibility decisions under the Targeted Social Assistance (TSA) programme, bolstered by robust programme evaluations that showed high exclusion errors, particularly for poor children, led to the Government improvements in the targeting formula (although the PMT was retained).[230] Finally,

[227] (Sepúlveda and Nyst, 2012)
[228] Ayliffe et al. (2017).
[229] UNDP and African Union (2019).
[230] See Baum et al. (2016); McClanahan (forthcoming).

local appeals committees in Ethiopia were relatively effective, but only when they operated "as a collective mechanism" rather than as a traditional rules-based grievance mechanism.[231]

While formal complaints and appeals mechanisms are essential for the realization of rights, it is equally important that recipients of social protection programmes that are not grounded in legislation also have access to accountability mechanisms. Unfortunately, many are lacking any sort of grievance or appeals mechanisms, leaving beneficiaries with no legal recourse to argue against decisions even when they know them to be in error. For example, recent review of 51 social assistance programmes[232] in Africa found that only 15 (less than a third) had any mechanisms for making appeals.[233] There was a distinct regional dimension as well: programmes with appeals mechanisms were heavily concentrated in Southern Africa (7 programmes) and East Africa (5 programmes), with only three programmes elsewhere containing any official outlet for contesting programme-related decisions and outcomes.[234]

The absence of this fundamental frontline governance mechanism not only jeopardises the fulfilment of the right to social protection for beneficiaries and non-beneficiaries alike, but will erode citizens' trust in the system and could undermine support for social protection expansion in the future.

- ⇒ *Therefore, formal grievance redress mechanisms that outline clear procedures for complaints and appeals, utilise multiple levels and channels, are well resourced, are fundamental to good governance of social security systems.*
- ⇒ *Evidence suggests that 'individualised' (lifecycle) programmes lend themselves more readily to redress and accountability than poverty-targeted schemes, where the main causes of complaints come down to programme design and exclusion errors.*
- ⇒ *Grievance and appeals mechanisms in non-statutory social protection programmes are nascent, and their widespread absence undermines rights and trust in the system.*

[231] (Ayliffe et al., 2018)
[232] The definition of social assistance in this instance refers to all non-contributory programmes.
[233] UNDP and African Union (2019).
[234] UNDP and African Union (2019)..

# 5 Identifying potential patterns in good governance

This overview has uncovered a number of potential patterns that would seem to matter for the success of social protection system-wide governance at the service of coverage extension. Broadly speaking, across all levels of governance examined here, a common theme emerges that *policy and scheme design matters*. In particular, core lifecycle schemes that are based on individual entitlements and are available to the general population rather than narrowly defined groups or risks, are not only more conducive to more streamlined, integrated institutional frameworks, but are easier to coordinate and integrate through information management systems (mid-level), and, importantly, lend themselves to more effective and positive interactions between citizens, stakeholders and the social security system on the frontlines.

In this sense, the paper has suggested that there are potentially strong associations between the core lifecycle schemes and the principles of good governance of social protection systems, particularly in the context of achieving universal social protection, laid out in the introductory chapter. Table 5-1 summarises these broad associations and their rationale in terms of the potential to further good governance.

### Table 5-1: Potential to further good governance of core lifecycle programmes compared with other (supplementary) benefits

| Good Governance Principles | Core lifecycle benefits | Other (supplementary) benefits |
|---|---|---|
| **Coherence, coordination** | **Stronger**<br>Rationale: typically, larger programmes are concentrated under fewer larger, more powerful institutions with convening power in the sector | **Weaker**<br>Rationale: multiple programmes administered separately, often by relatively weaker actors/institutions |
| **Financial, fiscal, economic sustainability** | **Stronger**<br>Rationale: high coverage potential based on shared/common risks and large policy coalitions, especially for age-related benefits, who have a stake in long-term viability; legally defined financing arrangements | **Weaker**<br>Rationale: low coverage potential based on based on uncommon or narrowly applicable risks and small policy coalitions; presence of donor funding in low- and middle-income countries |
| **Accountability** | **Stronger**<br>Rationale: based on individual entitlements specified in law; permanent mandates; clear avenues for complaints and appeal | **Weaker**<br>Rationale: often household benefits with no rights-based entitlement; transient mandates; unclear avenues for complaints and appeal |
| **Transparency** | **Stronger**<br>Rationale: large national schemes; high visibility; relatively few actors involved in delivery increases ease of access to information | **Weaker**<br>Rationale: smaller schemes; lower visibility; multiple actors often involved in administration |
| **Predictability and equal treatment** | **Stronger**<br>Rationale: eligibility criteria simple to understand; exclusion errors less likely | **Weaker**<br>Rationale: eligibility criteria complex; high potential for exclusion under poverty targeted schemes; often transient nature undermines predictability |
| **Participation** | **Stronger**<br>Rationale: formal avenues for participation more likely to be legally defined; informal avenues for participation more likely due to large, politically strong policy coalitions of beneficiaries and other stakeholders | **Weaker**<br>Rationale: formal avenues for participation less likely to exist; informal avenues for participation less likely to be utilised due to small, weak policy coalitions |
| **Dynamism** | **Neutral**<br>Rationale: programme resilience (e.g. resistance to retrenchment) may also mean programmes less | **Neutral** |

| | | |
|---|---|---|
| | responsive to reforms that could increase their coverage/inclusiveness | Rationale: programme parameters change frequently, but not necessarily to further meaningful extension |

These patterns are by no means an exhaustive account of the determinants of good governance. Indeed, while the core lifecycle versus other (supplementary) benefits distinction is clearly relevant, a number of other associations — such as the distinction between contributory and non-contributory systems for participation of stakeholders and MIS requirements — have also been identified that matter for governance. Uncovering demonstrable and definitive relationships is beyond the scope of this cursory review, which sought to critically examine the role of governance in the context of achieving universal social protection and uncover key themes, issues and potential relationships. Because the achievement of universal social protection is inextricably linked to policy design, the focus has, perhaps inevitably, turned attention to the key drivers of extension – which are policy choices -- and how good governance, or its absence, can either further these goals or hinder them. We summarise here the overarching patterns the analysis has suggested, based on the high-, mid- and street-level/frontline framework presented.

At the **highest levels**, good governance shapes the ability of the system to act as such, rather than as disparate, even competing, units. The analysis has suggested the following:

### A common definition of social protection at the national level

⇒ *Therefore, it is vital that countries at earlier stages of planning and development of their social protection systems set out a nationally agreed definition of of social protection through a consultative process.*
⇒ *When defining social protection, it is imperative that countries include core lifecycle benefits in their delineation of the sector, its objectives and its intended covered population.*
⇒ *Narrower definitions that only consider — or emphasise too heavily — smaller, supplementary ('safety net') programmes are not only at odds with the broader international experience, but often preclude possibilities for greater integration and more effective system-wide governance.*

### A strong legislative and regulatory framework

⇒ *Anchoring social protection programmes in legislation is a minimum requirement for ensuring that rights are enforceable.*
⇒ *Because they require consensus from social partners, contributory programmes tend to have a strong and specific statutory basis governing the obligations and rights of contributors and beneficiaries.*
⇒ *Non-contributory benefits are more likely to be grounded in legislation when they are tied to core lifecycle contingencies, such as old age, disability or survivorship.*
⇒ *Individual entitlements such as those specified in a lifecycle framework lend themselves more readily to being enforceable under a rights-based approach to social protection*

### Horizontal coordination

⇒ *Horizontal coordination is a basic requirement for both 'internal' and 'external' policy coherence, as social protection increasingly interacts closely with other policy areas.*
⇒ *Successful coordination depends heavily on clear, formal mandates for the central coordinating body in the sector as well as participating actors, agencies and institutions, but can also occur in less formal, or targeted, smaller-scale spaces.*
⇒ *However, the gains from engaging in complex, cross-sectoral coordination, particularly when involving small, complementary or supplementary social protection programmes, should be*

