

## Global Social Protection Week

# Achieving SDG 1.3 and Universal Social Protection (USP2030) in the Context of the Future of Work

### Stream 4

#### Financing sustainable social protection systems

#### Technical session 4.1

#### Financing gap and creating fiscal space for achieving SDG 1.3

**Thursday, 28 November 2019**

**09:00am – 12:00pm**

### BACKGROUND

This session is intended to address issues relating to the costing and financing universal social protection, in particular for the achievement of SDG 1.3 on social protection by 2030. In 2015, at the time of the adoption of the 2030 Agenda for Sustainable Development, only 45 per cent of the global population were effectively covered by at least one social protection benefit, implying that more than half of the global population were not effectively protected in any area of social protection. This coverage gap is directly linked with gaps in financing; but there are many other barriers: lack of political will for investing in social protection and advocacy for universal coverage; inadequate institutional capacity for designing comprehensive social protection programmes and ensuring their implementation through adequate administrative support; failure of institutional coordination; among others.

During the last few years, several UN agencies, including the ILO, have been working in several areas of social protection financing, in particular, providing costing measures to implement national social protection floors, as well as documenting successful experiences of creating fiscal space for the extension of social protection. One main conclusion emerges from such endeavours is that progressive achievement of universal social protection systems, including floors is affordable, even in low-income countries.

A previous ILO study conducted in 2017 covering 57 low-income and lower-middle-income countries shows that full implementation of a comparable set of social protection floors cash benefits would require 2.1 per cent of the combined GDP of the 57 countries. The benefit package included allowances for children, orphans, mothers with newborns, persons with severe disability, and old-age people. From a global perspective, this cost is equivalent to 0.23 per cent of global GDP. In some low-income countries the cost of financing a universal social protection floor is too high compared to the domestic capacity of resource mobilization to finance it, and thus a substantial ODA-based support is needed to fill the gaps. It is, therefore, essential to measure the level of economic effort required to finance domestic resource gaps in order to establish national and international commitments for sustainable source of financing to achieve SDG 1.3. To this end, realizing that an extended version of the costing analysis for SDG 1.3 incorporating a gap assessment based on the current level of investment at country and regional levels is required, the ILO has launched a study to provide global

and regional estimates of the additional resources that need to be generated to achieve SDG 1.3 by 2030.

Domestic financing is the optimal source of resources for achieving SDG 1.3; it includes a mix of taxes and contributions to social insurance schemes. There are several strategies available for countries to create fiscal space, including the expansion of social security coverage and revenue from social insurance contributions, increasing tax revenue, eliminating illicit financial flows, re-allocating public expenditures according to greater efficiency, using fiscal and central bank foreign exchange reserves, borrowing or restructuring existing debt, adopting a more accommodating macroeconomic framework, and lobbying for aid and transfers (ODA). Understanding the extent to which each of these options can create fiscal space, in a country specific context, is crucial but what is also important is to hold a national dialogue incorporating all stakeholders - with Ministries of Labour, Health, Social Welfare, Planning, Finance and other relevant ministries, employers and workers organizations as well as civil society, academics, United Nations agencies, International Financial Institutions, and development partners. This will help evaluate the pros and cons of different financing options, thus building a national consensus around an optimum policy choice and creating the political will to provide sustainable finance to achieve universal social protection.

The session will bring together participants from governments, employers and workers organizations, civil society organizations, academia, UN agencies, international financial institutions, and development partners.

## OBJECTIVES

Organized in the context of the Global Social Protection Week as part of the ILO Centenary Celebration, the objective of the technical session is to provide information and views on the costs and gaps in financing social protection to achieve SDG 1.3 by 2030. It will discuss the methodological issues relating to measurement, availability and sources of data, and theoretical and empirical challenges. The discussion will identify the affordability of national social protection floors, in particular for low-income countries, and areas of priority. A range of potential options for creating fiscal space for the extension of social protection systems will be recognized including the differences in terms of financing strategies needed for achieving the 2030 Agenda in the developing countries. The session will also attempt to provide information on the role of domestic financing, current size of ODA, and the global requirement for ODA to fill the gap due to insufficient domestic resources. Finally, the discussion will allow an understanding of the main challenges and the next steps required to achieve 2030 Agenda on social protection.

## FORMAT

The technical session will consist of a moderated discussion where the moderator will ask two (or three rounds of questions) to the panel members and also invite questions and comments from the audience. An initial background presentation will be delivered by the ILO Social Protection Department, followed by presentations and discussions by the panellists. The panel members will not be required to deliver any power point presentation. However, they will be encouraged to share in advance a presentation or text that can be shared through the online website and help the moderator in preparing the sessions.

## MODERATOR AND PANELLISTS

Moderator: **Nuno Cunha**, Senior Social Protection Specialist, East Asia and the Pacific, ILO

- **Fabio Duran**, Head, Public Finance, Actuarial and Statistical Unit, ILO
- **Taneem Muzaffar**, Public Finance Economist, Public Finance, Actuarial and Statistical Unit, ILO
- **Anush Bezhanian**, Practice Manager, Social Protection and Jobs, World Bank Group

- **Doerte Bosse**, International Aid Cooperation Officer, International Cooperation and Development (DEVCO), European Commission (EC)
- **Damaris Muhika**, Programme Officer at the Central Organization of Trade Unions (COTU-Kenya) and Trustee of the Kenyan National Social Security Fund, Kenya
- **Martin Mühleisen**, Director, Strategy, Policy and Review Department, International Monetary Fund (IMF)
- **Isabel Ortiz**, Director, Global Social Justice Program, Initiative for Policy Dialogue (IPD), Columbia University, USA and former Director, Social Protection Department, ILO
- **Giovanna Prialé**, Member of National Confederation of Private Business Associations and President of the Association of Private Pension Funds Administrators, Peru
- **Dominique La Salle**, Director, Social Security Development Branch, International Social Security Association (ISSA)
- **Vivi Yulaswati**, Senior Advisor to the Minister of National Development Planning for Social Affairs, Indonesia