

## Briefing paper – September 2021

### Social Protection as a basis for self-determined human development

#### *Transformative potential of social protection*

To build back better after the COVID-19 pandemic to a new and different normal, that provides a solid ground for self-determined development for every member of society, rights-based and gender-responsive social protection, universal health coverage, access to education for all and decent work are of crucial importance. Taken together, these ingredients are among the most important means to generate a transformative potential and to reduce inequality and end poverty in all its dimensions.

Adequately designed social protection policies do not only reduce monetary poverty. The evidence shows that social transfers are also associated with a reduction in child labour and rising school attendance, increased use of health services and an improved diet<sup>1</sup>. Social protection and access to public services of appropriate quality can overcome exclusion processes and the vicious cycle of the intergenerational reproduction of poverty and inequality<sup>2</sup>. They create the basic conditions that make participation in social, economic and political life possible and reduce inequality of opportunities.

Social protection spending should be regarded as an investment, as it also pays off economically, especially in low-income countries. It creates significant multiplier effects for the local economy and consequently contributes to economic development in the long term<sup>3</sup>.

In times of crises, social protection systems enable states to react quickly and mitigate negative social impacts on individuals and society, for example, by crisis-related expansion and adequate adjustment of social protection programmes. The mechanisms of action, through which social protection programmes can mitigate disasters' impact range from safeguarding health and livelihoods at the moment of a crisis to contributing to prevention and promoting crisis resilience and supporting longer-term transformation processes<sup>4</sup>. In the best-case scenario, the interplay of the different social policy sectors can lead not only to an immediate reduction in vulnerability but also to more comprehensive social, economic or political changes.

When the world financial and economic crisis in 2007/2008 showed how important stable protection systems are to mitigate and overcome crises, the ILO, together with the World Health Organisation (WHO), launched the Social Protection Floor Initiative, which found expression in ILO Recommendation 202 (2012). ILO member states and social partners unanimously adopted this recommendation to guarantee access to basic medical care and a minimum level of income security for all inhabitants in a first step, and continuously develop more comprehensive protection programmes to complement the

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<sup>1</sup> ODI, *Cash Transfers: what does the evidence say?*, 27th July 2016, available at:

<https://odi.org/en/publications/cash-transfers-what-does-the-evidence-say-a-rigorous-review-of-impacts-and-the-role-of-design-and-implementation-features/> (Last access 05/08/2021).

<sup>2</sup> Brot fur die Welt, *Reducing inequalities requires redistribution*, Chapter: Social Protection and Inequality,

August 2019, available at: [https://www.brot-fuer-die-](https://www.brot-fuer-die-welt.de/fileadmin/mediapool/2_Downloads/Fachinformationen/Analyse/Analysis_90_Reducing_inequality.pdf)

[welt.de/fileadmin/mediapool/2\\_Downloads/Fachinformationen/Analyse/Analysis\\_90\\_Reducing\\_inequality.pdf](https://www.brot-fuer-die-welt.de/fileadmin/mediapool/2_Downloads/Fachinformationen/Analyse/Analysis_90_Reducing_inequality.pdf)

<sup>3</sup> ITUC & FES, *Investments in social protection and their impacts on economic growth*, Bibliography and annexes, August 2021, available at:

[https://www.itucsi.org/IMG/pdf/bibliography\\_annexes\\_investment\\_social\\_protection.pdf](https://www.itucsi.org/IMG/pdf/bibliography_annexes_investment_social_protection.pdf).

<sup>4</sup> Devereux, Sabates & Wheeler, *Transformative Social Protection*, 2004, available at:

<https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/4071>.

floor. The international community of nations reiterated the commitment and included social protection floors explicitly in Agenda 2030 (Target 1.3).

However, gaps worldwide are still large, especially in low-income countries<sup>5</sup>. The fatal consequences have been made visible by the Covid-19 crisis. Hunger and poverty were exacerbated, existing inequality has deepened and resilience to future crises is even further weakened. Despite an impressive number of social protection measures that have now been additionally taken in the context of the Covid 19 crisis these have also fallen far short of securing all people. While high-income countries invested an average of US\$ 695 per person in social protection, the average in low-income countries was US\$ 4<sup>6</sup>.