*weighed carefully against the potential opportunity cost of not first investing more concertedly in within-sector coordination and integration through strong institutional frameworks for core inclusive social protection programmes*

### Vertical coordination

- ⇒ *Countries should clarify the formal rules of the game for vertical coordination within the social security system from the outset.*
- ⇒ *In federal structures, formal structures may actually impede rapid development of the sector, and efficient mechanisms for information exchange are required to reduce the risk of bottlenecks.*
- ⇒ *Improving vertical coordination requires introducing mechanisms to facilitate the top-down and bottom-up flows of information and funds, which can take a variety of forms, from information management systems, to reporting mechanisms, to incentivising active participation by lower-level units*

### Institutional frameworks for social protection delivery

- ⇒ *Therefore, while there is no one solution for overcoming fragmentation, the experience of high-income countries and successful low- and middle-income countries suggests that a higher degree of concentration of authority and administrative responsibility, especially for administering core lifecycle social protection programmes, is often associated with broad-based coverage expansion.*
- ⇒ *Countries with low state and institutional capacity are less able to cope with institutional complexity and would be better served to simplify institutional arrangements as early (or as soon) as possible.*
- ⇒ *Even in low-capacity contexts with high degrees of fragmentation, increased concentration can occur gradually, and small steps can open the door for potentially meaningful expansion.*

### Policy design and governance

- ⇒ *Therefore, it is a common misconception that good governance is independent from policy design, but in fact, the two are intricately linked.*
- ⇒ *Simpler policy designs — the quintessential example being universal tax-financed benefits but also pension-tested or benefit-tested lifecycle schemes — have more straightforward implications for governance.*
- ⇒ *Complex policy designs — such as means-tested or conditional policies*[235] *— have more complex administrative requirements, are less compatible with contributory programmes, and create more opportunities for error and violations of rights.*

**Mid-level** governance structures, in particular information management systems, are the backbone and the gateway to the social security system and are therefore fundamental to good system-wide governance. The analysis has suggested the following:

[235] Conditional cash transfers or multi-sectoral policies also involve complexities that complicate governance, as discussed in the next section.

*Identifying patterns in good governance*

**Programme-level MIS – Simpler designs for low-capacity contexts**

⇒ *Therefore, digital programme level MISs support social protection delivery by enhancing accuracy and integrity of data through appropriate data quality controls and verification, improving efficiency and effectiveness of programme operations and enhancing accountability and citizen empowerment through public portals, self-registration portals, dashboard and programme reporting mechanisms*

⇒ *Scheme design has implications for information systems and management, where complex schemes require higher degrees of institutional capacity than simpler designs.*

⇒ *Contributory schemes have inherently complex information management requirements, especially regarding contribution collection and compliance, which call for specific governance and management information systems, and social security agencies tasked with implementing contributory schemes tend to have higher institutional capacity.*

⇒ *Paradoxically, it is often the weaker (social development) line ministries that are tasked with implementing more complex non-contributory schemes, such as those requiring collection of additional monitoring information to support the targeting and compliance monitoring processes, which place a strain on collection, transmission, processing and management of data.*

⇒ *For non-contributory schemes, the simpler the programme design, the more effective, accurate and manageable the tools will be, particularly in low-resource contexts where ICT infrastructure, administrative capacity and human resources are limited.*

**MIS for an integrated sector—high-stakes choices, with implications for governance**

⇒ *Therefore, governments must think strategically about how the social protection system is nested within the broader social protection information 'ecosystem' and ensure that the management of individual programmes and schemes corresponds and contributes to broader planning and development of the whole sector's information systems.*

⇒ *Social registries offer a very limited potential for coordination across a collection of means-tested programmes, whereas single registries hold greater promise for system-wide integration, including across core lifecycle (contributory and non-contributory) schemes.*

⇒ *While greater integration in social protection MISs can be a powerful tool to facilitate better system-wide governance, it is not without its own risks and likewise requires prudent governance to manage.*

**Emerging international frameworks for ICT in social protection**

⇒ *Countries need not re-invent the wheel but can learn from international guidance as well as from other countries facing similar challenges at similar stages of developing their social protection systems.*

Finally, at **'street level'**, where citizens and stakeholders interface directly with the social security system, good governance can determine whether social protection strengthens or, potentially, undermines the social contract.

**Securing and facilitating payment of social contributions**

⇒ *Contribution collection and compliance involves a combination of enforcement and facilitation.*

*Identifying patterns in good governance*

- ⇒ *For compliance enforcement to serve the broader goal of coverage extension, social security institutions and labour inspectorates should shift from a reactive role to playing a proactive role in extending coverage through the facilitation of contribution collection and compliance for workers in the informal economy.*
- ⇒ *They can do so by leveraging ICT-based solutions, offering single window services, and strengthening collaboration with revenue authorities.*

**Facilitating payments of income transfers**

- ⇒ *Payment systems in social protection can be important avenues to promote financial inclusion among vulnerable groups; however, the governance frameworks around non-contributory benefit payment systems in low- and middle-income countries are under-developed.*

**Avenues for stakeholder participation in scheme design and management**

- ⇒ *Establishing formal avenues for stakeholder and rights holder participation in social protection management and oversight is vital to the long-term management of vested and emerging societal interests.*
- ⇒ *These spaces are usually established by law in contributory systems, but law and practices vary around the world.*
- ⇒ *Creating formal spaces for engagement is more challenging for tax-financed, non-contributory benefits where interests and voices are more diffuse, but promising examples of citizen participation exist.*

**Grievance and appeals mechanisms for accountability**

- ⇒ *Formal grievance redress mechanisms that outline clear procedures for complaints and appeals, utilize multiple levels and channels, are well resourced, are fundamental to good governance of social security systems.*
- ⇒ *Evidence suggests that 'individualised' (lifecycle) programmes lend themselves more readily to redress and accountability than poverty-targeted schemes, where the main causes of complaints come down to programme design and exclusion errors.*
- ⇒ *Grievance and appeals mechanisms in non-statutory social protection programmes are nascent, and their widespread absence undermines rights and trust in the system.*

These emerging patterns are strongly suggestive of a mutually reinforcing relationship between a lifecycle approach to social security and better system-wide governance, particularly when in pursuit of universal social protection within the context of the Sustainable Development Goals.

# 6 Conclusion

This overview has explored the links between social protection system governance and the achievement of universal social protection in broad terms. However, governance systems are ultimately shaped and determined by national politics, priorities and historical legacies. The relevance of international experiences will depend on where countries find themselves in the development of their social protection system.

The in-depth case studies offer an up-close look at governance challenges, processes and solutions in four countries: Argentina, Kenya, and Mauritius and Fiji as small island states. The cases were selected for having achieved noteworthy expansion in social protection in recent years facilitated at least in part by governance decisions and/or structures. Each case offers a unique lens into the specific governance challenges and solutions facing countries at very different stages of development of their social protection systems and within very different social, economic and political contexts.

