

► ARLAC meeting

ILO's strategic objective on social protection



▶ ILO presentation on the strategic objectives of social protection

ILO's approach

- ▶ Definition
- ▶ A priority (right, economic, SDG)
- ▶ A massive coverage gap
- ▶ A massive financing gap
- ▶ ILO's two-dimensional extension strategy
- ▶ Centenary declaration, P&B 2020-21, Recurrent discussion on social protection / security in June 2020

Responding to the needs of ILO constituents (ARLAC)

- ▶ Coordinated and coherent social protection policies
- ▶ Closing the financing gap (and with whom?)
- ▶ Extending social protection to the informal economy
- ▶ Ratifying and applying ILO Social Security Standards
- ▶ Improving the administration (including MIS)

Social protection definition

Facilitates access to health care and other services

Increases income security in cases of:



► Definition / Social protection includes at least four basic guarantees

Four basic guarantees

- All residents have access to **essential health care**, including maternity care
- All **children** enjoy basic **income security**, providing access to nutrition, education, care, and any other necessary goods and services
- All persons in **active age** who cannot earn sufficient income, enjoy **basic income security**, particularly in cases of sickness, unemployment, maternity, disability
- All **older persons** have basic **income security**



► A priority: social protection is a human right

- Article 22: "Everyone, as a member of society, has the right to social security".
- Article 25: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, (...) and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

► Universal declaration of human rights, 1948, article 22 and 25



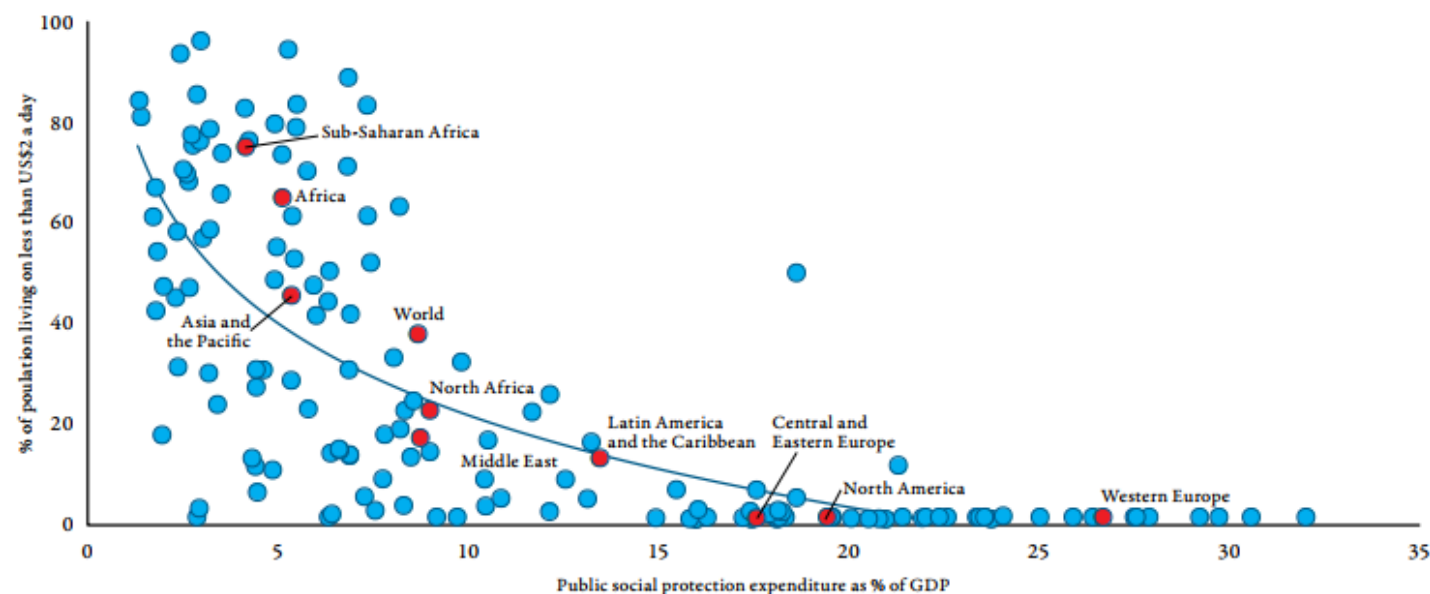
► A priority: social protection contributes to inclusive growth

Social protection

- Poverty
- Crisis recovery
- Productivity and employability
- Income redistribution*
- Social and political instability*
- Structural transformations of the economy

Is not a cost but an investment with high economic and social returns

Figure 6.21 Public social protection expenditure (percentage of GDP) and proportion of the population in poverty



*Reasons for which social spending can be considered as macro-critical

► A priority: social protection & Agenda 2030

Particularly SDGs 1, 3, 5, 8 and 10

- SDG 1.3 - social protection systems including floors
- SDG 1.A – significant mobilization of resources (for social protection)
- SDG 3.8 – achieve universal health coverage
- SDG 5.4 – recognize and value unpaid care and domestic work through (...) social protection
- SDG 8.5 – decent work for all women and men
- SDG 10.4 – social protection policies to reduce inequalities
- SDG 16.3&6 – rule of Law; transparent institutions at all levels

Advancing social justice, promoting decent work

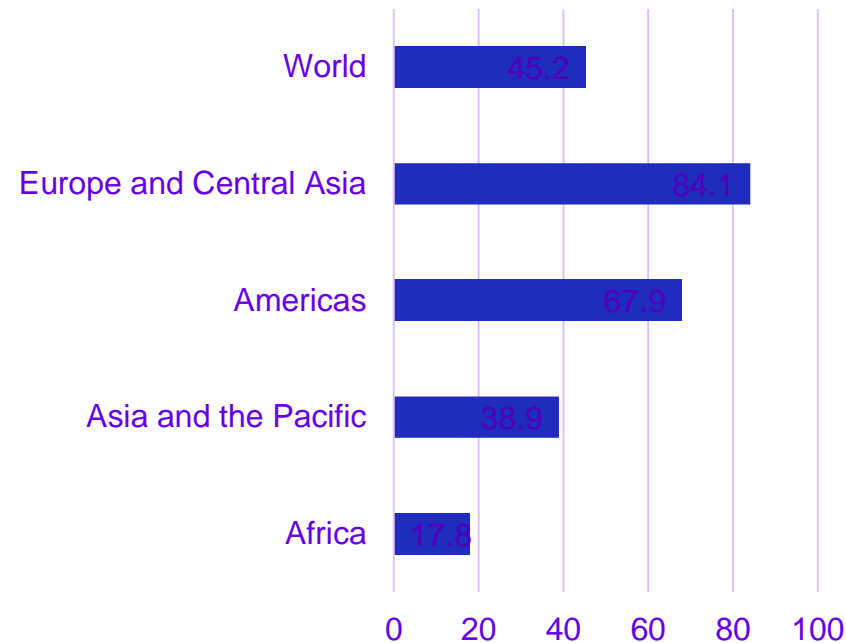


A massive coverage gap

Social protection is not yet a reality for 55 percent of the world's population

4 billion people live without any protection against everyday risks like sickness, maternity, unemployment, poverty in childhood or old age or work-related accidents.