In spite of reiterated commitments of states and the international community, ODA directed to these fields has also been comparatively low and gaps to build up at least universal health coverage and universal social protection floors are still large, especially in low-income countries. The EU and member states must support efforts to accelerate progress in building universal health coverage and universal social protection floors in low-income countries and thus improve global disaster preparedness.

Social protection, health, education and decent work policies are key instruments not only for fighting poverty and inequality but also for promoting social cohesion. When delivered in a way that people perceive as fair and reliable, social protection and public services will contribute to building trust and the social contract that makes the citizens prepared to pay the taxes needed to sustain the services<sup>7</sup>. Progressive taxation and the solidarity principle of social policies help to move the wealthy and society at large to take responsibility for the common good.

### **UN and CS call for a Global Fund for Social Protection**

Building on their own experiences of the significance of social protection, EU and member states should support the establishment and funding of a Global Fund for Social Protection. Such a fund was proposed by the UN Special Rapporteur on extreme poverty and human rights at the Human Rights Council, in June 2021<sup>8</sup>. Also in June 2021, the International Labour Conference (ILC) called on the ILO to “engage in discussions on a new international financing mechanism, such as a Global Social Protection Fund”<sup>9</sup>.

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<sup>5</sup> ILO, *World Social Protection report 2020-22: Social Protection at the Crossroads – in Pursuit of a Better Future*, 2021, available at: <https://www.ilo.org/global/research/global-reports/world-social-security-report/2020-22/lang-en/index.htm>.

<sup>6</sup> Mohamed Almenfi et al., *Where is the money come from? Ten stylized fact on financing social protection responses to Covid-19*, Policy and Technical Note, November 2020, available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/34802/Where-is-the-Money-Coming-From-Ten-Stylized-Fact-on-Financing-Social-Protection-Responses-to-COVID-19.pdf>.

<sup>7</sup> Stephen Kidd, Gunnel Axelsson Nycander, Anh Tran and Madeleine Cretney, *The social contract and the role of universal social security in building trust in government*, Working Paper November 2020, Development Pathways and Act Church of Sweden, available at: [www.svenskakyrkan.se/filer/578537/Social-Contract-paper-Nov242020FINAL%20\(1\).pdf](http://www.svenskakyrkan.se/filer/578537/Social-Contract-paper-Nov242020FINAL%20(1).pdf).

<sup>8</sup> UNGA, *Global fund for social protection: international solidarity in the service of poverty eradication- Report of the Special Rapporteur Olivier De Schutter*, July 2021, available at: [https://undocs.org/en/A/HRC/47/36?fbclid=IwAR3MOwqk-8XsfB73qTKySh34Eyr4MayYgo\\_ehOJKVo4asvdVFO3YGgHhB-s](https://undocs.org/en/A/HRC/47/36?fbclid=IwAR3MOwqk-8XsfB73qTKySh34Eyr4MayYgo_ehOJKVo4asvdVFO3YGgHhB-s).

<sup>9</sup> ILO, *Reports of the Recurrent Discussion Committee: Social protection (social security): Proposed resolution and conclusions submitted to the Conference for adoption (III.21.c)*, 18<sup>th</sup> June 2021, available at: [https://www.ilo.org/ilc/ILCSessions/109/reports/provisional-records/WCMS\\_804457/lang-en/index.htm](https://www.ilo.org/ilc/ILCSessions/109/reports/provisional-records/WCMS_804457/lang-en/index.htm).