- **Argentina** offers an example of a middle-high income country with a long tradition of a social welfare system, of a gradual expansion of coverage through a basic social protection floor across the lifecycle, and of an institutional consolidation process of the social protection sector. Moreover, as a country that has undergone a series of hard economic crises, it has shown considerable stability in terms of institutional arrangements while also weathering profound political changes and Government priorities. It also provides an example of governance challenges and responses within a federal administrative structure.
- **Kenya's** social protection system presents a leading example in sub-Saharan Africa of how a country can relatively rapidly move towards an inclusive lifecycle social protection system, including by taking ownership of the sector in the midst of heavy donor activity. Kenya's advances have been made possible through significant strengthening of institutional arrangements by the Government, primarily through the centralised administration of key programmes and the development of a robust MIS.
- **Small island states** face unique challenges related to their particularly colonial history, small populations, remote geographic location, history of high economic dependence on single commodities or industries (e.g. sugar, tourism), all of which have implications for the design and implementation of their social protection systems. **Mauritius** is known in Africa and around the world for its well-developed and institutionalised social protection system, especially its universal pension, but other areas — such as multi-tiered unemployment benefits and means-tested social aid benefits — have received less attention even though they present challenges for system-wide governance. **Fiji** has pursued significant expansion of its social protection system in the last decade, notably including reforms to the child Care and Protection allowance, and a 2012-13 reform which led to a pension-tested social pension that by some estimates reaches around 50 per cent of older people. However, significant governance challenges remain, notably related to coordination and implementation.

It is important to recall that the universe of 'good practices' in governance in low- and middle-income countries is still relatively small, though it is growing. Moreover, even in cases which are held up as good examples overall, there may still be weaknesses or gaps across different areas or levels of the governance and policy spectrum, as these are still low- and middle-income countries with all the associated political, socio-economic and institutional challenges. However, as the review considers system-wide governance, even if cases have been studied for a particularly successful aspect, feature or level, the case study will offer a new perspective – in particular by linking up achievements in coverage extension and the universal social protection agenda, with the nuts and bolts of a governance, including occasional failures.

Governance is an enormously broad, yet fundamental, concept that pervades all stages and aspects of the social protection policy and delivery process. It is the vehicle through which the fundamental right to social protection is achieved. Seen in this way, governments must view governance from a strategic perspective, steering the vehicle more purposely toward a universal social protection system based on entitlements, where core lifecycle social protection programmes come to be viewed as the axle around which the whole system turns. At the same time, they must ensure that the engine is smoothly functioning, that all systems are monitored regularly, and that no one is left behind or crushed along the way. Respecting the principles of good governance — the rules of the road — requires grappling with the complexity of existing systems, while mapping out a vision for a more streamlined future.

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# Annex 1 Good governance among the ‘umbrella’ principles of ILO Recommendation 202

ILO Recommendation 202 lays out 19 principles in Article 3, which in Dijkhoff and Mpedi (2016) (and Behrendt et al., 2016, in the same volume) have been classified covering nine ‘umbrella’ principles. Their classification is reproduced here.

### Table 0-1: ‘Umbrella’ principles articulated in R202

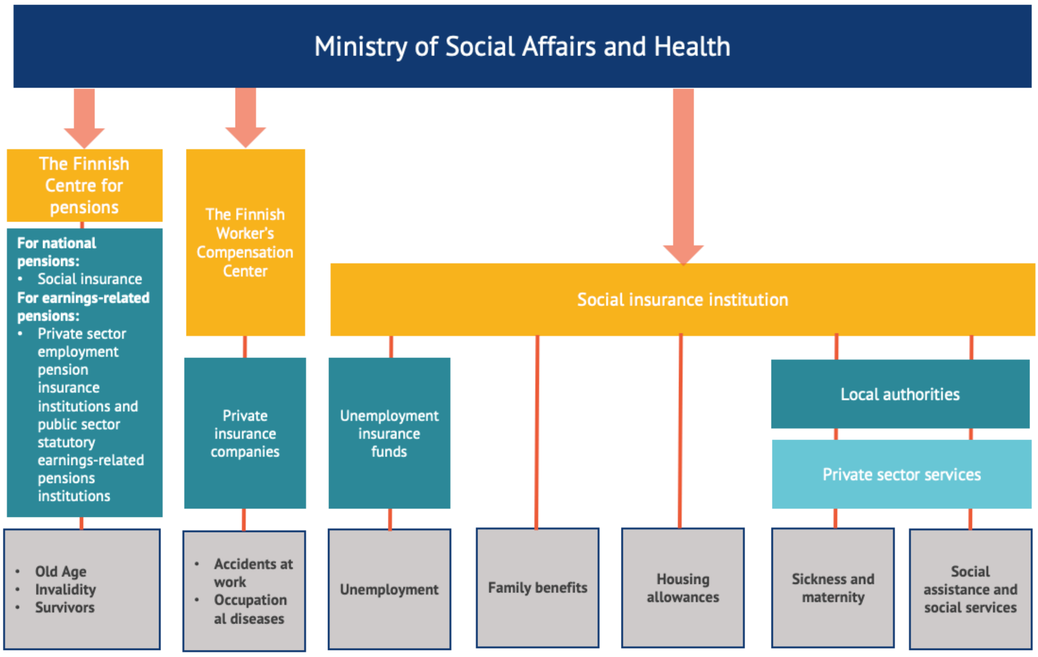
| Umbrella principle | Corresponding principle from Article 3 |
|---|---|
| **1. State responsibility** | **Article 3 (entire)** |
| 2. Universality of protection | (a) Universality of protection, based on social solidarity;<br>(e) Social inclusion, including of persons in the informal economy;<br>(g) Progressive realization, including by setting targets and time frames;<br>(i) Consideration of diversity of methods and approaches, including of financing mechanisms and delivery systems; |
| 3. Entitlements based on law | (b) Entitlement to benefits prescribed by national law;<br>(o) efficiency and accessibility of complaint and appeals procedures; |
| 4. Adequacy and predictability of benefits | (c) Adequacy and predictability of benefits;<br>(f) Respect for the rights and dignity of people covered by the social security guarantees; |
| 5. Non-discrimination | (d) Non-discrimination, gender equality and responsiveness to special needs; |
| 6. Financial solidarity | (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; |
| **7. Good governance** | **(f) Respect for the rights and dignity of people covered by the social security guarantees;**<br>**(i) Consideration of diversity of methods and approaches, including of financing mechanisms and delivery systems;**<br>**(j) Transparent, accountable and sound financial management and administration;**<br>**(k) Financial, fiscal and economic sustainability with due regard to social justice and equity;**<br>**(m) Coherence across institutions responsible for delivery of social protection;**<br>**(n) High-quality public services that enhance the delivery of social security systems;**<br>**(p) Regular monitoring of implementation, and periodic evaluation;** |
| **8. Coherence of policies**[236] | **(i) Consideration of diversity of methods and approaches, including of financing mechanisms and delivery systems;**<br>**(l) Coherence with social, economic and employment policies;**<br>**(m) Coherence across institutions responsible for delivery of social protection** |
| 9. Social participation | (q) Full respect for collective bargaining and freedom of association for all workers; and<br>(r)Tripartite participation with representative organizations of employers and workers; as well as consultation with other relevant and representative organizations of persons concerned. |

*Source: Reproduced from Dijkhoff and Mpedi (2016).*

[236] While some would separate coherence of policies from good governance (umbrella principles 7 and 8 in ), we would argue that a failure to achieve policy coherence points fundamentally to a failing of governance and therefore the former should be considered a sub-component of system-wide governance, as we are proposing.