ILO custodian SDG 1.3.1. –
World SP database and Social
Security Inquiry



▶ **45%**

Is the percentage of the world population covered by at least one social protection benefit (SDG indicator 1.3)

▶ **4 billion**

Is the number of people excluded from social protection

▶ A massive financing gap

Underinvestments in social protection

The cost of the SPF (non-health) in developing countries is 2.4 per cent of their GDP.

To finance this SPF, countries should increase their SP expenditure by 1.6 per cent of their GDP per year.

This gap represents USD 527 billion per year, but only 27 billion in 28 low income countries.

Most countries can afford closing the financing gap which represents 13.5 per cent of the tax burden (on average).

In low income countries however it would represent the equivalent of 45 per cent of their current tax burden.

▶ Source: *Measuring Financing gaps in social protection for achieving SDG target 1.3*

▶ **527 billion**

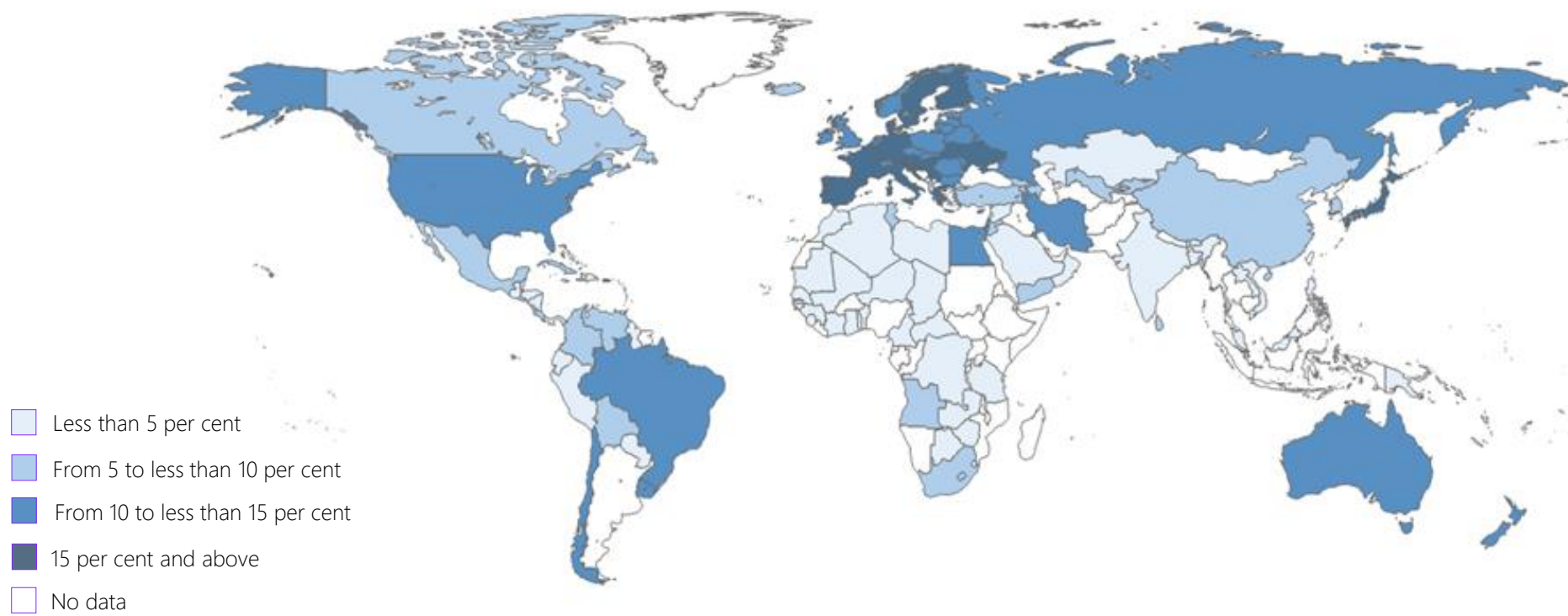
Is the amount per year required to close the financing gap for achieving SDG 1.3 in developing countries

▶ **1.6% GDP**

Is the financing gap in percentage of the GDP of these countries.

A massive financing gap (map)

Public social protection expenditure, excluding health, latest available year (percentage of GDP)



ILO's two-dimensional extension strategy

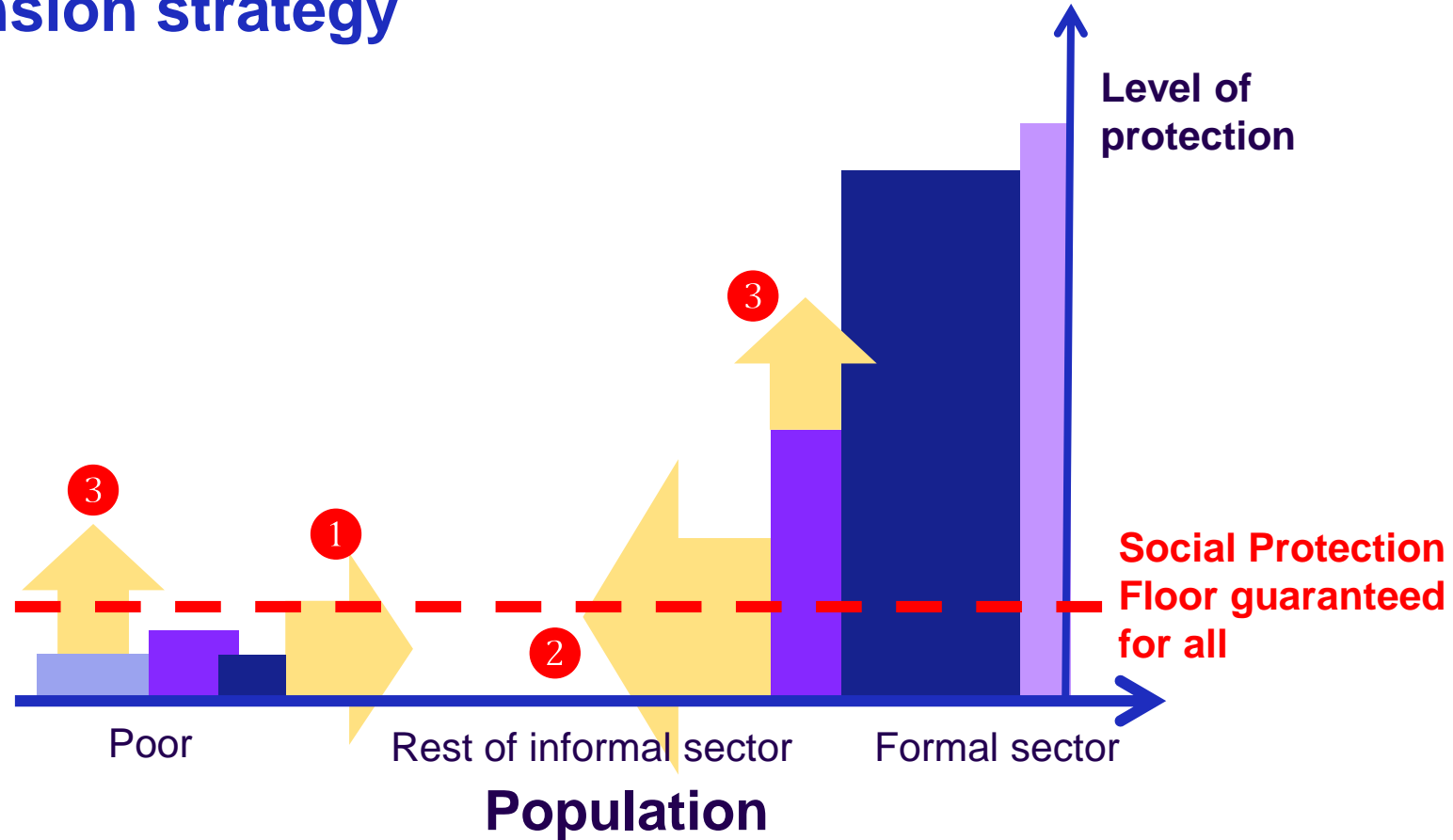
Extend coverage through:

- ▶ Non contributory schemes ①
- ▶ Adapted social insurance ②
- ▶ Increase adequacy & promote higher levels of protection ③

Universal Social Protection (USP) can be achieved through a mix of mechanisms.

