



**Social protection:
coverage, affordability,
financing options**

Valerie Schmitt, ILO

Structure

- Social protection in the 2030 Agenda & ILO's vision (horizontal and vertical coverage)
- What is the social protection situation?
- Is social protection affordable and how to finance it?
- What's next?



Social protection systems and floors: a priority of the 2030 Agenda



SDG Target 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"

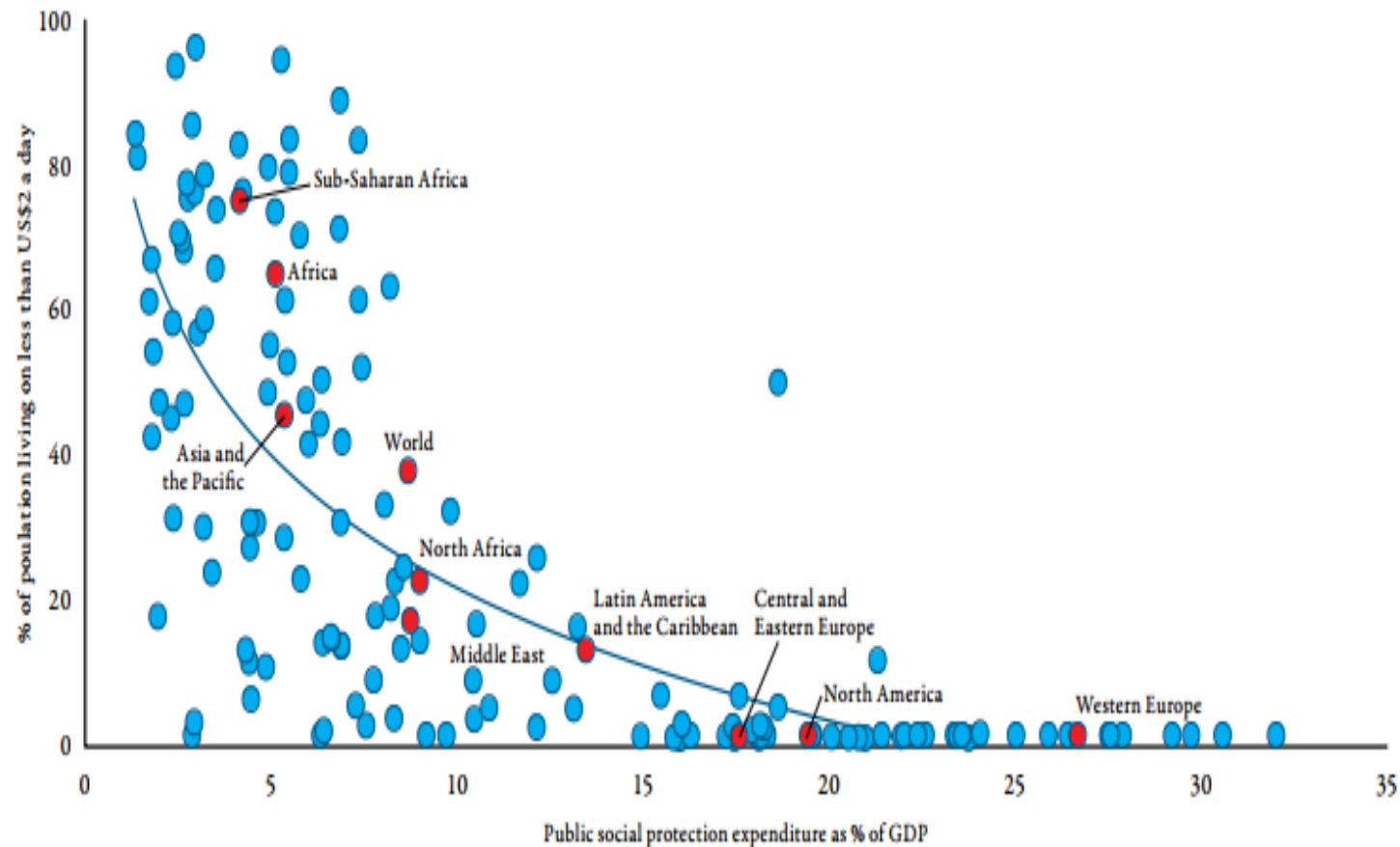
SDG Indicator 1.3.1:

"Proportion of the population covered by social protection systems and floors, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women with new born, work injury victims and the poor and vulnerable"

Social Protection reduces poverty



Figure 6.21 Public social protection expenditure (percentage of GDP) and proportion of the population in poverty



Social protection systems and floors: a priority of the 2030 Agenda



Target 3.8 -
Achieve
universal health
coverage (UHC),
including
financial risk
protection, (...)



Target 5.4 -
Recognize and
value unpaid care
and domestic
work through the
provision of
public services,
infrastructure and
social protection
policies (...)



Target 8.5 - By
2030 achieve full
and productive
employment and
decent work for
all women and
men, including
for young people
and persons with
disabilities, and
equal pay for
work of equal
value