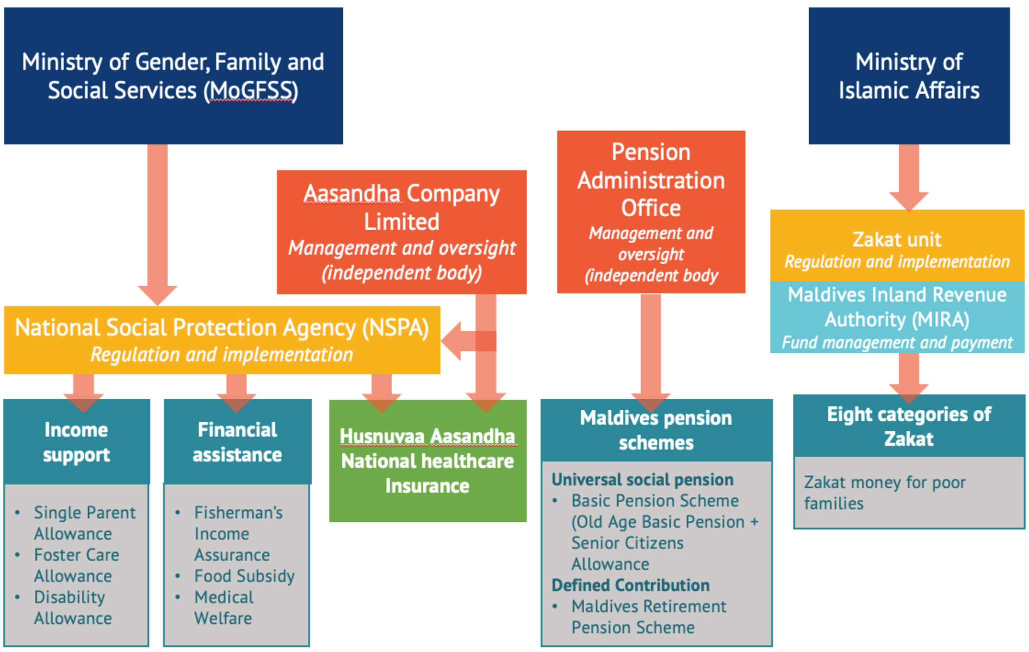
# Annex 2 Social security institutional organigrams from select countries

### Figure 0-1: Social security system in Finland



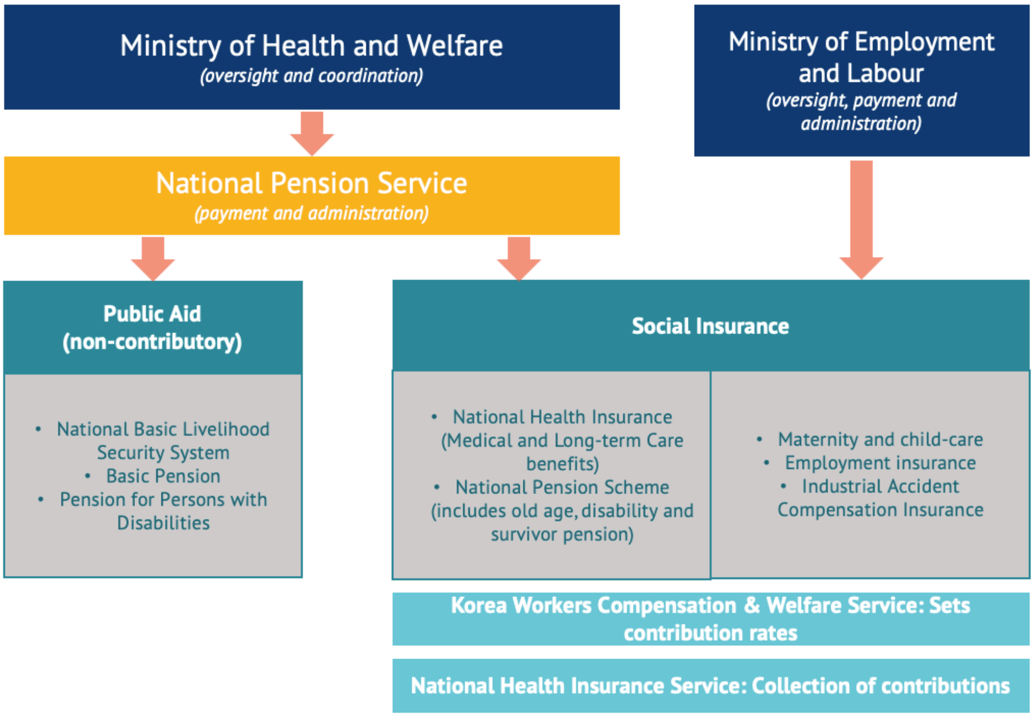

*Source: Development Pathways' depiction based on (Mutual Information System on Social Protection (MISSOC), latest years).*