USP is more than universal coverage.

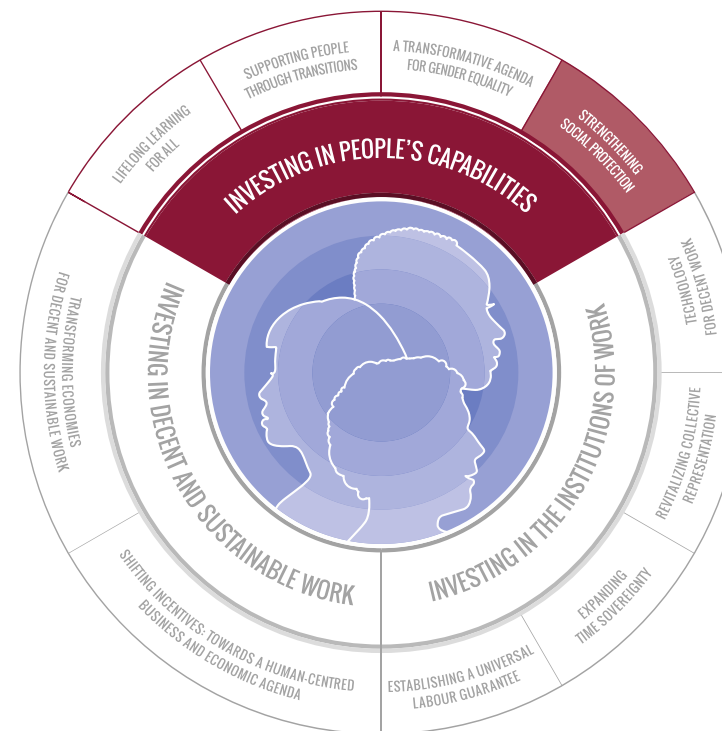
Extending social insurance coverage to informal economy can generate 1.2 per cent of additional GDP to finance social protection.



ILO Centenary declaration

5 adjectives, 5 objectives

- ▶ Universal
- ▶ Comprehensive
- ▶ Adequate
- ▶ Sustainable
- ▶ Adapted



“Nothing could be more relevant than Universal Social Protection for achieving a human-centered future of work”

▶ Guy Ryder / ILO DG / Geneva, 25 November 2019

▶ ILO Programme and Budget 2020-21

Outcome 8 on comprehensive and sustainable social protection for all

- ▶ 8.1 policies & strategies
- ▶ 8.2 governance & sustainability
- ▶ 8.3 supporting life and work transitions



▶ Recurrent item discussion on social protection (social security)

Past milestones

- ▶ 2011 Recurrent discussion – adoption of the two dimensional extension strategy
- ▶ 2012 Standards setting discussion leading to the adoption of the social protection floors Recommendation, 2012 (No. 202)
- ▶ 2019 Committee on the Application of Standards. General survey on the social protection floors Recommendation, 2012 (No. 202)
- ▶ 2020 Recurrent discussion to shape the future development of social protection



Universal social protection
for human dignity, social justice
and sustainable development

► Recurrent item discussion on social protection (social security)

Chapter 5 on «Ten years to make change happen» identifies 8 actions

- **Action 1:** Enhance coverage and adequacy through strong national social protection strategies, policies and legal frameworks
- **Action 2:** Close financing gaps by ensuring adequate and sustainable financing
- **Action 3:** Strengthen governance and sustainability of national social protection systems
- **Action 4:** Reinforce social dialogue
- **Action 5:** Enhance the knowledge base on social protection systems
- **Action 6:** Amplify the impact of international social security standards
- **Action 7:** Adapt social protection systems in the context of the FOW
- **Action 8:** Strengthen the ILO's role on social protection in the multilateral system

► Recurrent item discussion on social protection (social security)

4 questions to guide the discussion

- **Realizing universal social protection**
(Obstacles? How to extend coverage and adapt social protection systems? ILO's role)
- **Strengthening social protection systems**
(Challenges? How to improve social protection systems? ILO's role)
- **Ensuring sustainable social protection systems** (How to improve financial governance and increase financing? ILO's role)
- **Reinforcing ILO means of action to achieve universal access to comprehensive and sustainable social protection** (social dialogue, international standards, knowledge, partnerships, role of ILO in the multilateral system)

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▶ ILO's Flagship programme on building social protection floors for all

48 country projects, 12 in ARLAC

- ▶ South Africa, Madagascar, Tanzania, Kenya, Somalia, Nigeria
- ▶ Angola, Uganda, Ethiopia
- ▶ Zambia, Malawi, Mozambique

In-country support
+ Technical facility from HQ
+ Practical knowledge
+ Partnerships (UN and others)

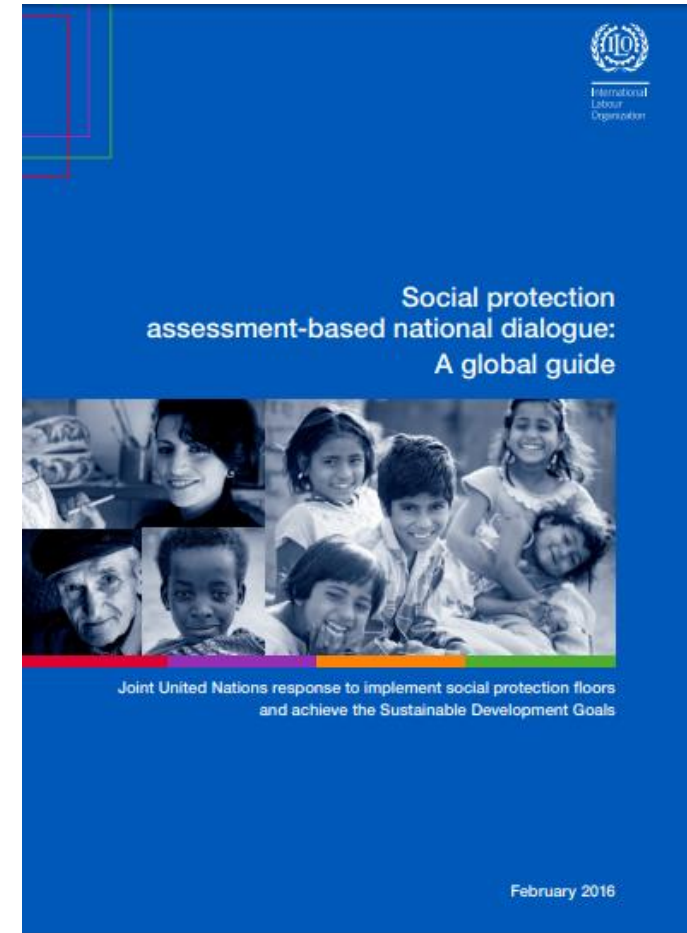


► Coordinated and coherent policies Assessment based national dialogues

A national dialogue based on evidence to

- assess social protection situation
- compare it with the minimum requirements of the social protection floor
- propose policy options to fill coverage gaps
- calculate and project the costs
- Identify sources of financing (with MoF)