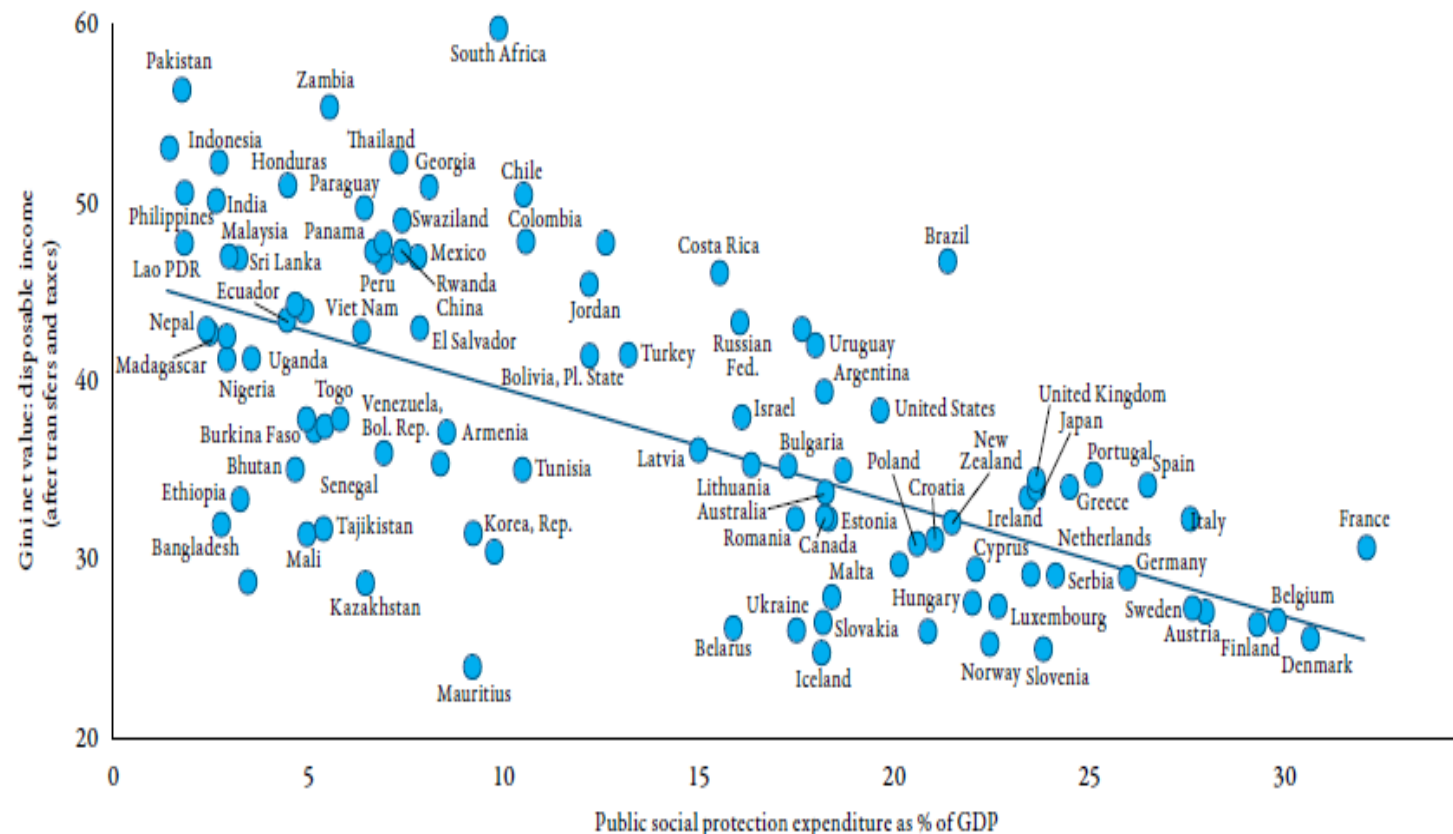


Target 10.4 -
Adopt policies,
especially
fiscal, wage
and social
protection
policies, and
progressively
achieve
greater
equality

Social Protection reduces inequality



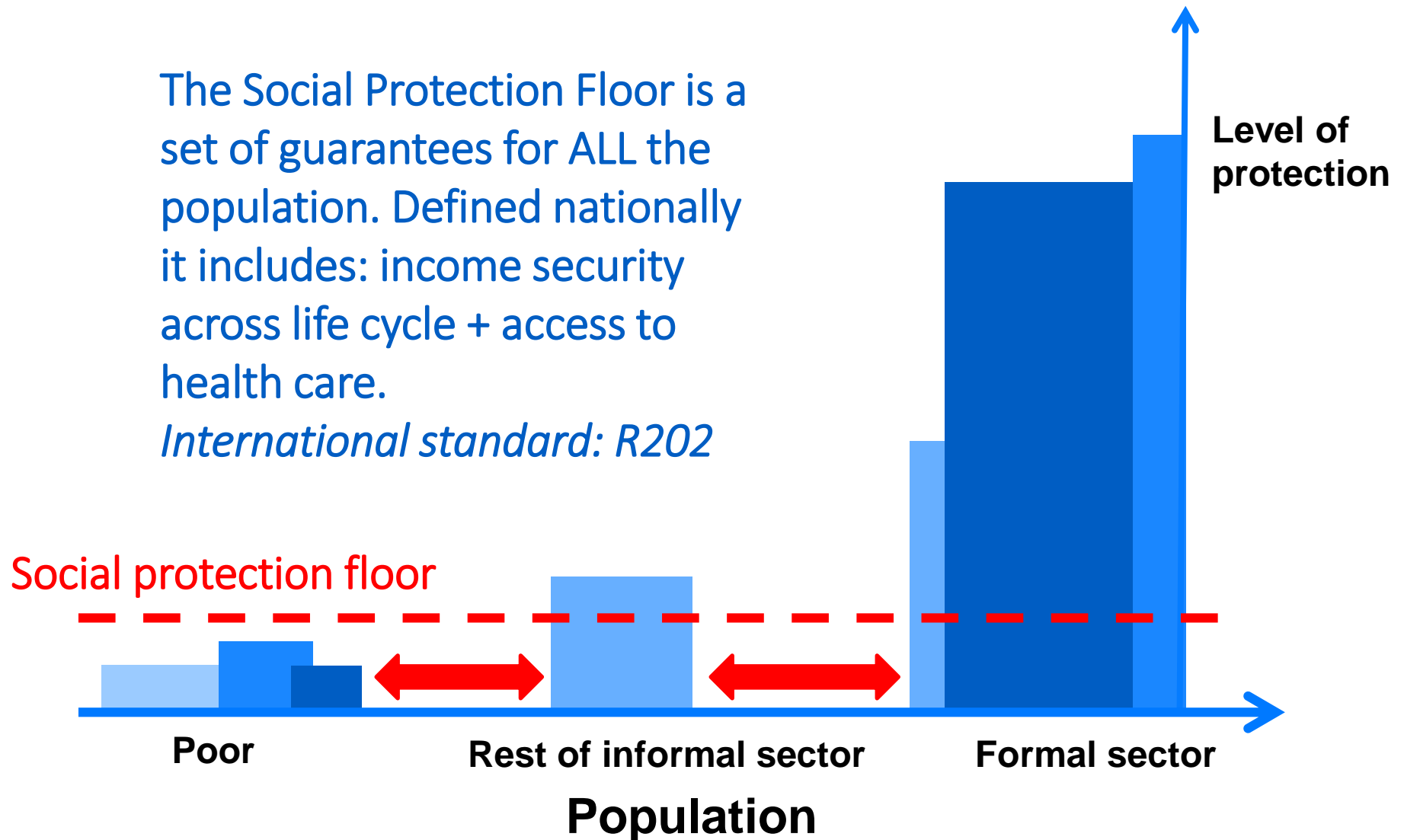
Figure 6.22 Public social protection expenditure (percentage of GDP) and income equality (Gini coefficient), latest available year