### Figure 0-2: Social security system in the Maldives



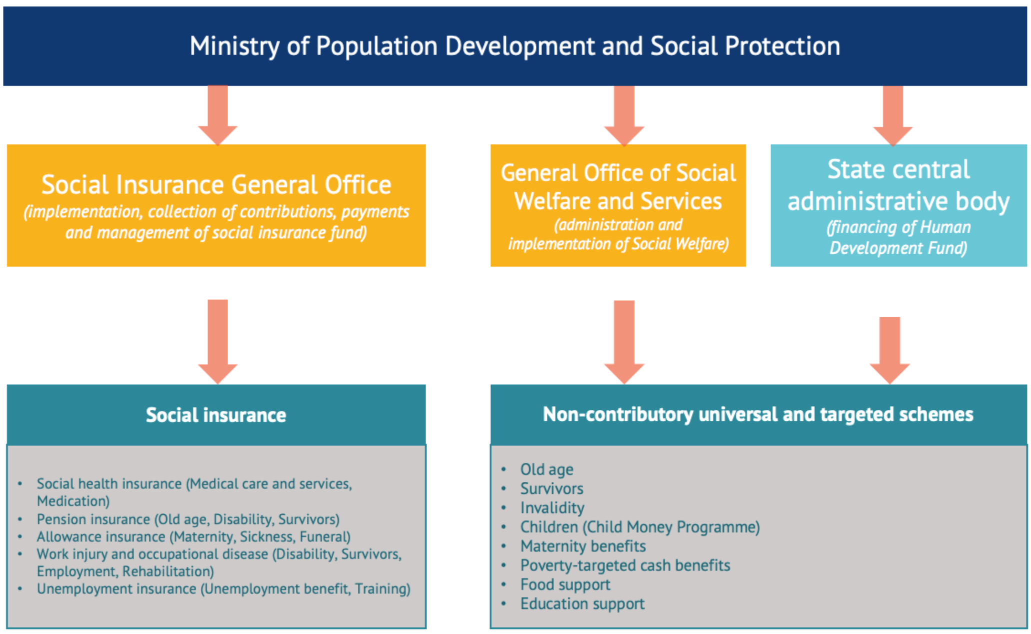
*Source: Development Pathways.*

### Figure 0-3: Social security system in the Republic of Korea



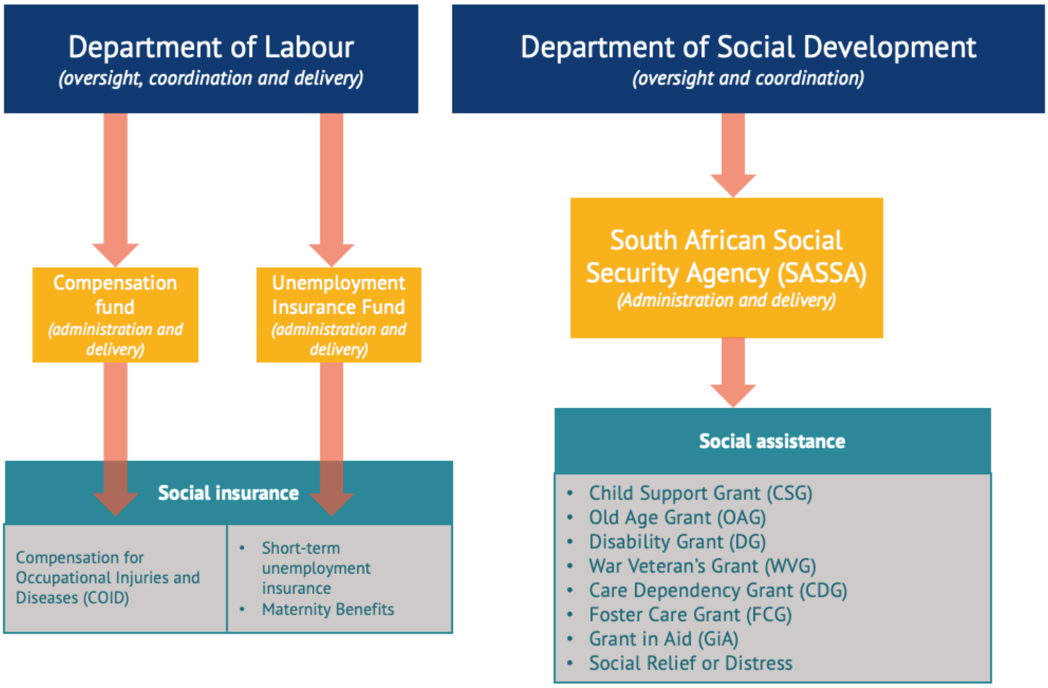

*Source: Development Pathways depiction based on ISSA/SSA (latest year).*

### Figure 0-4: Social security system in Mongolia



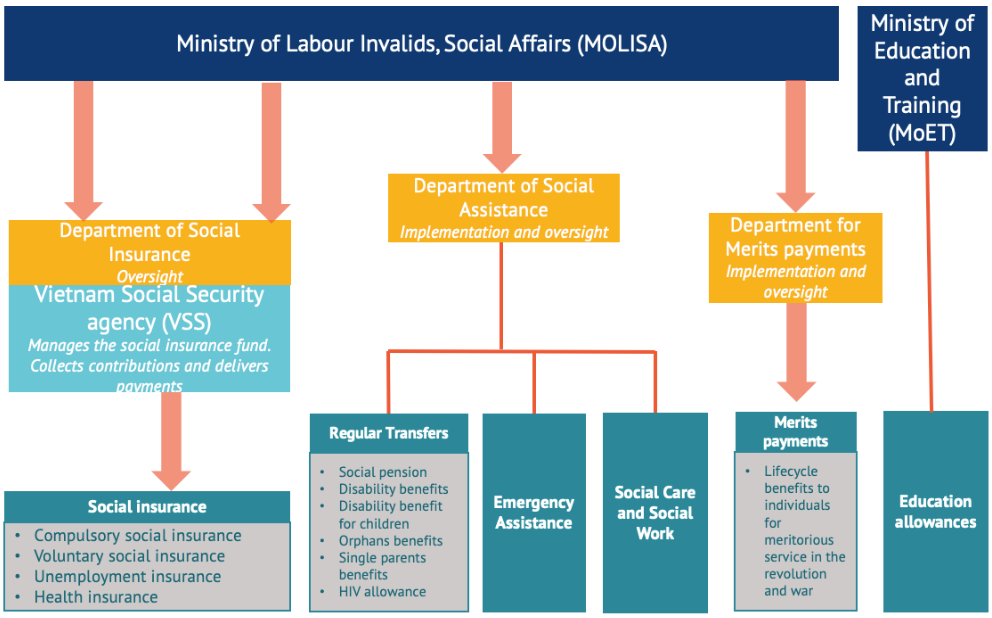

*Source: Development Pathways.*

### Figure 0-5: Social security system in South Africa



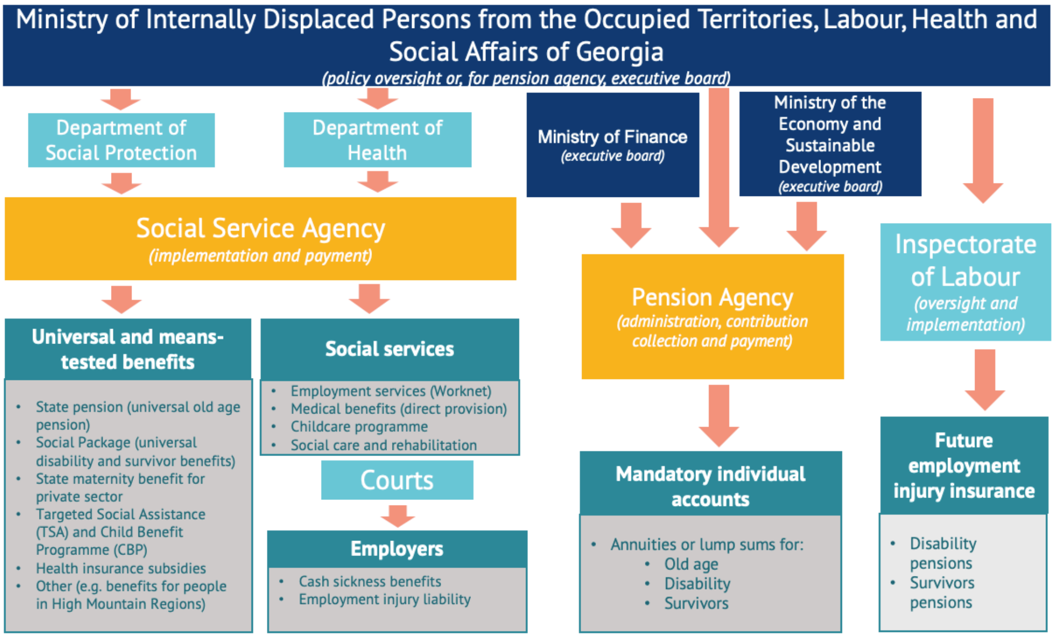

*Source: Development Pathways depiction based on ISSA/SSA (latest year).*

### Figure 0-6: Social security system in Viet Nam




*Source: Development Pathways based on ISSA/SSA (latest year) and research conducted for UNDP and UNICEF.*

## Figure 0-7: Social security system in Georgia




*Source: Development Pathways based on ISSA/SSA (latest year) and research conducted for ILO.*

