Universal Social Protection Floors to Achieve the SDGs through South-South and Triangular Cooperation

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Social Protection: A Human Right and SDG

- Article 22 of the Universal Declaration of Human Rights states “Everyone, as a member of society, has the right to social security”

- Social Security (Minimum Standards) Convention, 1952 (No. 102)
- The Social Protection Floors Recommendation, 2012 (No. 202), endorsed by the UN and the G20

- The Sustainable Development Goals, particularly SDG 1.3 “Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable”
A Story of More than 100 Years: Building Social Security Systems

... Rapid Expansion since 2000s

Many developing countries have achieved universal or nearly universal social protection schemes...

• Argentina
• Armenia
• Azerbaijan
• Belarus
• Bolivia
• Botswana
• Brazil
• Brunei
• Cabo Verde
• Chile
• China
• Cook Islands
• Georgia
• Guyana
• India
• Kazakhstan
• Kiribati
• Kosovo
• Kyrgyz Republic
• Lesotho
• Maldives
• Mauritius
• Mongolia
• Namibia
• Nepal
• Samoa
• Seychelles
• South Africa
• Swaziland
• Tanzania (Zanzibar)
• Thailand
• Timor-Leste
• Trinidad Tobago
• Ukraine
• Uruguay
• Uzbekistan

Example: China Expansion of old-age pension coverage over 2001-2013

other developing countries are rapidly expanding social protection coverage

Source: universal.social-protection.org
...and many development partners working together to promote Universal Social Protection Systems

See: universal.social-protection.org
Universal Social Protection for shared prosperity
Recommendation 202 Social Protection Floors

Children

Working age

Old age

- Child Support
- Support for those without jobs
- Maternity
- Work Injury
- Disability Benefits
- Access to Health

Poor relief safety net
Why Universal? Poverty reduction not enough, high inequality
Middle Classes are low income in most countries

Global Income Distribution by Countries, 1990-2007 (or latest available)
in PPP constant 2005 international dollars

Source: Global Inequality. UNICEF, 2011
Since the 2000s, universalism has re-entered the development agenda. First it was education: universal primary education became a Millennium Development Goal in 2000. Then it was health, in 2013, the world committed to universal health coverage. Now it is time for universal social protection.

**Washington consensus**
- 1980s
  - Grow first, distribution later (if at all)
  - Deregulation, privatization
  - Cuts in public services/ budgets
  - **Minimal social safety nets** to cushion the consequences of adjustment policies
  - Jobless growth

**Pro-poor growth**
- 1990s
  - Growth first, but with some attention to the poor
  - Focus on social protection **targeted to the poor**
  - Support for **(conditional) cash transfers**, health and education
  - Labor reforms
  - Still jobless growth

**Inclusive growth and development**
- Social protection systems indispensable for growth and development
  - **Social contract = for all** (not just the poor, also middle classes that are low income in developing countries)
  - **Universal and progressive** approach
  - Complementary to employment-generating investments in National Development Strategies
Social Protection: Demonstrated Results

- Higher utilization of health services
  - Reduces poverty and inequality
  - Increases consumption and aggregate demand
- Higher school attendance and reduction in child labor
  - Better access to food and better nutritional status
- Facilitates search for jobs and riskier decision-making
- Lessens social tensions and conflict
  - Supports crisis response and structural change
- Promotes productive employment and entrepreneurship
  - Increases human development and productivity
- Builds political stability
  - Promotes economic growth
  - Increases human development and productivity
- Inclusive growth and human development
  - Higher income security for households
  - Better educational performance
  - Improved health
  - Lessens social tensions and conflict
How to Build Universal Social Protection Systems, including floors?

Formulating national social protection strategies

- (a) Start national dialogue and call all relevant stakeholders, including employers, workers, UN and development partners
- (b) Identify gaps in social protection;
- (c) Determine appropriate social protection schemes, whether contributory or non-contributory, or both, as well as the time frame and sequencing for the progressive achievement of the objectives
- (d) Cost selected schemes, identify potential fiscal space
- (e) Discuss financial and human resources with Ministry of Finance
- (f) Agree national strategy through national social dialogue
Many paths to Universal Social Protection

Governments have a wide set of options to achieve universal social protection. South-South learning shows:

- Some countries opted for immediate universal coverage – eg. Botswana, Timor Leste.
- Others gradual and progressive approach – eg. Brazil, Thailand.
- Some have universalism embedded in their national constitutions - eg. Bolivia, South Africa.
- Others have achieved universalism without any similar constitutional provisions eg. Swaziland, Uruguay.
- Universal social protection is most commonly started with old-age pensions, but some countries have opted to universalize in parallel disability, maternity and/or child benefits. Eg. Argentina, Nepal.
  - Some provide a publicly-financed social pension/benefit to all – eg. Mongolia, Namibia.
  - Others provide a minimum pension to those who do not have a contributory pension, ensuring universality - eg. Azerbaijan, China.
Universal SP is a State responsibility, achieved by:
(1) a publicly financed transfer,
or (2) by a mix of contributory and non-contributory schemes

**Mandatory Contributory Social Insurance**
- Child Benefits
- Unemployment Insurance
- Maternity
- Work injury
- Disability Insurance
- Health Insurance
- Old Age Pension, Survivors

**Non-contributory/Publicly financed Social Prot. Floors**
- Child Support
- Support for those without jobs
- Maternity Benefits
- Disability Benefits
- Access to Health
- Poor relief safety net
- Old Age Social Pension

Universal Social Protection is Affordable in most Developing Countries...

Cost of universal pension coverage, national poverty line, %GDP

Source: ILO calculations
The universal social protection floor package has been estimated as follows: (i) a universal child benefit of 20% of a country’s national poverty line to all children 0-14 years old; (ii) a benefit of 100% of a country’s national poverty line to all orphans, (iii) a universal pension of 100% of a country’s national poverty line, excluding those that have contributory pensions; (iv) unemployment support of 100% of a country’s poverty line to one person per vulnerable household during 100 days; (v) a benefit of 100% of a country’s national poverty line to all persons with severe disabilities and (vi) a maternity benefit during 4 months of 100% of a country’s national poverty line to all mothers with newborns. All of these schemes include administrative costs (ILO calculations).
Fiscal Space for Social Protection Floors Exists Even in the Poorest Countries

There is national capacity to fund social protection floors in virtually all countries. There are many options, supported by UN and IFIs policy statements:

- Re-allocating public expenditures (e.g. subsidies)
- Increasing tax revenues
- Expanding collection of social security contributions
- Fighting illicit financial flows
- Lobbying for increased aid and transfers
- Tapping into fiscal and foreign exchange reserves
- Restructuring debt
- Adopting a more accommodative macroeconomic framework (e.g. tolerance to some inflation, fiscal deficit)

Source: Fiscal Space for Social Protection: Options to Expand Social Investments in 187 Countries ILO.
## Fiscal Space Strategies for Social Protection: Country Examples

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Pl. State of Bolivia</th>
<th>Botswana</th>
<th>Brazil</th>
<th>Costa Rica</th>
<th>Lesotho</th>
<th>Iceland</th>
<th>Namibia</th>
<th>South Africa</th>
<th>Thailand</th>
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<td>Reducing debt/debt service</td>
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<td>Tapping into fiscal reserves</td>
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Source: Fiscal Space for Social Protection: Options to Expand Social Investments in 187 Countries, ILO.
Universal Social Protection Floors are Feasible and Doable

Thank you

Contact: Isabel Ortiz, Director Social Protection Department, International Labour Organization.
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