Social protection is primarily a responsibility of national governments. They can expand the fiscal space for social protection through various methods such as domestic resource mobilization, budget reprioritization and fighting illicit financial flows<sup>10</sup>. However, major financing gaps for social protection persist with challenges for some governments to invest in adequate national social protection systems. And alongside the national responsibility, there is also a need for and duty of international solidarity. The Fund should increase the level of support to low-income countries, thus supporting their efforts both to establish and maintain social protection floors in the form of legal entitlements, and to improve the resilience of social protection systems against shocks<sup>11</sup>. In the words of the UN Special rapporteur on extreme poverty and human rights: *The proposal for a global fund for social protection is not that taxpayers from rich countries pay for social protection in poor countries. It is, rather, to kick-start a virtuous cycle in which international support matches domestic efforts and contributes to capacity-building in low-income countries.*<sup>12</sup>

### **How to do it at country level**

When supporting investments in quality public services and social protection, EU and member states should follow international standards and guidance on national social protection floors and the human right to social security, in particular ILO recommendation 202 (2012) and ILO convention 102 (1952). Initiatives must contribute to the reduction of inequality. They should foster, social cohesion, gender equality and be human rights-based, which i.a. means they must be inclusive, non-discriminatory, and as soon as possible anchored in national law. They should be developed through social dialogue at national level, including CSOs and FBOs (see examples below).

One of the key design choices concerns targeting: Who should be included in individual programmes, and how are beneficiaries identified? Most social protection/safety nets programmes supported by development partners are poverty targeted. Usually, the motive is that there are limited financial resources or that it is considered cost-efficient to direct the support to those in most acute need. However, and perhaps counter-intuitively, poverty targeting is not pro-poor. In reality, the methods for selecting the “most needy” are never correct and often highly inaccurate, which means large parts of the intended target groups are excluded.<sup>13</sup> Also, “non-poor” informal workers are generally excluded from poverty targeted social programmes, so these groups have to a large extent been left without protection during the Covid-19 crisis. Means-tested systems are more costly to administer, may lead to stigmatisation, and are more easily misused and corrupted. Finally, benefits in targeted social programmes tend to be lower than in broader programmes.

Universal social protection is needed to fulfil the Agenda 2030 commitment to *Leave no one behind*. Universal social protection means social protection is available to anyone who requires protection, which entails that social protection systems are adequate, comprehensive and sustainable. In June 2021, the member countries of ILO recently reconfirmed their commitment to build and maintain universal social protection systems, in a framework for action in which the meaning of universal, social

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<sup>10</sup> Isabel Ortiz, Matthew Cummins, Kalaivani Karunanethy, *Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries*, ESS Working Paper No. 48, ILO, Geneva, 2017, available at: <https://www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=51537>.

<sup>11</sup> Global Coalition for Social Protection Floors, *Civil Society call for a Global Fund for Social Protection*, 2020, available at: [2020-07CivilSocietyCallGlobalFundSocialProtection\\_EN.pdf \(socialprotectionfloorscoalition.org\)](https://www.socialprotectionfloorscoalition.org/2020-07CivilSocietyCallGlobalFundSocialProtection_EN.pdf).

<sup>12</sup> See note 8.

<sup>13</sup> Stephen Kidd and Diloa Athias, *Hit and Miss: An assessment of targeting effectiveness in social protection*, Development Pathways Working Paper, 2020, available at: [www.svenskakyrkan.se/filer/b55b4c18-1e61-4281-82c4-3a7efff8ad84.pdf](http://www.svenskakyrkan.se/filer/b55b4c18-1e61-4281-82c4-3a7efff8ad84.pdf).

protection systems was clearly defined.<sup>14</sup> The best way to assure universal access to protection is to develop categorical programmes for all those, who are in a vulnerable phase in life, such as childhood, sickness, parenting, ageing, or unemployment. Efforts to identify “the poor” and keep this information updated are futile, as poverty is neither static nor a characteristic of persons. While more costly, universal systems based on categorical programmes tend to be associated with larger national ownership. As they are more popular and legitimate among the public, they contribute to strengthening the social contract and their financing is more sustainable.

EU and member states can play an important role in supporting initial investment in building capacity and systems, including processes to formalise the informal sector and to include CSO actors in consultation processes. The starting point must be to support the design of systems that promote the social contract and are funded at national level, which requires buy in from Ministries of Finance.

The use of targeted cash transfers is increasing rapidly in humanitarian aid as need-based targeting is a fundamental principle of humanitarian aid. Targeted social assistance for persons in particularly vulnerable situations is also an important *complement* to categorical programmes in social protection systems. To the extent that EU and member states support investments in targeted social assistance, it is important to avoid establishing permanent systems of “poor relief” type of safety nets, based on imprecise targeting of households. Instead, such support should be part of a process of building systems that lead towards the goal of rights-based, universal and gender-responsive social protection systems which are based on individual entitlements.