# Annex 3 Targeting effectiveness of different policy designs[237]

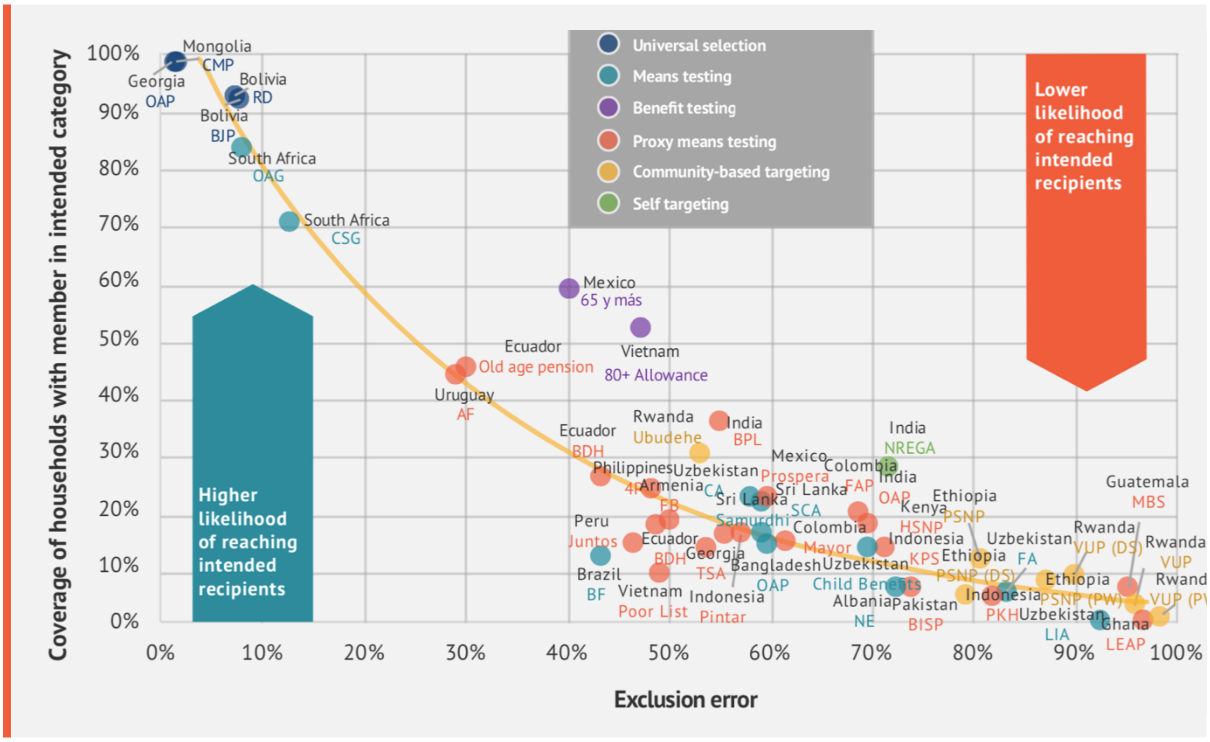
One of the key debates in social protection policy continues to be around the relative advantages and disadvantages of targeting versus universalism.[238] Countries with limited fiscal space often look to poverty targeting as a cheaper way to concentrate fewer resources on those who need it most. However, poverty targeting entails higher administrative costs and requires a high degree of administrative capacity given the greater need for data collection and regular assessment.[239] There is mounting evidence that the current tools available to low- and middle-income countries to identify potential beneficiaries of poverty targeted programmes (the proxy means test (PMT) being the most commonly applied) are wholly inadequate and consistently produce high exclusion errors.[240] Even the best performing programme across low- and middle-income countries – Brazil's Bolsa Familia – excludes 44 per cent of the eligible population, with most programmes excluding more than half.[241] These high exclusion errors occur for several reasons, but two in particular stand out: first, because incomes are inherently dynamic and constantly influx, the idea of 'the poor' as a fixed or stable identifiable group is highly problematic,[242] and second, re-assessment is generally only carried out every 5 to 10 years, whereas people's circumstances are changing in real time.[243]

If one of the highest goals of good governance is to reduce the gap between legal and effective coverage caused by administrative errors, there is strong evidence that countries would be better off implementing universal schemes. Universal schemes are less prone to administrative errors because of their inclusive design and have therefore been shown to be much more effective at reaching their intended recipients. However, because they achieve high coverage overall, they are also better at reaching the poor.

In a review of the effectiveness of different policy designs, including universal, benefit-tested as well as several poverty targeting mechanisms, Kidd and Athias (2019) found that universal schemes have exclusion errors of less than 10 per cent, while affluence-tested schemes (like South Africa's social grants schemes) also have lower exclusion errors, as shown in Figure 0-8. Programmes based on poverty targeting have the largest exclusion errors, but even within poverty-targeted programmes, programmes with higher coverage have a lower likelihood of exclusion errors compared with those with lower coverage, which exclude the vast majority of intended recipients.

[237] This annex summarises evidence from Kidd and Athias (2019).
[238] Cruz-Martínez (2019); Kidd (2012); Kidd and Athias (2019); Mkandawire (2005).
[239] ILO (2019b).
[240] Kidd et al., (2017).
[241] Kidd and Athias (2019).
[242] Knox-Vydmanov (2014).
[243] Brown et al. (2016); Kidd et al. (2017); Kidd and Athias (2019). Section 0 discusses the implications of these errors for the fulfilment of rights in frontline processes.

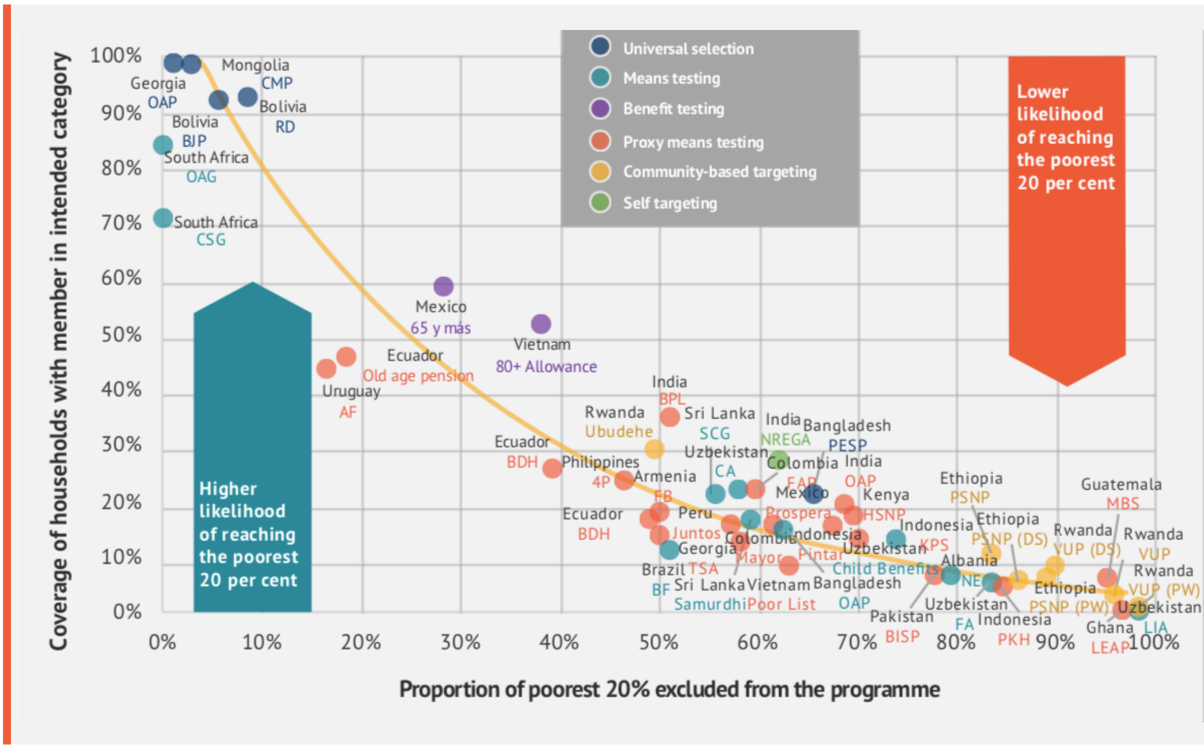
**Figure 0-8: Relationship between coverage of schemes and exclusion measured against intended recipients**




*Source:* Reproduced from *Kidd and Athias (2019)*.

Likewise, if the goal of a poverty targeted programme is to concentrate resources among the poorest, it is reasonable to assess the programmes’ ability to reach those in the lowest income or consumption deciles. Figure 0-9 shows results: universal and other high-coverage schemes (e.g. South Africa’s grants) reach almost all of those in the poorest 20 per cent of the population, while poverty targeted programmes, despite their stated purpose, are much less effective at reaching those who need it the most.

**Figure 0-9: Relationship between the coverage of schemes and exclusion of the poorest 20 per cent of intended categories**




*Source:* Reproduced from *Kidd and Athias (2019)*.

Furthermore, no discernible patterns emerge with respect to the superiority of different poverty targeting mechanisms, and in particular, countries which have invested heavily in developing proxy means tests (e.g. Colombia's Familias en Acción, Kenya's HSNP, Indonesia's PKH) do not necessarily perform better. Vietnam's Poor List performs best, with exclusion errors among those classified as poor of 49 per cent.

# Annex 4 MIS integration experiences

While the challenge of coordinating multiple institutions and actors in a complex social protection landscape is often cast as a problem for low- and middle-income countries, it is in fact an inherent feature in many high-income countries with complex institutional legacies.

