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:

- Maternity
- Sickness
- Unemployment
- Employment injury
- Health care
- Old-age
- Survivors
- Family/child benefits
- Disability
- Life cycle

Advancing social justice, promoting decent work
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

*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
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
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)

- Less than 5 per cent
- From 5 to less than 10 per cent
- From 10 to less than 15 per cent
- 15 per cent and above
- No data

ILO’s two-dimensional extension strategy

Extend coverage through:

- Non contributory schemes
- Adapted social insurance
- Increase adequacy & promote higher levels of protection

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.

Advancing social justice, promoting decent work
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”

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 dimension al 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
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)
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)
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)

https://socialprotectionweek.org/
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

Advancing social justice, promoting decent work

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

https://www.social-protection.org/gimi/ShowWiki.action?id=7
Closing the financing gap
Example from Egypt

Cost of a social protection floor (excluding health) in Egypt
Projected expenditure (% of GDP)

- Short-term, low cost (in 2020): 0.54
- Long-term, high cost (in 2030): 1.34

Possible sources of fiscal space in Egypt (% of GDP)

- Illicit financial flows: 3.3
- Tax revenue: 3.1
- Contributory revenue: 2.2
- Excess reserves: 0.66

Advancing social justice, promoting decent work
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
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

Principle 1: Progressive realization of...
Principle 2: Entitlement to benefits in...
Principle 3: Social solidarity and collective financing
Principle 4: Adequacy and predictability of...
Principle 5: Overall and primary responsibility of...
Principle 6: Non-discrimination, gender equality...
Principle 7: Financial, fiscal and economic...
Principle 8: Transparent management and...
Principle 9: Involvement of social partners...
Principle 10: Periodic review to match the...
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

https://www.social-protection.org/gimi/ShowWiki.action?id=7
Extension to the informal economy

Extending social protection to informal economy (social insurance complemented by tax-financed benefits)

Better social protection coverage
Formalization of employment

Enterprise formalization

Higher productivity
Higher aggregate demand
More inclusive growth

Mobilization of contribution and tax revenues

more fiscal space for social protection
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

Countries where comparative reviews are ongoing

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

SOCPRO could support a mapping

- Nigeria
- Eswatini
- Lesotho
- Namibia
- Malawi
- Mauritius
- Tanzania
- Zambia
Ratifying and applying ILO Standards

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

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

The type of information when SSI is filled

Cabo Verde

<table>
<thead>
<tr>
<th>Total population, (1000)</th>
<th>Children, (1000)</th>
<th>Older persons, (1000)</th>
<th>Labour force, (1000)</th>
<th>Poverty rate (%)</th>
<th>GDP per capita (current US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>553</td>
<td>165</td>
<td>25</td>
<td>268</td>
<td>35.0</td>
<td>3,578.7</td>
</tr>
</tbody>
</table>

SDG 1.3.1: Effective social protection coverage, by population group (%)

- Total population: 36.2%
- Children: 44.0%
- Unemployed: 3.0%
- Persons with disabilities: 3.0%
- Active contributors: 3.0%
- Older persons: 3.0%
- Vulnerable persons: 3.0%

Health insurance coverage (%)

- Total: 9.4%
  - Healthcare: 3.0%
  - Social Protection (excluding healthcare): 6.4%

Public social expenditure by function (% of GDP)

- 2010: 10.0%
- 2011: 11.0%
- 2012: 12.0%
- 2013: 13.0%
- 2014: 14.0%
- 2015: 15.0%
- 2016: 16.0%
- 2017: 17.0%

Advancing social justice, promoting decent work

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

www.usp2030.org