**Over 30 countries, «system's approach»
involving all relevant ministries and social
partners**

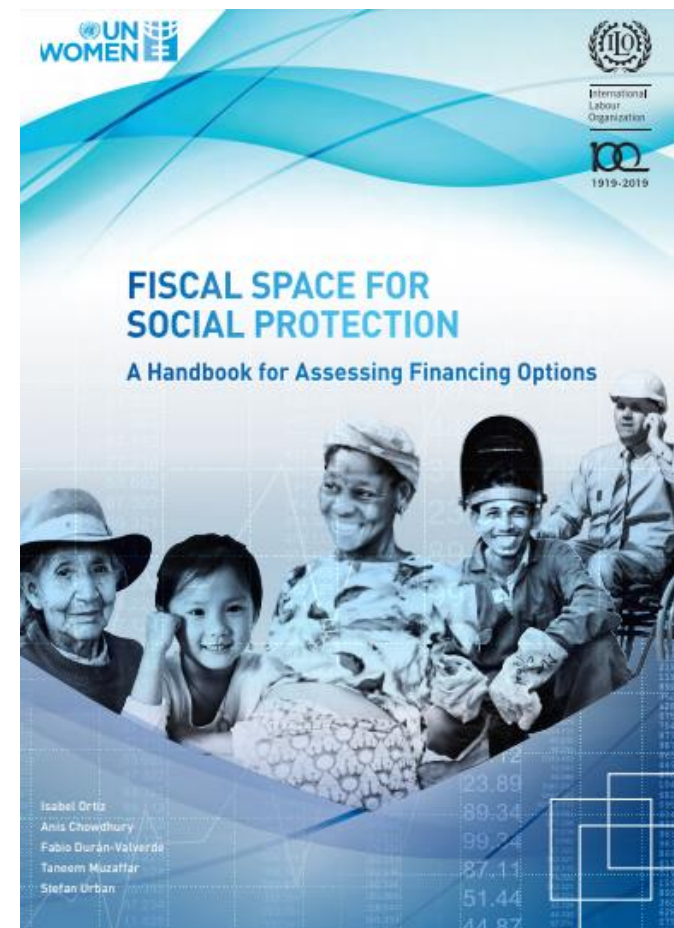


<https://www.social-protection.org/gimi/ShowWiki.action?id=7>

Closing the financing gap

Fiscal space can be increased through:

- ▶ Improving the governance of social security
- ▶ Extending contributory social security to uncovered groups (e.g informal economy) – examples of Tunisia, Uruguay, Argentina, Brazil
- ▶ Reallocating government expenditure – examples of Thailand, Ghana, Indonesia
- ▶ Raising new domestic resources from revenues on natural resources (gaz/oil/mines), on creating new taxes – examples of Bolivia, Brazil, Mongolia, Zambia

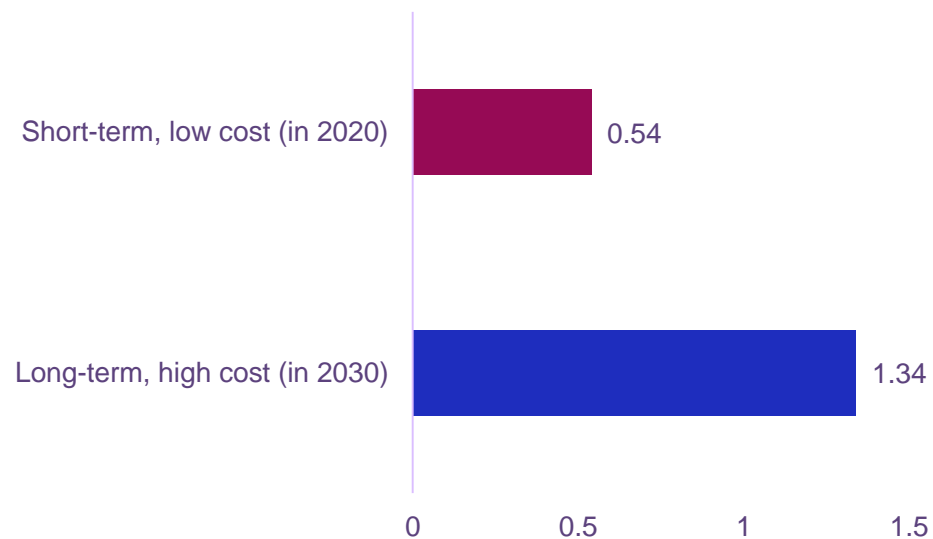


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Closing the financing gap Example from Egypt

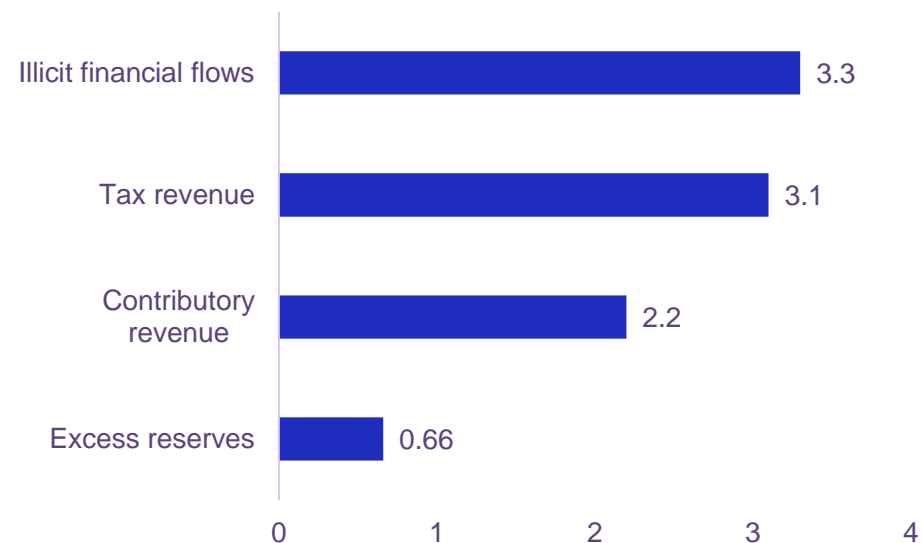
Cost of a social protection floor (excluding health) in Egypt

Projected expenditure (% of GDP)



Possible sources of fiscal space in Egypt

(% of GDP)



Closing the financing gap

- ▶ South South learning / country briefs
- ▶ EC DEVCO project on SP and public finance management
- ▶ Involvement with Ministries of Finance and IMF

Advancing social justice, promoting decent work

Financing Social Protection through Taxation on Natural Resources

Botswana

Botswana has transformed from one of the poorest countries in the world at the time of its independence in 1966 to an upper-middle income country in 1989. I impacts of the appropriate policy foundation for m based on extending population, inclu pension.