ILO's vision to achieve SDG 1.3: horizontal coverage

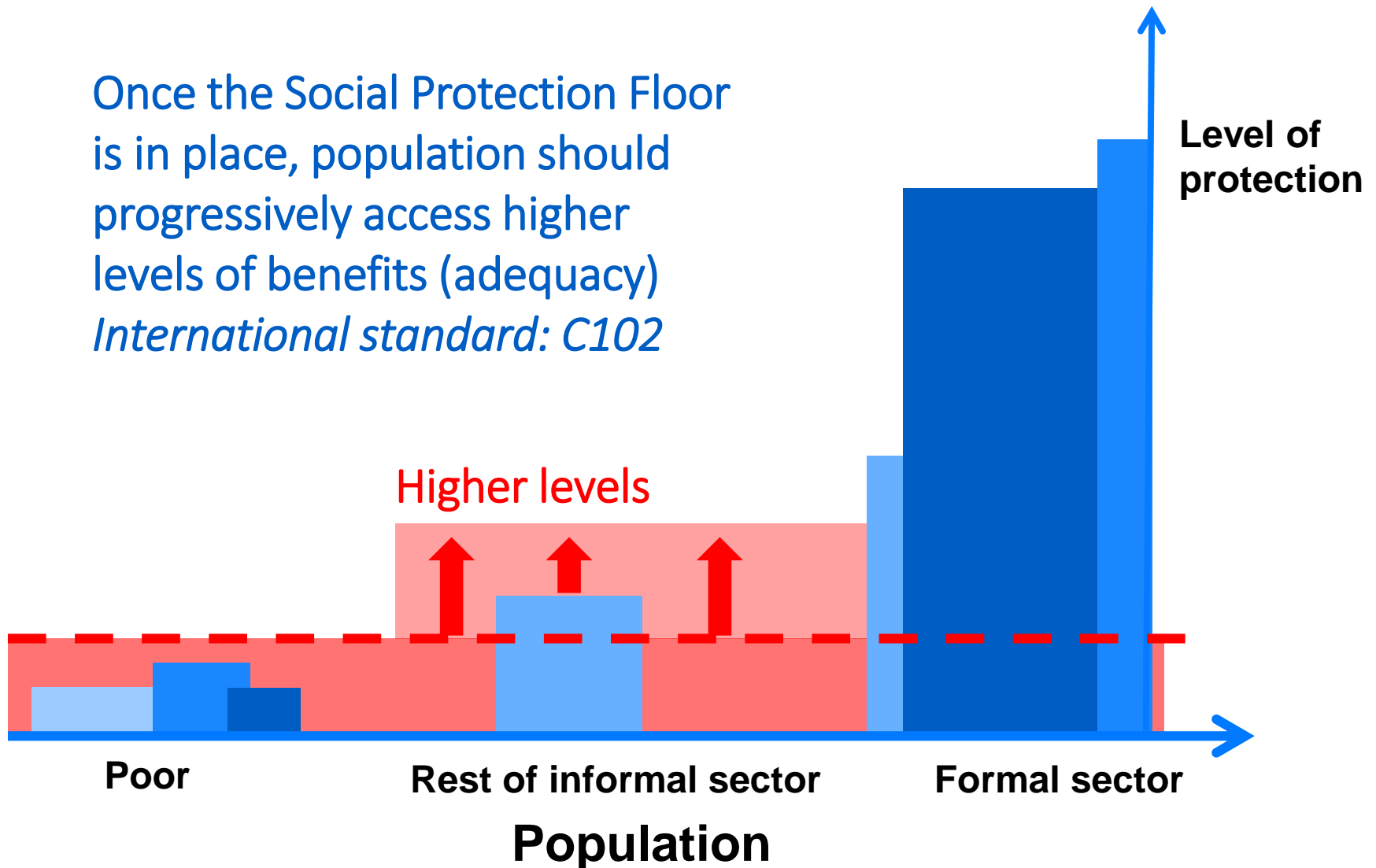
The Social Protection Floor is a set of guarantees for ALL the population. Defined nationally it includes: income security across life cycle + access to health care.

International standard: R202



ILO's vision to achieve SDG 1.3: vertical coverage (adequacy)

Once the Social Protection Floor is in place, population should progressively access higher levels of benefits (adequacy)
International standard: C102

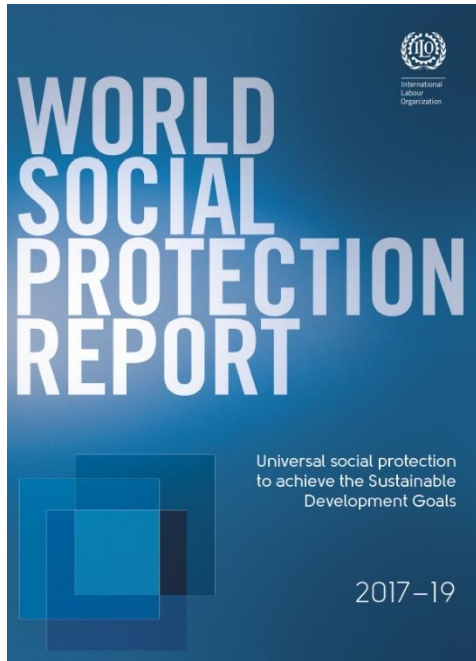


Structure

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ILO World Social Protection Report and Database



Published one every three years; last edition 2017-19
Provides **latest statistics** of coverage, **global trends**, how social protection is **organized** (contributory and non contributory schemes) for various branches of social protection (for children, maternity unemployed, health care, old age ...)

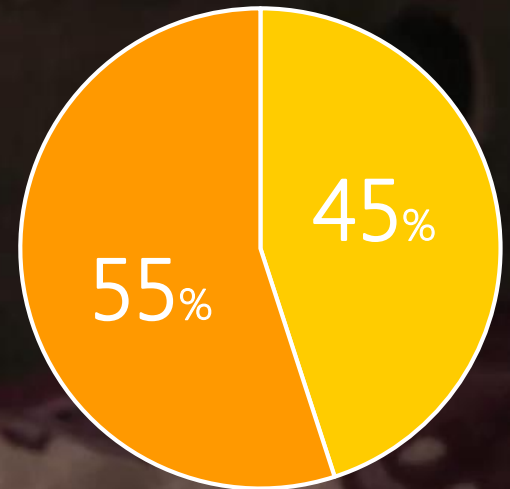
Data on 214 countries, updated yearly (60 countries per year)

Data collected from the ILO Social Security Inquiry that is sent to all social protections schemes
Complemented with data from ISSA, OECD, World Bank, Eurostat, IMF, ADB etc.