There are countless examples, in both high-income countries as well as low- and middle-income countries, of successful application of digital technology to improve the management and implementation of social protection systems. We briefly summarise a selection of them here, but more detailed accounts are available in the referenced literature.

### France's RNCPS – a single registry for a complex social security system[244]

France's national social protection registry, *Répertoire national commun de la protection sociale* (RNCPS), operated by the national old-age insurance fund (*Caisse nationale d'assurance* vieillesse, or CNAV) brings together data from the approximately 1,500 social security institutions operating in France. The registry provides a single platform to monitor individuals' interaction with the social security system, including their personal identification, the agency to which the individual is assigned, the benefits the individual receives according to risk (old age, disability, family, social assistance, health insurance, maternity, or unemployment) as well as the address to which benefits are sent and other addresses registered in other national databases, such as the tax authority. The system is regulated by the Commission for Information Technology and Freedoms (CNIL).

The database and portal allow member institutions to consult beneficiary data to ensure that the benefits received are compatible with the rights and entitlements allowable under the law. For example, individuals are not able to receive two similar benefits from different institutions; certain types of risks are not compatible with others (such as unemployment benefits and old-age pensions); and some benefits are restricted to those currently residing in France. However, the system also allows for detection of benefits that have not been received, improving the overall performance of the system from a rights-based perspective.

### Belgium's Crossroads Bank for Social Security (CRBB)[245]

The CRBB in Belgium is widely cited as among the most successful examples of multiple institution data exchange. All national social security institutions, as well as employers and foreign institutions can access the system with requests about social security functions ranging from affiliation, return-to-work, changes in circumstances. The CRBB manages receipt and routing of all data transmitted (coded in XML using standard schemas), including automatic transmission to the social security institutions. SIS cards are issued to each insured person attached to a unique identifier, and the data registry covers all citizens, where they are registered (in the social security system), for what contingencies and for which periods. Data requests transmitted through the system to the SS institutions automatically.

### Data exchange in international social security agreements[246]

The European multilateral agreement based on the **Electronic Exchange of Social Security Information (EESSI)**, offers an international legal framework with specific regulations for health,

[244] (Kounowski, 2012)
[245] Ibid.
[246] Ibid.

maternity/paternity, disability, old age, survivors, employment injury, unemployment, pre-retirement and family benefits.

Similarly, in South America, the common market MERCOSUR (Argentina, Brazil, Paraguay, Uruguay) uses a federation model called the **International Agreements System in Social Security (SIACI)**, which respects the individual information systems and privacy laws and standards of each country. It includes five modules: management applications, data transmission among institutions, digital signature and validation of information, record of operations (traceability), and reports of operations.

### Brazil's Cadastro Unico[247]

Brazil's Cadastro Unico is a social registry created in 2001 and is among the first social registries implemented in the Global South. The registry is used by more than 27 social development programmes, including beyond the social protection sector. For example, programmes that offer discounts on social security contributions, credit reduction programmes, social technologies, infrastructure programmes and social services. The primary programmes supported by the Cadastro Unico are poverty targeted social protection programmes, most notably including Bolsa Familia, as well as various means-tested programmes providing housing, fee exemptions, literacy, subsidies, and special services for children and the elderly.

Cadastro Unico is managed at different levels of government depending on function. The Ministry of Social Development is responsible for high-level design of the system (e.g. the questionnaires, systems, data security and protection, etc). Local governments collect and input data based on central guidelines. The federal bank Caixa consolidates data under contract with the Ministry of Social Development and generates unique social ID numbers. Finally, State governments and the Central Government provide continuous training.

Brazil's experience with Cadastro Unico has revealed a number of lessons and challenges, including the need to further develop systems to enable automatic and online links with user programmes; the challenge of finding a work-around for the lack of a national ID; challenges related to connectivity and technology in certain regions; decentralization and the need to improve capacity at lower levels of government; and challenges related to excessive data collection requirements.

### Turkey's Social Assistance Service Information (ISAS) system

Turkey's ISAS integrates data from 22 public institutions and provides 112 we-based services as part of an e-government system. ISAS facilitates the application process, determination of eligibility, disbursement of funds, and auditing for seven main social assistance programmes in the country. ISAS is managed by three separate institutions: the Social Assistance Directorate General of the Ministry of Finance (MoFSP) oversees the system's management and maintenance; TUBITAK maintains software, including development of new modules; and the Social Assistance and Solidarity Foundations, which assess households' living conditions.

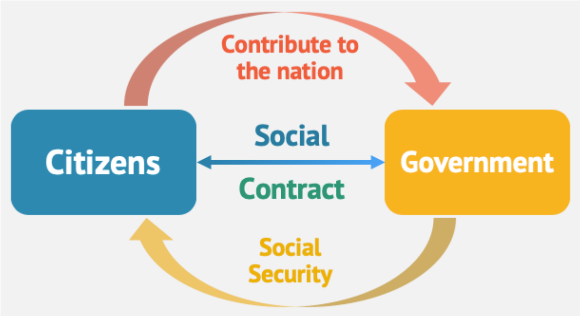
The success of the ISAS is owed to strong e-government platforms; comprehensive national ID system; security and data exchange protocols; strong political will; high internal technical capacity; and a phased and modular development approach.[248]

[247] (Chirchir and Hu, 2019)
[248] (Chirchir and Hu, 2019)

# Annex 5 Social protection and the social contract

All citizens[249] contribute to their societies through the course of their lives, through their labour, reproduction, taxes and various contributions to their communities.[250] In contrast to public investments in health, education or infrastructure, where benefits are spread diffusely and often occur only over the long term, social protection provides an immediate, tangible way for societies –through their governments -- to acknowledge, reciprocate and assign value to those contributions. The secure knowledge that this protection will be forthcoming when citizens experience common risks across the lifecycle strengthens the social contract, and over time, can increase people's willingness to contribute, including through taxes, creating a virtuous cycle.

**Figure 0-10: Social security and the social contract**




International evidence strongly suggests that higher social protection investment contributes to stronger societies through improvements to well-being and social cohesion. In general, people who live in countries that invest more in social protection tend to be happier.[251] Indeed, it is no coincidence the happiest citizens on earth, according to the UN's World Happiness Report 2018, live in Finland, Norway, Denmark, and Iceland, where taxation and social spending are highest. [252] Moreover, high growth is generally only associated with higher levels of well-being when it is accompanied by fair distribution, often through social security.[253]

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[249] The term citizens is used in the broad sense to denote those living in and contributing to society, rather than in a redistricted technical sense. Social Security systems also incorporate non-citizens (permanent residents, migrants, refugees) to varying degrees, though overall progress on this front has been uneven and, globally speaking, unsatisfactory.
[250] See McClanahan (2020).
[251] However, strict labour market regulations that restrict flexibility may offset happiness, even in generous welfare states. (Anderson and Hecht, 2015).
[252] https://s3.amazonaws.com/happiness-report/2018/WHR_web.pdf
[253] Bradshaw (2008).