Abundant natural countries can create supporting social ar technological advanc growth. Yet, experie shows that being ri reduce a country's d and Wamers, 1995). countries in Africa suc Democratic Republic i Botswana successf encountered by re managed to translat economic developme

The Recommendation 2012 (No. 202) upu security guarantee healthcare and inco children, people of w The Sustainable Dev UN 2030 agenda, a appropriate social measures for all, inc Universal Social Prot This brief presents country in extending

ILO Social P

Financing Social Protection through Taxation of Natural Resources

Zambia

Zambia is an example of how countries with rich natural resources can rely on taxation, specifically on natural resource extracting companies, to improve social protection services and programmes and to help mitigate inequality and to reduce poverty.

Developing countries often struggle to generate government revenues for social protection through taxation and social security contributions. Tax authorities tend to be weak and taxation lack transparency, while a relatively large share of the population is employed in the informal sector, making it difficult and costly to collect social security contribution or tax employees. This limits the means to redistribute income and to develop adequate social protection systems, including floors, to reduce poverty and inequality.

Social Protection Floors (SPFs) guarantee access to healthcare for all and income security for children, persons of working-age and older persons.

185 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), an approach to achieve universal social protection of the population.



Main Lessons Learned:

- Natural resource rich countries can boost their social protection system through the taxation of na government re expansion of so
- Through strer authorities an framework of ti leakage contrib
- In 2013, Zambia's extractive revenue was US\$ 1.5bn annually and represented 30 per

Creating fiscal space for social protection through transition to formal employment

Brazil

Brazil is one of the most successful cases in Latin

Financing social protection through financial transaction taxes

Brazil

Brazil offers an excellent example of how financial transactions taxes (FTTs) can be used to generate revenues for public provisioning of social services while concurrently mitigate financial instability arising from short-term capital flows.

A financial transaction tax is a small tax levied on various types of financial instruments, such as shares, bonds, foreign currency transactions, derivatives and debits and credits. The FTTs are implemented in at le 40 developed and developing countries. Ten European countries are expected to adopt FTTs in 2012.



International
Labour
Office

Social Protection in
Building Social Protec



Financing Social Protection through contributions and the removal of fuel subsidy

Indonesia

Indonesia reprioritized its spending by cutting expensive fuel subsidies and successfully managed the political resistance by putting in place a compensatory scheme supporting low income families, while in parallel also working on the extension of social protection by supporting the creation of a universal healthcare system and extending pension coverage.

After the Asian Crisis in 1997-98, the government of Indonesia provided targeted safety nets, soon to realize they were inadequate. Indonesia endeavours to extend social protection coverage to the entire population. The amendment to its 1945 Constitution in 2002, recognizes the right to social security for all, and the responsibility of the State in the development of social security. Indonesia has committed to achieving universal health coverage by 2019 through a coordinated approach of contributory and non-contributory schemes.

This country brief highlights how the government of Indonesia is achieving universality and progressive implementation of the right to social protection. It will also discuss how Indonesia tackled the problem of unsustainable fuel subsidies by introducing cash transfers to offset the adverse impact on



Main Lessons Learned:

- Indonesia recognizes social protection as a constitutional right to its citizen.
- The government gradually withdrew from their fuel-subsidy policy, while extending social services, including educational assistance, healthcare and conditional cash transfers.
- Step by step the government built capacities to extend health care to the entire population, creating a universal

<https://www.social-protection.org/gimi/ShowPublications.action>

185 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202) an approach to achieve universal social protection of the population.

- The Government successfully extended health care coverage to the informal sector and is now covering both public as well as private sector workers, under the social

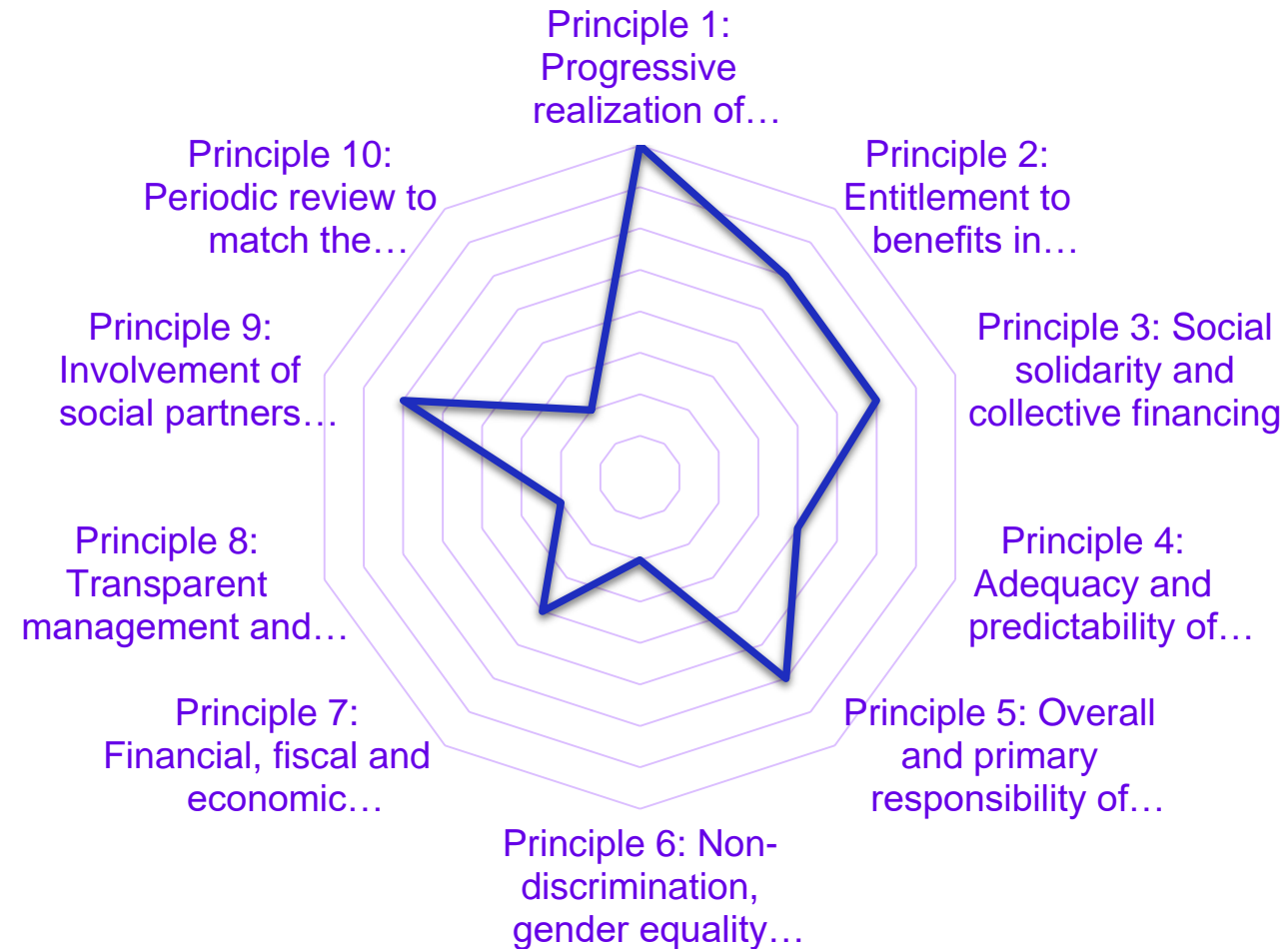
Social Protection in Action:
Building Social Protection Floors