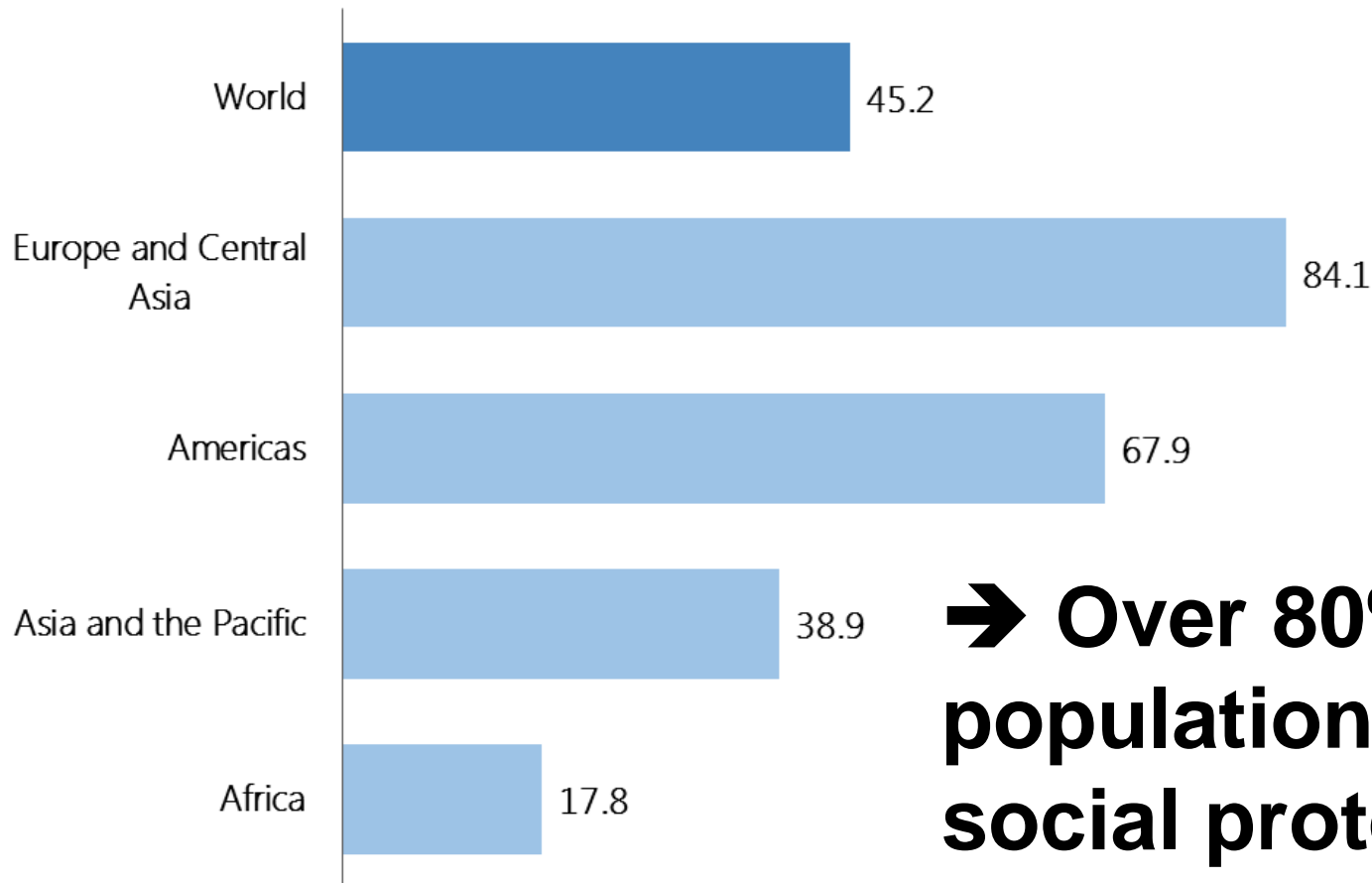
ILO custodian of SDG 1.3.1 i.e. responsible for producing estimates of effective social protection coverage to monitor SDG target 1.3

SDG 1.3.1 «Proportion of the population covered by social protection systems and floors» is 45%

This means that 55% or 4 billion persons have no social protection at all → More efforts to increase coverage



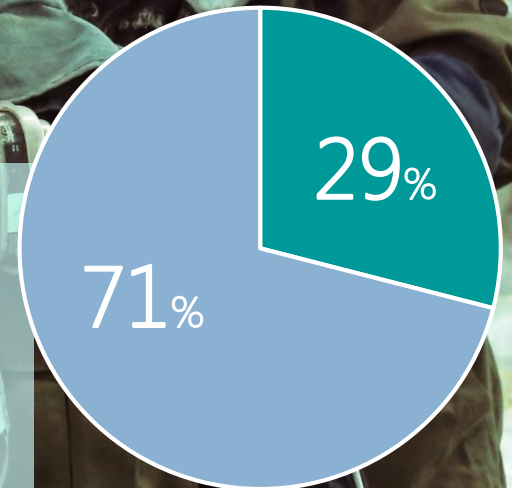
The world average coverage (45%) hides huge regional differences



➔ Over 80% of the population with no social protection in Africa

Another indicator: percentage of population adequately covered is 29%

29% enjoy comprehensive social protection → More efforts to improve adequacy



SDG 1.3.1 ... «social protection for children»

35% of children are protected

1/3 contributory, 1/3 means-tested,
1/3 non contributory universal

35%

1.3 billion are excluded

Cash transfers, scholarships, school meals:

- School attendance, health care, nutrition
- Reduced child labour, future productivity

**Universal coverage
in Mongolia &
Argentina**

SDG 1.3.1 ... «social protection for unemployed» 22% of unemployed receive benefits



22%

Unemployment benefits:

- Increase ability to find a decent job
- Facilitate structural changes of economy

**Unemployment
schemes in Viet Nam
and Cabo Verde**



SDG 1.3.1 ... «social protection for older persons» 68% receive old age pensions worldwide, 20% in low-income countries



68%

Austerity and fiscal consolidation measures threaten pension adequacy. Extension in developing countries mainly through basic non contributory pensions.

Without old age pensions:

- Working to death, live in poverty
- Transmission of poverty to grandchildren

Universal coverage in Thailand, Zanzibar, China, Mauritius ...

