

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 4.3

Exploring the feasibility of international financing
for social protection systems

Thursday, 28 November 2019

14:00pm – 15:15pm

BACKGROUND

Universal social protection plays a key role in achieving the 2030 Agenda for Sustainable Development, and in particular Sustainable Development Goal (SDG) target 1.3 that calls on countries to “implement nationally appropriate social protection systems and measures for all, including floors”. The concept of universal social protection is firmly grounded in the international rights framework and set out by international human rights instruments and social security standards. It has also been increasingly recognised that social protection spending is an investment that contributes to societies’ economic and social prosperity in the medium- and long-run.

Previous studies have shown that social protection floors are widely affordable – if not at the national level, certainly at the global level. According to a 2017 ILO study, the average cost of a benefit package (not yet taking into account existing schemes) that presents a social protection floor is 1.6 per cent of Gross Domestic Product (GDP) in a sample of 101 developing countries. For the subsample of 57 low-income and lower middle-income countries, the average costs amount to 4.2 percent of GDP, or 0.23 per cent of global GDP. In fact, complementing domestic resources with international financing of social protection systems is in line with the Social Protection Floors Recommendation, 2012 (No. 202). Article 12 states that “national social protection floors should be financed by national resources. Members whose economic and fiscal capacities are insufficient to implement the guarantees may seek international cooperation and support that complement their efforts.”

In reality, however, poverty remains widespread, with every fourth person living on less than \$3.2 per day, and 1 out of 10 persons subsisting on less than \$1.9 per day (World Bank, 2019). Still 55 per cent of the world’s population are not protected (ILO, 2017). This means that four billion individuals have to deal with risks that can arise over the life cycle on their own, instead of being able to rely on social protection systems, including floors, that are based on the principles of solidarity, universality, and risk-sharing. Beyond individual life transitions, the world is in flux and new uncertainties at the individual and societal level arise from demographic, digital, and environmental transitions.

Growth alone is not enough to bring prosperity to all, as the last decades have shown. The share of global income accrued by the top 1 per cent has doubled between 1980 and 2016, to nearly one quarter of global income, while the bottom 50 per cent received 10 per cent (Alvaredo, Facundo et al., 2017). The balance between public and private wealth has been tipping strongly to the latter – countries have become richer, but governments poorer (Alvaredo, Facundo et al., 2017). Moreover, some countries might not only face particularly large protection gaps in conjunction with very limited

fiscal space, but may at the same time be more vulnerable to covariate shocks that can put the whole social protection system under stress, such as climate-related disasters or civil unrest.

In its final report, the Global Commission on the Future of Work calls on governments as well as employers' and workers' organizations to reinvigorate the social contract that has been challenged by inequality, insecurity, instability, and informality. Key issues in this respect are how to address inequalities and ensure a fair distribution of resources, and how to create the necessary fiscal space to ensure equitable and sustainable financing of social protection and other public policies that reduce inequalities. Particularly in a world that is characterised by the globalization and financialization of the economy and global tax competition, the role of international financing of social protection systems, both using public and private sources, needs to complement discussions on creating fiscal space at the national level.

Different proposals for global solidarity mechanisms have been put forward in the past decade. The idea of a Global Fund for Social Protection was first discussed in 2012, and was later revisited by academia and civil society. Whereas these proposals make the case for such a Fund and provide ideas on how it could be implemented, they remain largely silent on how such a Fund could be financed – particularly given the fact that long-term predictability and reliability of resources are crucial to assure the financing of rights-based social protection systems. While a Global Fund for Social Protection has not become reality yet, other examples exist, notably The Global Fund to Fight AIDS, Tuberculosis and Malaria.

Furthermore, different tax proposals have been discussed (and partly been implemented), including recent discussions on international taxation in the G7, presided by France in 2019. Examples encompass earmarked national taxes that are directly allocated to a global fund (such as Unitaid), a tax on billionaires, or improved rules for taxing multinationals. Finally, the role of the private sector to achieve the SDGs is increasingly being discussed (and among the priority areas in the United Nations Secretary General's Roadmap for Financing the 2030 Agenda for Sustainable Development, 2019-2021), including the question of how the private sector can be enabled to align investment policies and practices with the 2030 Agenda.

This session will bring together leading thinkers from governments, research institutions, the civil society and the private sector in order to discuss the feasibility of international financing for social protection floors.

The session is co-organised by the ILO Social Protection Department, the Ruhr-Universität Bochum (RUB) and UNRISD.

OBJECTIVES

Organized in the context of the Global Social Protection Week as part ILO Centenary celebrations, this technical session has the following objectives:

- To discuss the extent to which a global solidarity mechanism is needed in addition to domestic resources, what the conceptual basis for a social contract beyond country borders is, and to what extent there may/need to be “strings attached”.
- To discuss the comparative strengths and weaknesses of different proposals that have been put forward in this respect; and to critically reflect on what hinders/has hindered the effective implementation of these proposals so far.
- To identify the options for financing social protection with international sources that seem, in the current context, the most feasible.

FORMAT

This technical session will consist of a moderated discussion, where the moderator will ask one or two rounds of questions to the panel members and will encourage a lively debate among the panellists and interactions with the audience.

MODERATOR, SPEAKERS AND PANELLISTS

Moderator: **Paul Ladd**, Director, UNRISD

- **Sekai Nzenza**, Minister of Public Service, Labour and Social Welfare, Zimbabwe
- **Michael Cichon**, Member of the Core Team, Global Coalition for Social Protection Floors
- **Markus Kaltenborn**, Professor, Ruhr-Universität Bochum
- **Gabriele Köhler**, Former Visiting Fellow and Senior Research Associate, UNRISD
- **Martin Mühleisen**, Director, Strategy, Policy, and Review Department, International Monetary Fund (IMF) (tbc)
- **Olivier De Schutter**, Professor, University of Louvain and Member of the UN Committee on Economic, Social & Cultural Rights
- **Marijke Wijnroks**, Chief of Staff, The Global Fund
- **Arthur Wood**, Founding Partner, Total Impact Capital