It is also useful to carefully assess the alternative option of supporting the gradual expansion of universal old-age pensions and child benefits rather than targeted social assistance. Research shows that across a range of countries in Asia, Africa and Latin America, the combination of universal child benefits, disability benefits and old-age pensions would reach around 90 per cent of the population, either directly or indirectly.<sup>15</sup>

Statistical databases and registries are indispensable in the implementation of social protection schemes and systems. Birth certificates and identity cards, civil registries and single registries are important examples. However, so-called social registries should not be supported, as they generate very high levels of exclusion errors when applied in multiple schemes and are not compatible with an approach to build universal social protection systems.<sup>16</sup>

### **Examples of promising social protection support programmes**

#### **Capacity building for system building**

Strategic capacity building and technical support to the Government of Kenya 2016-2018 included analysis of existing programmes and challenges, training of key staff and decision makers, including at the Ministry of Finance, and support to the Kenya’s Social Protection Secretariat’s work on developing strategic documents and plans. During the process, the Inua Jamii Senior Citizens’ Pension became a key part of the government’s electoral platform. Since 2018, a universal pension has been available for

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<sup>14</sup>“Universal social protection entails actions and measures to realize the human right to social security by progressively building and maintaining nationally appropriate social protection systems, so that everyone has access to comprehensive, adequate and sustainable protection over the life cycle, in line with ILO standards”, from HLPF, *Side event: Decade of Action to achieve Universal Social Protection by 2030*, 12th July 2020, available at: [20210712-HLPF-Side-Event-USP-Razavi.pdf](https://www.hlpf.org/2021/07/12/20210712-HLPF-Side-Event-USP-Razavi.pdf) ([socialprotectionfloorscoalition.org](https://socialprotectionfloorscoalition.org/)).

<sup>15</sup> See note 1.

<sup>16</sup> Stephen Kidd, Diloa Athias and Idil Mohamud, *Social registries: a short history of abject failure*, 2021, available at: <https://www.developmentpathways.co.uk/publications/social-registries-a-short-history-of-abject-failure/>.

all older persons over 70. Following this milestone, the government of [Kenya](#) continues to work towards a comprehensive and [inclusive life cycle social protection system](#). The capacity building interventions were supported by Sida (Sweden) via UNICEF and WFP 2016-2018.

### **EU Action Programme ‘Synergies in Social Protection and Public Finance Management’**

The European Commission is funding [a global programme that seeks to strengthen national social protection systems](#) through technical support, explorative research and capacity development, focusing on public financial management systems, budgeting and financing of social protection in eight countries (Angola, Ethiopia, Burkina Faso, Uganda, Senegal, Nepal, Cambodia, and Paraguay). In addition to the ILO and UNICEF, civil society is actively involved in the design, steering and implementation of the programme in four countries (Cambodia, Nepal, Senegal and Uganda).

The programme supports governments to expand national social protection system through systems strengthening activities towards effective, evidence-based and inclusive budgeting processes. The role of the civil society network Global Coalition for Social Protection Floors is to strengthen national civil society organizations to enable their meaningful participation in national social protection dialogues, amplifying the voices and concerns of communities and beneficiaries and develop capacities to engage in discussions with governments on social protection design and financing as well as on monitoring and social accountability.

The programme supports governments’ efforts to expand or refine life-course social protection measures including their financing basis and redistributive effects and considering the broader demographic, strategic, economic and fiscal context within which they are to be realised. Consequent improvements are to be expected to legal, policy, fiscal and macroeconomic frameworks through complementary stages of coverage, alignment and better coordination of sectoral social protection instruments, their implementation and assertion of entitlements for the beneficiaries. Integration of the social protection system with other development interventions will broaden coverage further, at the same time as increasing the longer-term resilience of beneficiaries. For a country-owned social protection system to achieve its full potential, it must be developed and regularly revised in concert with national fiscal, health, education, employment, and economic policies.