SDG 1.3.1 ... «social protection for persons with disabilities» - only 28% have access to benefits



Disability benefits:

- Life in dignity, independent living
- Access to decent employment

**Universal coverage in
Brazil, Uruguay, Chile,
Mongolia**

SDG 1.3.1 ... «social protection for mothers with new born» - 41% receive maternity benefits

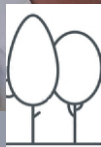
41%

- Mothers without benefits tend to deliver at home and work the next day
- Gender equality / parental leave

Universal coverage in Ukraine & Uruguay; progress in Argentina, South Africa, Mongolia

SDG 3.8 ILO measures the percentage of population lacking health coverage

38%



Urban (22%) / rural (56%) divide

- High of pocket expenditure push household in poverty
- Low productivity of future generations

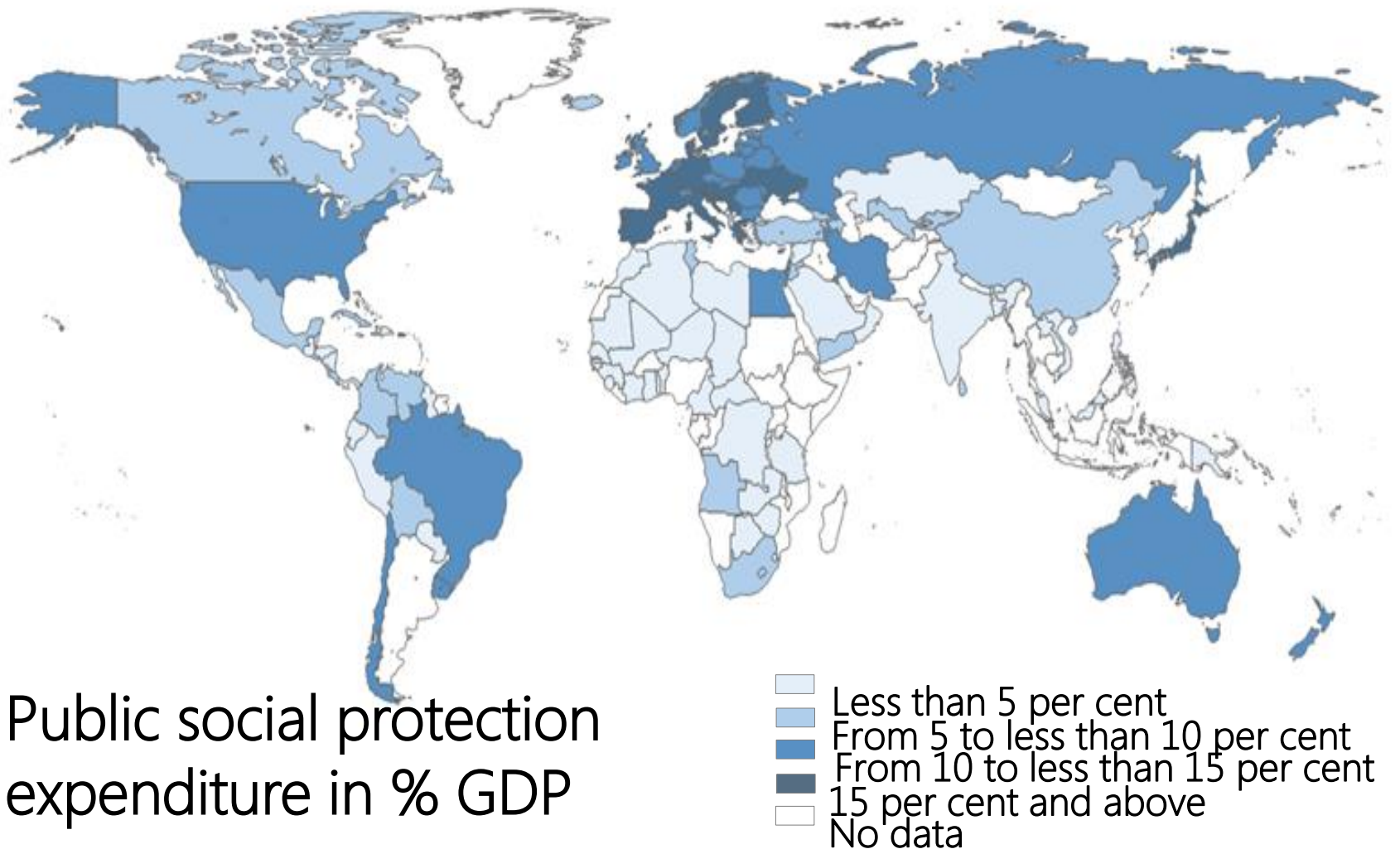
Universal health coverage in Thailand, China, Colombia, Rwanda

Structure

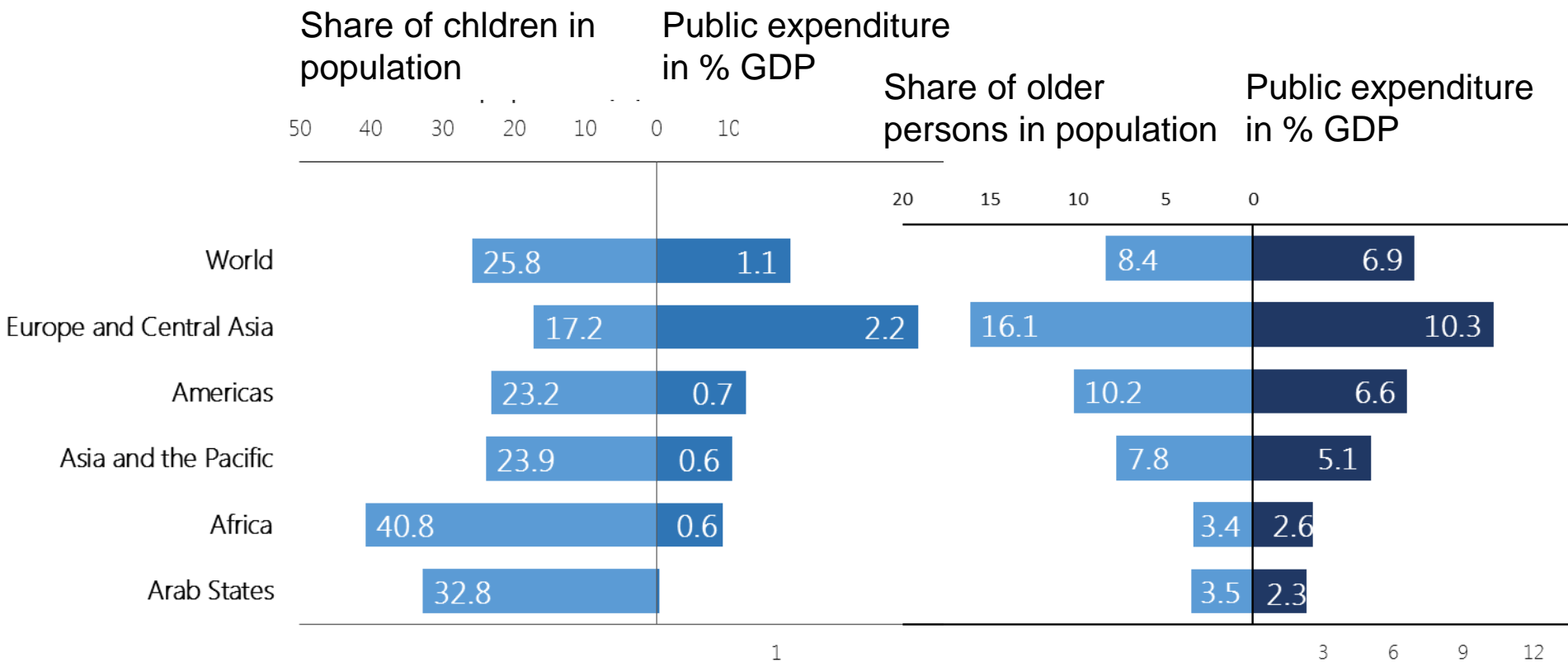
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Lack of coverage and adequacy are linked to insufficient public investments in social protection



