How to finance, deliver and govern social security for all…

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Structure of the presentation

- One: Social security is an economic necessity
- Two: Social security is fiscally affordable
- Three: Financing strategies
- Four: Delivery and governance issues
One: ...in addition to a social necessity
social security is an economic necessity...

- Economies cannot develop and grow without a productive workforce. In order to unlock a country’s full growth potential one has to fight social exclusion, ignorance, unemployability...through social transfers
- Access to social health protection and education improves productivity levels and has a positive impact on growth (we have ample research evidence...)
- The famous trade-off between productivity and equity is a myth...
- Investments on social security and economic development coincided in OECD countries
- Cash transfers in developing countries have multiplier effects on local markets (stimulate local production inter alia of food)
- Stabilise domestic demand in times of crises

The ILO Campaign on Social Security and Coverage for All
Two:… a basic social protection package is affordable: Total cost of all basic benefit package components
Point Three: Financing strategies: Lack of fiscal space? The good news – part I
Three: Good news part II: Growing fiscal space

- Sub-Saharan African countries increased on average domestic revenue from 15% to 19% of GDP between 1997 and 2006

- ...and after Monterrey domestic resources increased (source OECD and ECA)...
Three: Financing strategies

- **Domestic resource mobilisation**
  - Increase the efficiency of tax collection
  - Reduce waste
  - Broaden tax base
  - Reduce tax evasion and avoidance
  - Introduce self-financing insurance systems (largely health care)
  - Increase overall tax rates

- **International resources (transitional financing)**
  - Modified social security oriented budget support?
  - Project financing to build national delivery capacity
  - International financing of health care goods and services
Four: Delivery issues

- There are very few countries where essential public services cannot be delivered (see universal pensions in Namibia, Nepal and universal HC in Thailand) but
  - it may need investments in logistical infrastructure
  - Investment increased efficiency of public services
  - Efficient use of private sector delivery systems (e.g. pensions in Namibia)
  - Innovative use of modern technology (cell phones…)
  - Pragmatic delivery decisions are needed with respect to
    - Universal vs targeted options
    - Conditional vs unconditional transfers
Four: Governance issues

- **International**: International instruments are useful in making national policy cases…

- **National**: Social dialogue processes are needed to obtain national consensus on
  - Benefit priorities and sequencing
  - Benefit design (conditions, benefit levels)

- **National**: Stakeholder participation necessary to monitor/supervise the effectiveness and efficiency of benefit delivery