► Closing the financing gap

ILO's comparative advantage

- Principle 7: financial, fiscal and economic sustainability (actuarial studies, costing & fiscal space, link with employment)
- Principle 3: social solidarity and collective financing (risk sharing + vertical and horizontal redistribution)
- Principle 4: adequacy and predictability of benefits
- Principle 9: social dialogue to ensure that policies and reforms are «socially» accepted

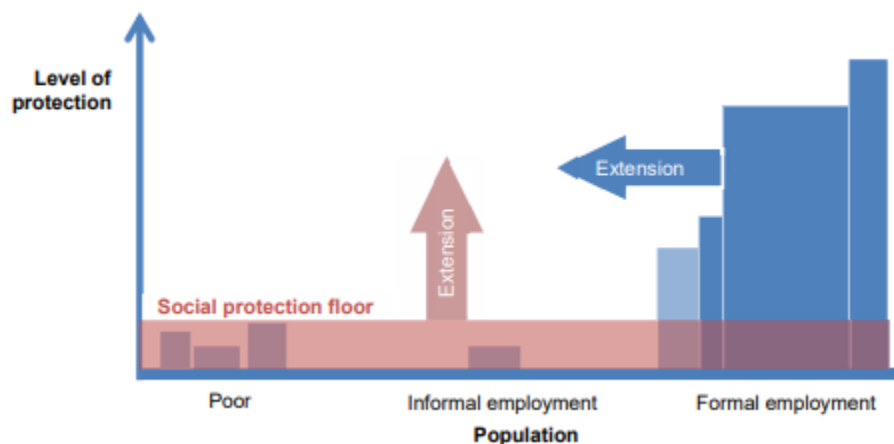
>> Importance of distributional impacts and social acceptance of social spending recommendations



► Extension to the informal economy

A step by step approach to:

- Design a strategy of extension
- Overcome the barriers of the extension
- Many country examples



Advancing social justice, promoting decent work



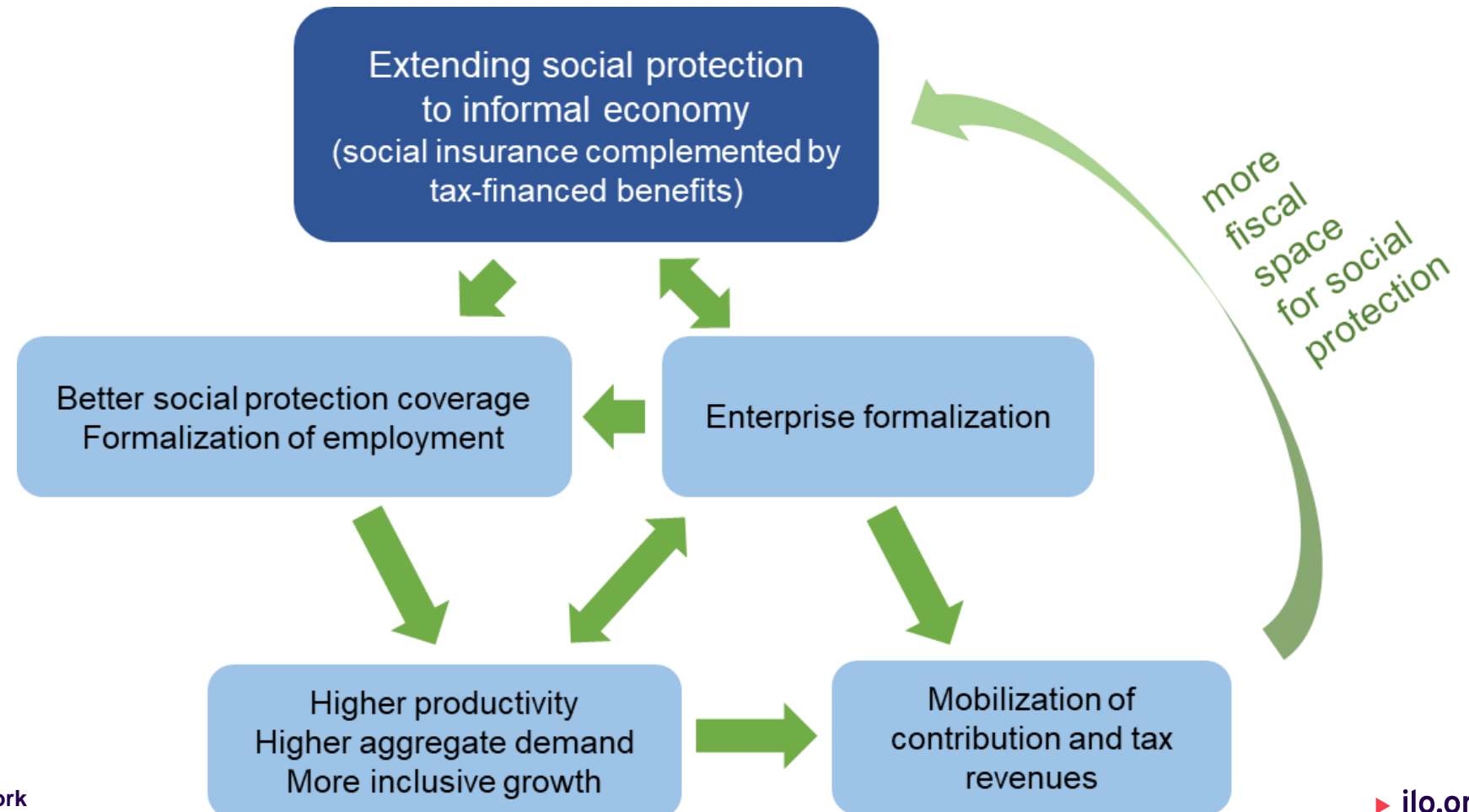
Extending social security
to workers in the informal economy:
Lessons from international experience