Public expenditure on social protection for children is low compared to older persons



1.1% of GDP is allocated to SP for children

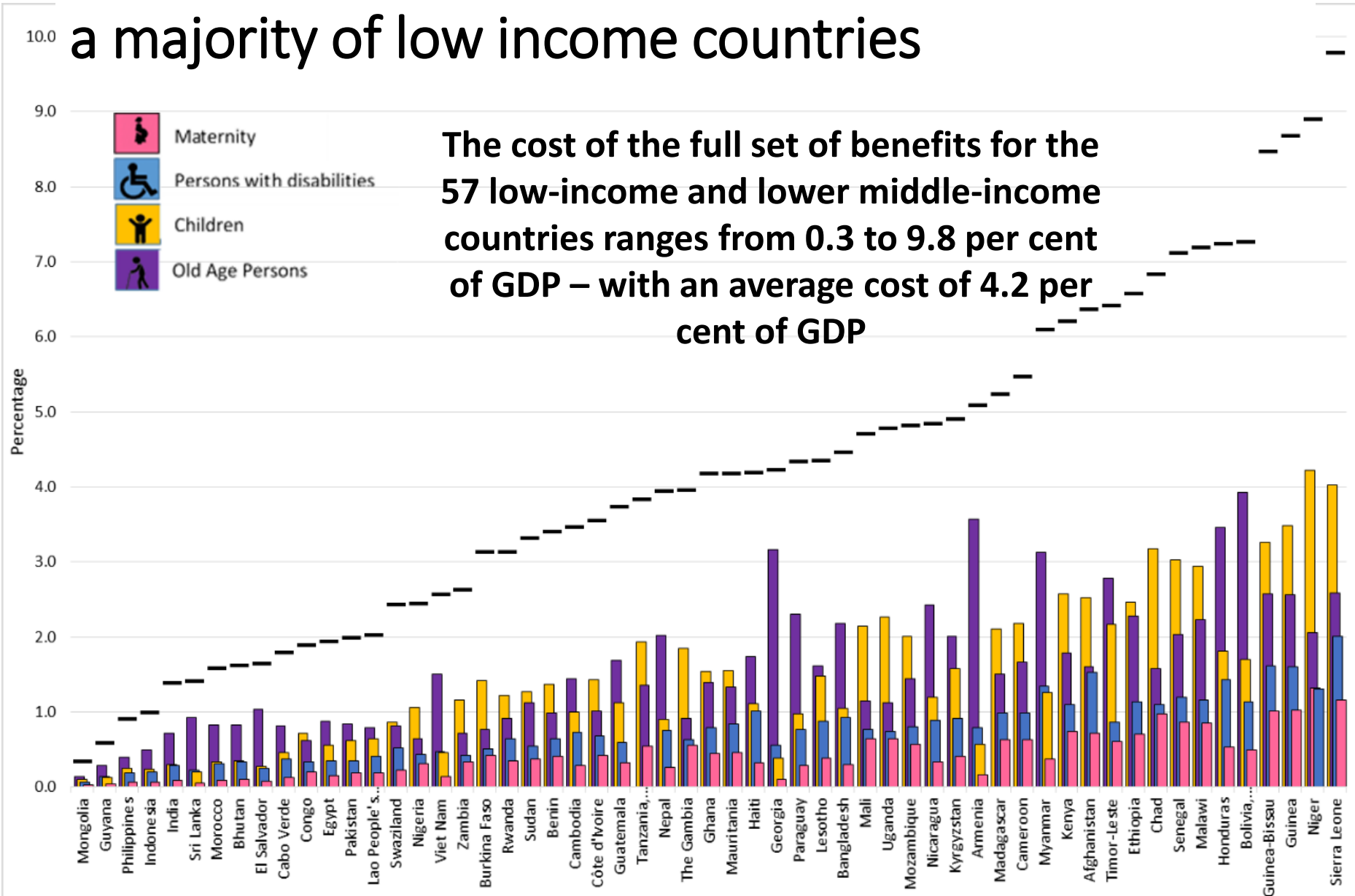
6.9% is allocated to SP for older persons

Public investments are shrinking as a negative impact of austerity or fiscal consolidation cuts

Main adjustment measures considered by region, 2010–15 (number of countries)

Region/income	Subsidy reduction	Wage bill cuts/caps	Targeting benefits	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatization
Eastern Asia and Oceania	15	18	10	6	9	2	18	8
Eastern Europe/Central and Western Asia	14	17	18	18	12	9	14	11
Latin America and the Caribbean	14	14	13	17	11	2	18	3
Middle East and Northern Africa	10	8	7	5	6	3	9	2
Southern Asia	6	7	5	2	3	0	7	3
Sub-Saharan Africa	38	32	15	12	8	6	27	13
Developing countries	97	96	68	60	49	22	93	40
High-income countries	35	34	39	45	40	34	45	15
All countries	132	130	107	105	89	56	138	55

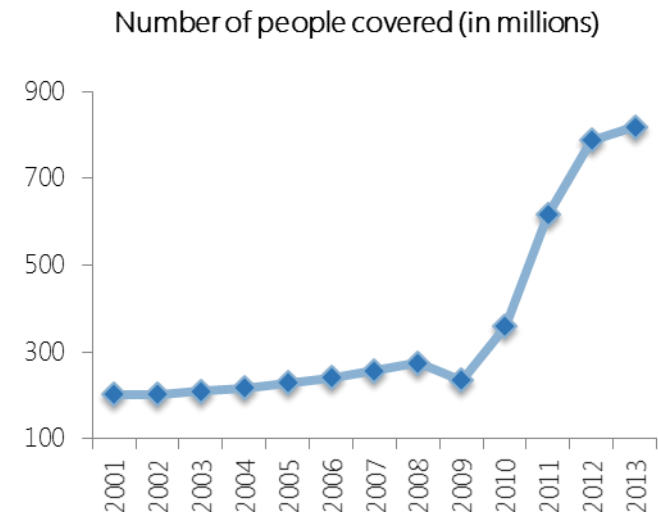
Universal social protection floors are affordable in a majority of low income countries



Many developing countries have achieved universal coverage for at least one branch

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

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



Source: www.universal.social-protection.org

Eight main options to finance social protection

Option ① – Reallocating public expenditure



Redirect budget from high-cost and low-impact investments (typically military costs or fuel subsidies) **to social protection** with greater socio-economic impacts.