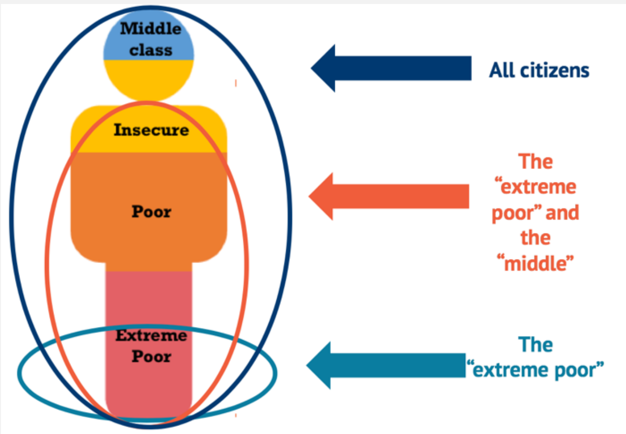
Indeed, there is strong evidence from low- and middle-income countries that inclusive social protection can improve well-being by enhancing beneficiaries' dignity, independence and self-worth testifying to the importance of social protection as an opportunity to provide citizens with a meaningful and positive interaction with the state. For example, recipients of the Child Support Grant in South Africa reported that the grant restored their dignity and reduced the stigma of poverty;[254] Bolsa Familia beneficiaries in Brazil reported high overall life satisfaction;[255] also in Brazil, over 90 per cent of pensioners express satisfaction with family relations and a similar proportion express satisfaction with the respect they receive from other community members;[256] in Indonesia's Aceh Jaya District, 81 per cent of ASLURETI pensioners reported no longer being dependent on others and being able to contribute to their households and communities;[257] and in Mexico, the social pension was associated with reduced depressive symptoms among beneficiaries.[258]

### Box 0-1: Building alliances for a stronger social contract

While much of the welfare state and social policy regimes literature has focused on the role of political variables in explaining policy outcomes, many have recognized that the reverse is also true: policies often produce their own political dynamics.[1] While operations are typically treated separately from higher-level decisions, policy design choices have a direct and lasting effect on they way that citizens experience and understand the social protection system. As Mkwandawire (2005) noted, "Targeting or means-testing is… treated as an administrative method whose function is to allocate welfare to claimants on the basis of available financial resources. However, the choice between targeting and universalism is quintessentially a political economy problem: it involves the choice of instruments for redistributing resources in society and for determining levels of social expenditure."

Generally speaking, the more people who benefit from a programme, the more popular it will be, as depicted in Figure 0-11. Universal programmes, which benefit all citizens, will generate more support than those that only affect a very small proportion of the population. Furthermore, the poor – and especially the 'extreme poor' – are politically weak and are not generally able to mobilise in support of the programmes that benefit them.

#### Figure 0-11: Broader coverage equals broader support




The contribution of social security to social cohesion is also widely recognised, where broad-based, inclusive social protection, in particular, has been used as a stabilizing force in the face of social upheaval. For example, the biggest waves of social policy expansion in the United States followed the Great Depression and the Civil Rights Movement; Finland, Sweden and Norway introduced universal child benefits after World War II in part to unite deeply divided societies;[259] the universal pension in Mauritius contributed to cohesion, while also enabling a transition from a single-crop economy to a prosperous, economically diverse economy;[260] South Africa's Old Age Grant was expanded, equalizing the maximum pension amounts paid to African and white pensioners after apartheid,

[254] Hochfield and Plagerson (2011).
[255] However, they scored lower on measures of financial well-being, likely because the transfer was insufficient to alleviate previously incurred debt. See Pulino Campara, Mendes Vieira & Grigion Potrich (2017).
[256] Barrientos and Lloyd-Sherlock (2011).
[257] MAHKOTA (2017).
[258] Salinas-Rodríguez et al. (2014).
[259] Kangas and Palme (2005).
[260] Subramanian and Roy (2001).

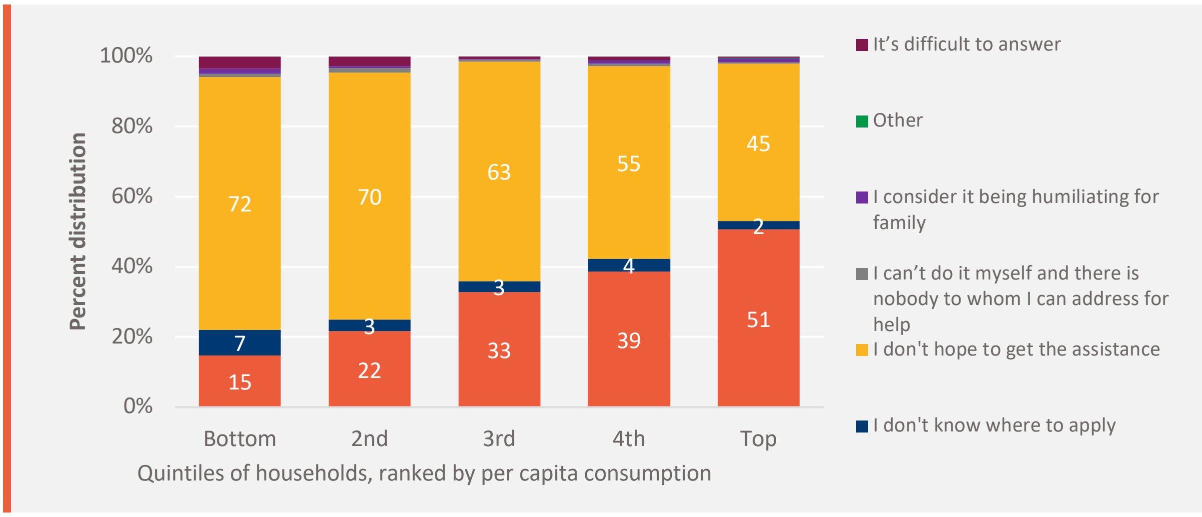
largely to solidify the black population's links to the state; [261] and Bolivia's universal pension helped to quell opposition to the partial privatization of the oil industry.[262]

However, not all social protection programmes are equal in their contributions to the social contract. From a political economy perspective, societal support for social protection depends largely on the degree to which the middle classes benefit from the system. Programmes aimed only at the poorest, who are politically weak, are unlikely to garner or sustain the support of middle classes and therefore are more vulnerable to shifting political and fiscal circumstances.[263] On the other hand, programmes that are understood to be available to everyone based on common lifecycle contingencies, are more likely to have broad support and are therefore, from a systems perspective, both politically and financially more sustainable.[264] Moreover, high-level decisions around the level of social protection investment and the design of core benefits can have a knock-on effect on people's long-term expectations of the system.

Indeed, certain types of benefits can actually undermine the social contract and erode faith in the system. Section 2.3[265] of this report established that high-level policy design is the biggest determinant of whether or not those who are experiencing a contingency covered by social protection can expect to receive a benefit. Especially when universally designed, lifecycle benefits not only reach more people, including those classified as poor or living in vulnerable households, but are based on clear and transparent criteria. Whether citizens understand why they were excluded can influence their levels of trust in the system, and the literature suggests that programmes that base selection on PMTs or community-based targeting (CBT) are more likely to generate conflict and distrust.[266] With respect to PMTs, in Georgia, for example, application rates for the poverty-targeted TSA are relatively high (around half the population), but large numbers of people who do not apply but are nevertheless vulnerable.[267] The reasons people give for not applying for assistance reveal considerable pessimism about their likelihood of being selected. As shown in Figure 0-12, more than 70 per cent of respondents in the bottom two quintiles stated that they "did not hope to receive assistance" despite their clear perceived need.[268] In Georgia, unlike in many low- and middle-income countries whose systems are dominated by small, poverty targeted schemes, a counter balance is provided through large state investment in lifecycle benefits, including universal old-age and disability pensions and increasing investment in child benefits.

[261] Leubolt (2014).
[262] Müller (2009).
[263] See, e.g. Mkandawire and Development (2005).
[264] (Kidd, 2012)
[265] See also Annex 3.
[266] For a discussion of the drawbacks of CBT, see Chapter 3, case study on Kenya.
[267] Baum et al. (2016).
[268] See McClanahan (forthcoming).

**Figure 0-12: Reasons for not applying for assistance from the Social Services Agency, by quintile (2018), Georgia**




*Source: Based on analysis of the Integrated Household Survey 2018*

⇒ *Therefore, building trust in the system depends first and foremost on high-level design decisions. Higher investment in lifecycle social protection is more likely to contribute to stronger social contracts than limited investment in a collection of poverty-targeted schemes.*