A LIVING DOCUMENT
November 2019



<https://www.social-protection.org/gimi/ShowWiki.action?id=7>

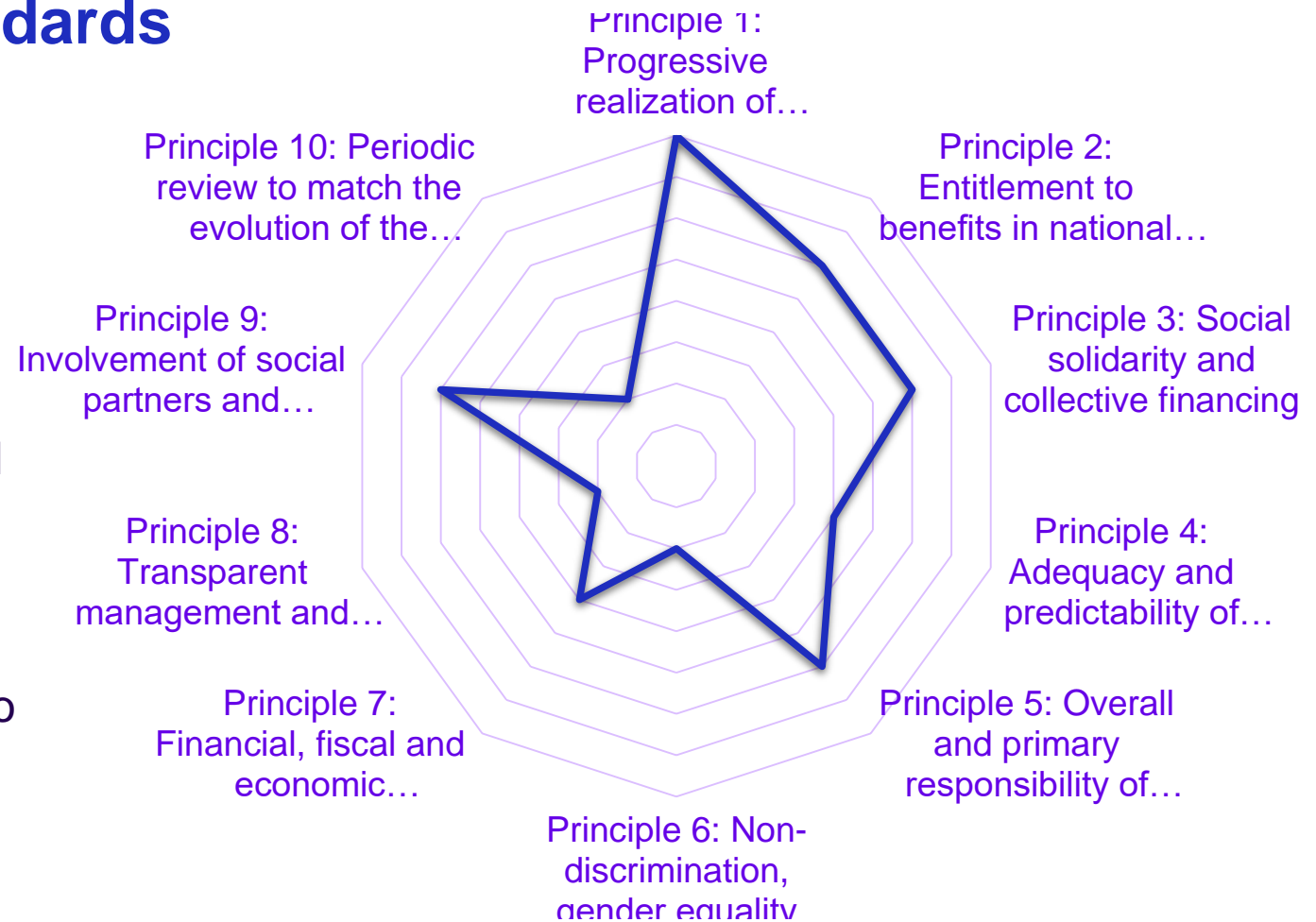
Extension to the informal economy



► Ratifying and applying ILO Standards

ILO's core guiding principles:

- Have been agreed upon by the representatives from governments, workers, and employers of 187 ILO member States through the adoption of ILO Conventions and Recommendations
- Once ratified ILO Conventions are applied in national Law
- 58 countries have ratified ILO Convention, No 102 on minimum standards of social security
- Social security reforms cannot ignore these provisions



► Ratifying and applying ILO Standards

Countries that have ratified ILO C102

- No ARLAC countries

SOCPRO could support a mapping

- Nigeria
- Eswatini
- Lesotho
- Namibia
- Malawi
- Mauritius
- Tanzania
- Zambia

Countries where comparative reviews are ongoing

- Egypt
- Sierra Leone
- South Africa (since 2012)

Ratifying and applying ILO Standards

<https://www.social-protection.org/gimi/ShowWiki.action?id=7>



Toolkit on ILO Social Security Standards

Learn, Ratify and Apply

This Toolkit was developed with the aim of raising awareness about ILO social security standards and promoting their ratification as well as increasing their impact and application in national contexts. The toolkit provides very practical and useful insights as to the ratification procedure, model instruments of ratification as well as interactive information on the relevance and key provisions of these standards.



Discover ILO
standards



Test your
knowledge
of
Convention
No. 102



How to
ratify?



Status of
ratification
of ILO
standards

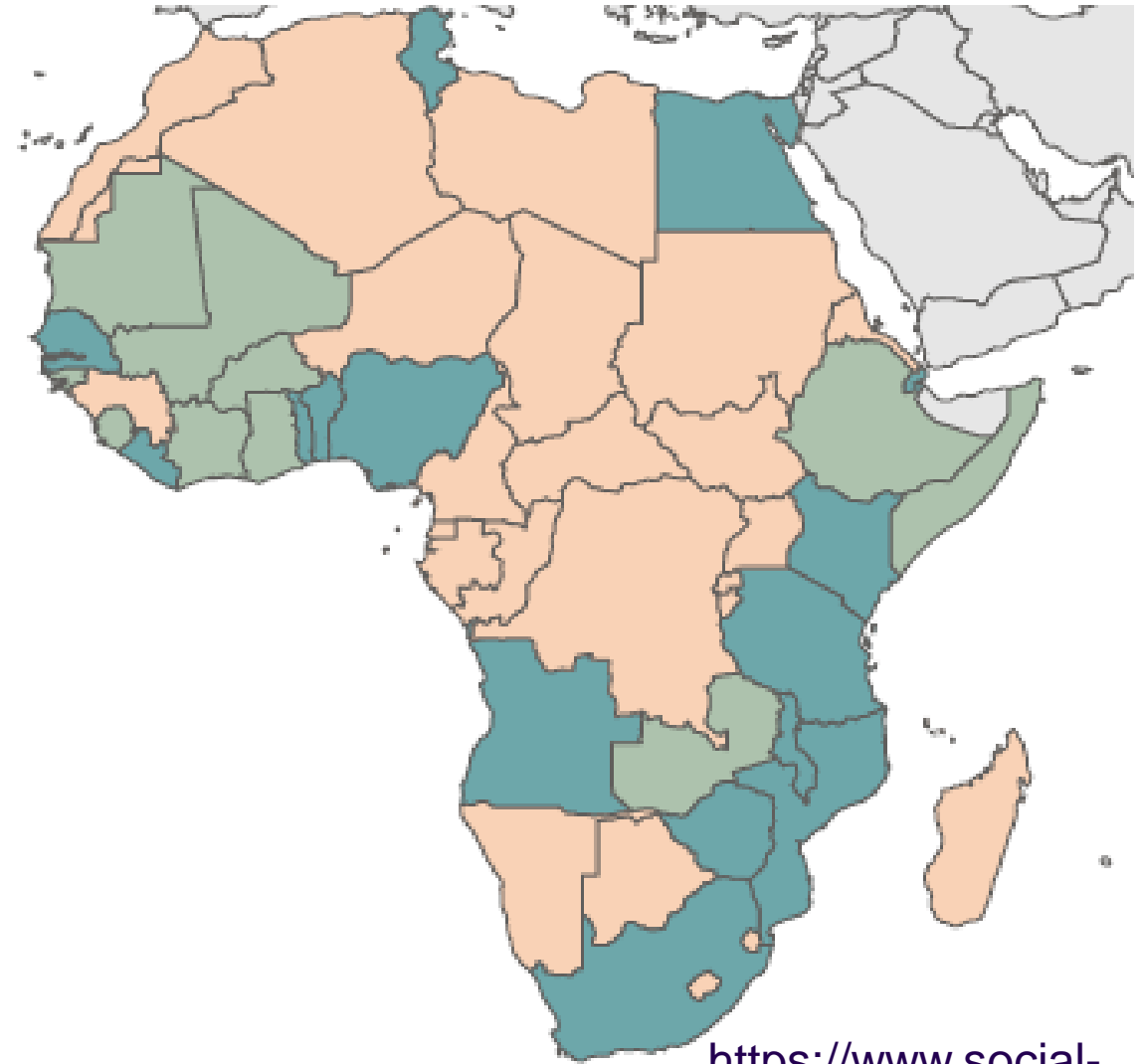
Strengthening the administration (including MIS)