Improve the use of budget by reducing inefficiencies and tackling corruption.

Indonesia cut expensive fuel subsidies in 2005 and put in place a programme for the poor consisting of educational assistance, health care and unconditional cash transfers.

Eight main options to finance social protection

Option ② – Increasing tax revenue



Generate more taxes to finance non-contributory social protection schemes (by changing **tax rates**, introducing **new taxes** (sin taxes), **earmarking taxes** (e.g. on natural resources), or improving **compliance**).

Bolivia earmarked revenues from hydrocarbon taxation to finance Renta Dignidad. Similarly, **Mongolia and Zambia** finance social protection through taxation on natural resources. **Brazil** introduced a tax over financial transactions in 2015 to finance bolsa familia, health protection and SI.

Eight main options to finance social protection

Option ③ – Expanding coverage through contributory schemes



Bringing more people under **partially or fully contributory schemes** is a reliable and sustainable way to finance social protection schemes and reduce the pressure on the government budget.

Case of **Uruguay** through Monotax.

Algeria compulsory and voluntary schemes to formalize the informal economy.

Eight main options to finance social protection

Option ④ – Borrowing or restructuring existing debt



An option to finance social protection is by taking on new debts, or **restructuring existing debts** (more accommodating debt repayment schedules). It generates fiscal space for social protection & human capital devlt.

Ecuador was able to expand its fiscal space for social protection by writing down its external debts. It allowed the country to expand a national cash transfer programme – Bono de desarrollo humano.

Eight main options to finance social protection

Option 5 – Lobbying for Aid transfer



ODA for start up costs
(technical assistance, IT systems, capacity building).

Bilateral aid, funding from UN agencies, loans from development banks, South South cooperation ...

Eight main options to finance social protection

Option 6 – Eliminating illicit financial flows



Estimated at 10 times ODA – originating from money laundering, bribery, tax evasion, misappropriation of public funds, trade mispricing, trafficking and other financial crimes.

Strengthening legal institutions and the rule of law, reducing bribery in public contracts and checking compliance.

Eight main options to finance social protection

Option 7 – Fiscal and foreign exchange reserves



Drawing down fiscal savings and other state revenues stored in special funds, such as sovereign wealth funds, or using excess foreign exchange reserves in the central bank.

Option 8 – Conducive macroeconomic framework



Carefully considering higher budget deficits and higher levels of inflation without jeopardizing macroeconomic stability.

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Huge demand

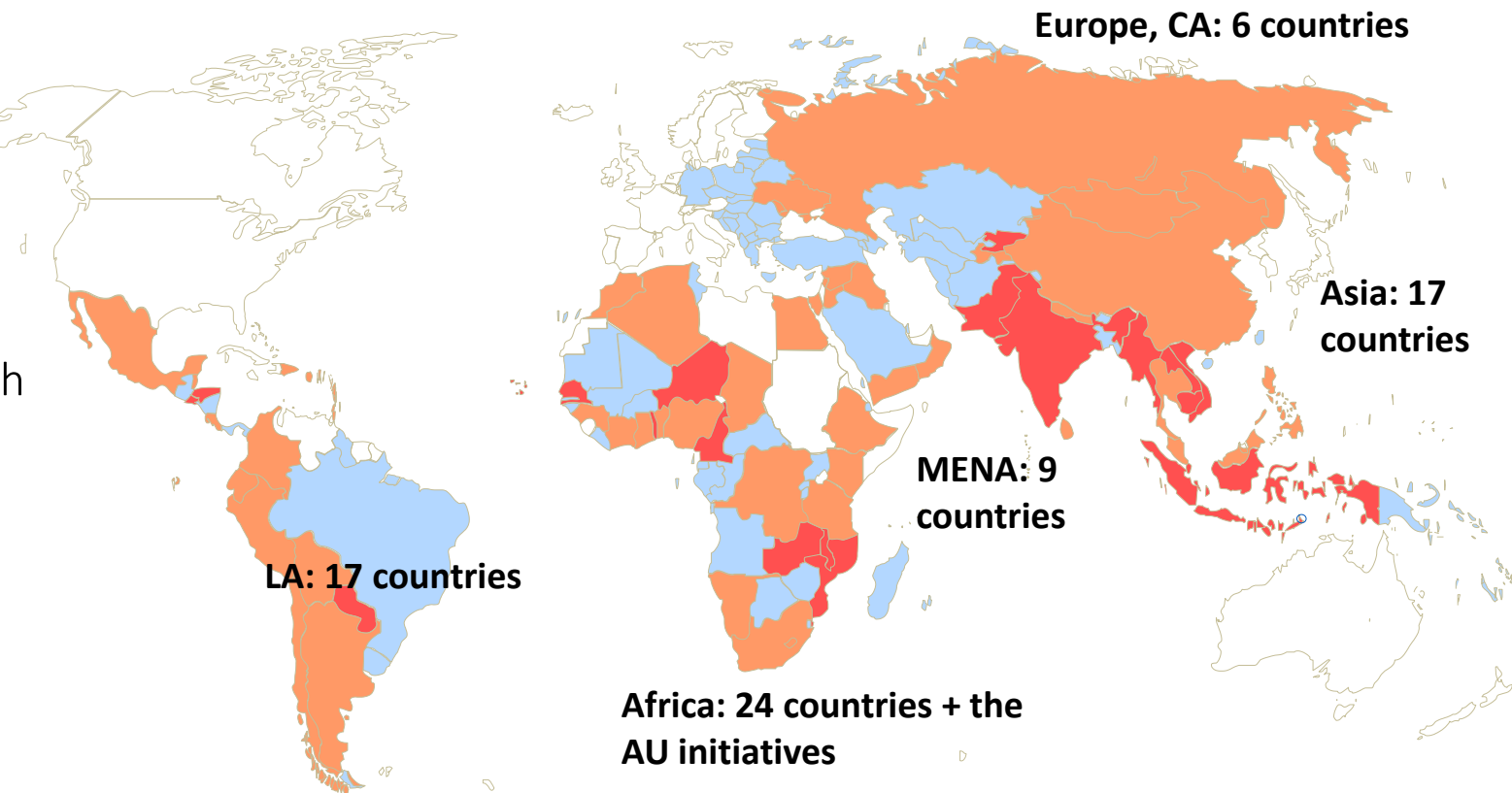
STEP 1. STRATEGIES

STEP 2. DESIGN

STEP 3. OPERATIONS

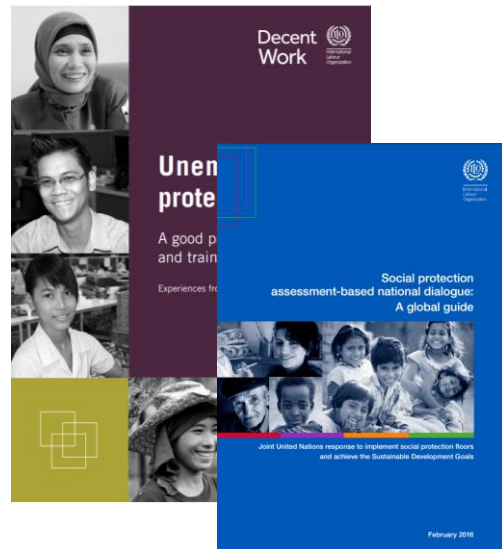
In 2016/17
systems and
floors were
initiated or
consolidated
in **73
countries**, with
ILO support

In 2018/19,
**94 Country
Programme
Outcomes
(CPOs)** on
social
protection



- 21 countries (in red) are part of ILO's Flagship programme on building social protection floors for all

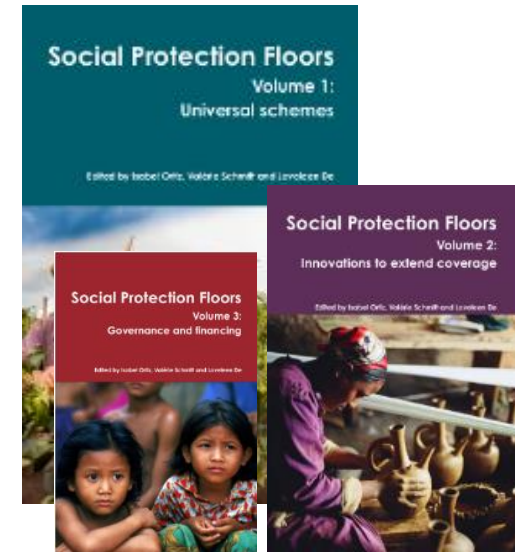
Development of knowledge to spread the word and increase capacities



**Know-how:
how to guides
based on
experience**

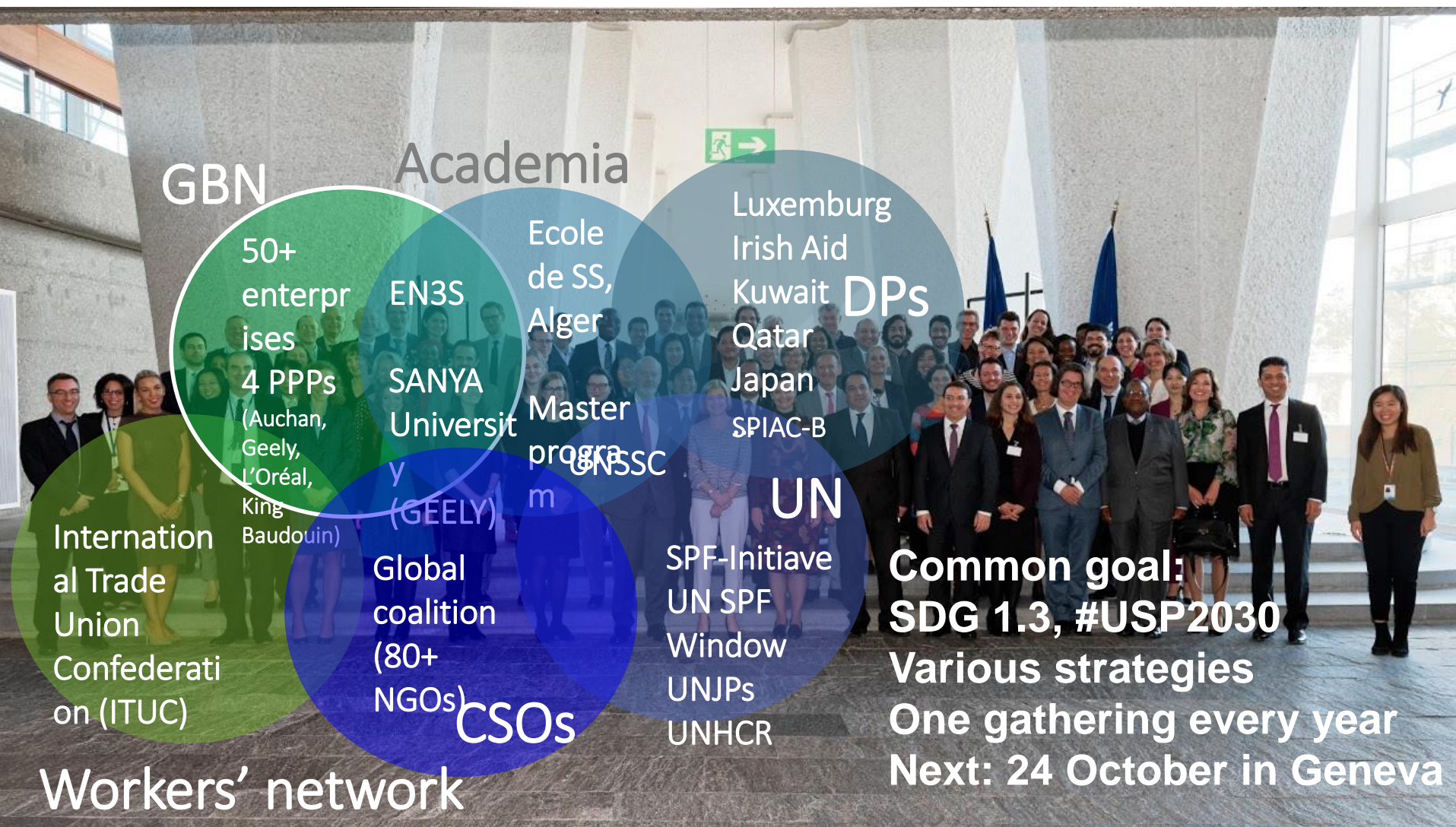


**Knowledge
dissemination:
training (ex
UNSSC,
ACT/EMP)**



**Inspiration:
country briefs
(100 by 2019)**

Multi stakeholder partnership for SDG 1.3 and Universal Social Protection USP2030





We have 12 years
to make **social protection**
a reality for all