Status of SSI applications in ARLAC

- ▶ SSI has been applied in: Egypt, Kenya, Liberia, Malawi, Nigeria, South Africa, Zimbabwe
- ▶ Planned as a part of the project in 2020-2021: Ethiopia, Sierra Leone, Ghana (ongoing), Somalia, Zambia
- ▶ SSI has not yet been applied in Botswana, Eswatini, Lesotho, Mauritius, Namibia, Sudan, Uganda + other countries in Africa

National trainings in Kenya, Liberia, Nigeria; planned in Tanzania and Ghana

Regional training in Pretoria (10 countries) and Praia (PALOP)

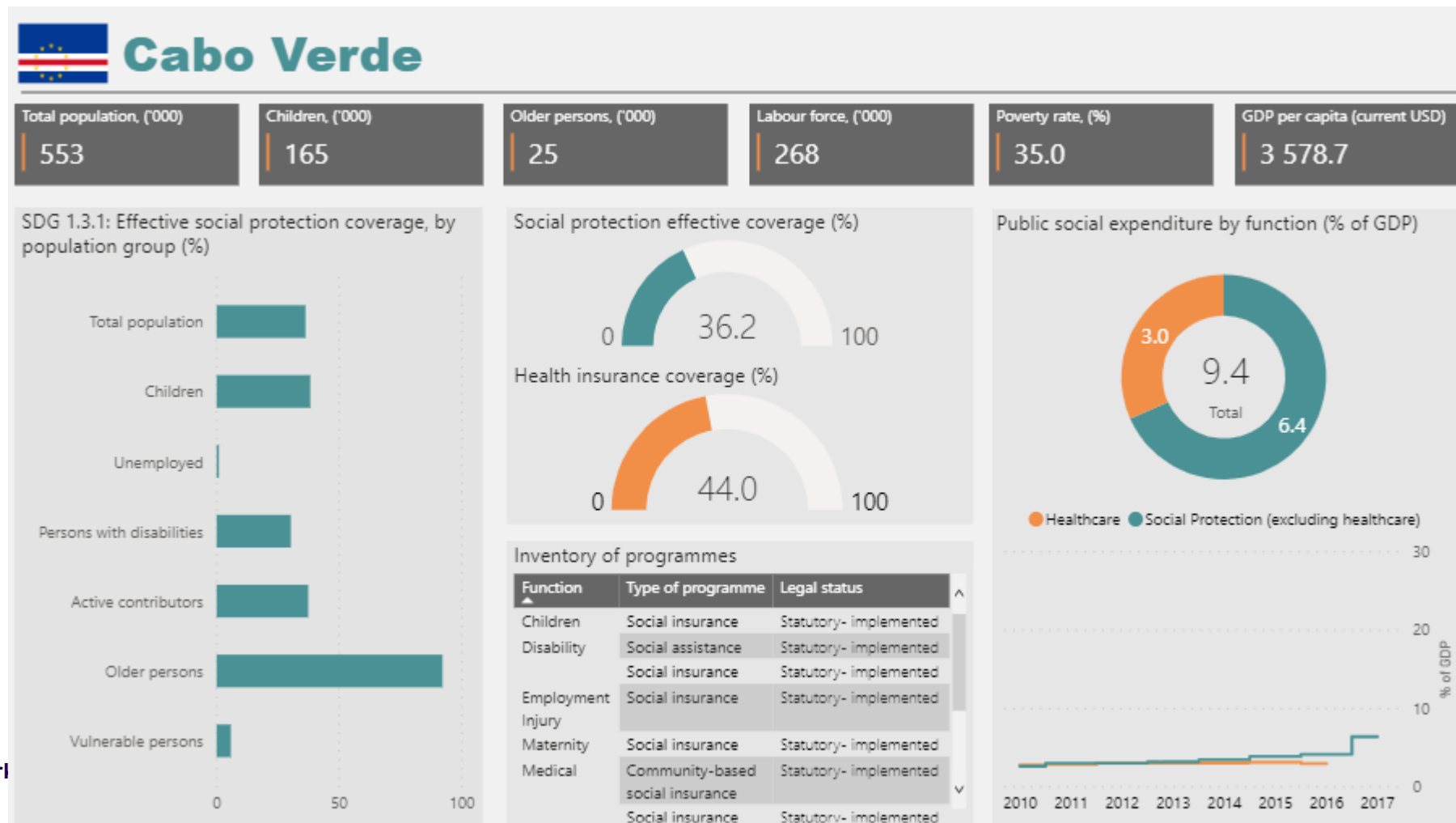


<https://www.social-protection.org/gimi/WSPDB.action?id=13>

World Social Protection Database

<https://www.social-protection.org/gimi/WSPDB.action?id=13>

The type of information
when SSI is filled



USP2030

Global Partnership for Universal Social Protection

- ▶ Launched in 2016 at UN General Assembly
- ▶ ILO and World Bank, UN, donors, 14 countries++, civil society and trade unions
- ▶ Joint mission: A world where anyone who needs social protection can access it at any time
- ▶ Why joining USP2030? global network of key actors; exchange of country experiences; resource mobilization for countries

www.usp2030.org

Call to Action

ACTION 1. Protection throughout life cycle: Establish universal social protection systems, including floors, that provide adequate protection throughout the life cycle;

ACTION 2. Universal coverage: Provide universal access to social protection and ensure that social protection systems are rights-based, gender-sensitive and inclusive, leaving no one behind;

ACTION 3. National ownership: Develop social protection strategies and policies based on national priorities and circumstances in close cooperation with all relevant actors;

ACTION 4. Sustainable and equitable financing: Ensure the sustainability and fairness of social protection systems by prioritizing reliable and equitable forms of domestic financing, complemented by international cooperation and support where necessary;

ACTION 5. Participation and social dialogue: Strengthen governance of social protection systems through institutional leadership, multi-sector coordination and the participation of social partners and other relevant and representative organisations, to generate broad-based support and promote the effectiveness of services.