

## Chapter VIII

# Social protection for all: looking ahead

### Key messages

- Although comprehensive social protection systems require significant investment, the recurrent costs of providing basic social protection floors are affordable in most countries.
- Social protection systems must meet three basic conditions if they are to leave no one behind: they must provide universal coverage, be accessible to all and offer sufficient benefits to ensure income security.
- Achieving universal coverage requires contributory schemes and a minimum set of tax-financed schemes available to all throughout the life cycle. Special measures tailored to the needs of certain groups may be necessary to ensure effective coverage and sufficient benefits for all.
- Complex and lengthy administrative procedures result in the exclusion of those who are most in need of social protection. Countries can do much to simplify administrative procedures and reduce paperwork.
- The contribution of social protection to promoting inclusion must be assessed against realistic criteria. Social protection is but one of the policies necessary to combat exclusion, improve people's well-being and facilitate participation. Tackling the root causes of exclusion, including discrimination, requires a broad set of economic and social policies.
- Addressing the challenges that some social groups face in obtaining access to social protection and measuring progress will require better data and greater monitoring and evaluation efforts.

## A. Is social protection promoting social inclusion?

### 1. Social protection coverage of disadvantaged social groups: what do we know?

Attributes such as age, gender, disability, origin, ethnicity and race continue to exacerbate the risk of being left behind in rich and poor countries, as the evidence presented in this report shows. Children, persons with disabilities, migrants, members of ethnic or racial minorities and indigenous peoples are at higher risk of poverty than other groups. Although estimates of old-age poverty vary from one country to another and depend on the data used, the income security of most older persons is at risk once they leave the labour market. Poor access to health care and other services can heighten income insecurity, especially in old age. Lack of job opportunities puts young people at high risk of poverty as well, with great costs for societies in terms of wasted human and productive potential.

Governments and international organizations compile information on effective social protection coverage of some of those social groups in order to monitor progress towards achievement of the SDGs, among other things. This report cites global esti-

mates of the proportion of children receiving child benefits; the proportion of persons with severe disabilities receiving disability benefits; and the proportion of older persons receiving a pension. Following the main branches of social protection systems, there are also estimates of coverage for unemployed persons and for mothers with newborn infants. Beyond data by branch, cross-country information on coverage is also available by income quintile and place of residence (rural-urban).

This information is essential for monitoring progress towards SDG target 1.3.<sup>103</sup> However, more data will be needed to ensure that everyone is adequately covered by social protection systems. The available global estimates refer to coverage by schemes designed specifically to protect children, persons with disabilities and older persons, but cross-country data on access to other programmes—such as unemployment benefits for persons with disabilities or households with children—is largely lacking. Similarly, information on social protection coverage by race, ethnicity, indigenous or migrant status is scant. Data on the coverage of young people are also lacking. Obtaining such data is no easy matter, but the information base on what appear to be largely underserved groups of the population needs to be improved.

Access to social protection varies significantly between social groups but also between countries, including those with similar income levels or in the same region. For example, the proportion of older persons who received a pension was estimated at 52 per cent in Ecuador but at only 19 per cent in Peru in 2016, even though the two countries have similar GDP per capita. Likewise, 100 per cent of persons with disabilities receive disability benefits in Mongolia, compared with 3 per cent in the Philippines (ILO, 2017a).<sup>104</sup> In terms of legal entitlements, Ireland and Turkey require a minimum of 24 months of contributions to qualify for unemployment benefits, while Norway has no such requirement, as shown in chapter III (see figure III.1). Long minimum contributory periods are likely to prevent young people from obtaining unemployment benefits. When it comes to health care, undocumented migrants had legal access to emergency, primary and secondary health care, and specialist and in-patient treatment in six European countries in 2011. Many other European countries, however, granted them access to emergency health care only (see chapter VI).

Individuals in each of these groups share some attributes and confront common challenges, but social groups are by no means homogenous. The evidence available indicates that women lag systematically behind in terms of access to social protection across all groups. The disadvantages they face, including in the labour market, curtail their entitlements and hinder their effective coverage. Workers in the informal sector are insufficiently covered by social protection, or not covered at all. Many other people—from members of ethnic minorities with disabilities to homeless migrants and people living in the most extreme poverty—suffer from overlapping disadvantages.

As regards economic status, people living in extreme poverty are not the only group at high risk of exclusion from social protection. In chapter I, it was highlighted that social protection systems consisting only of social insurance programmes and means-tested social assistance leave a sizeable proportion of the population—the so-called missing middle—without coverage. Although the missing middle may include individuals and families with stable jobs and incomes, it consists mainly of workers in vulnerable jobs, often in the informal economy, as well as persons outside the labour market who do not live in extreme poverty by national standards and therefore do not

<sup>103</sup> To implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.

<sup>104</sup> See also SDG Indicators Global Database (<https://unstats.un.org/sdgs/indicators/database>).

qualify for targeted social assistance.<sup>105</sup> Many of these individuals and families can easily fall into extreme poverty due to even minor economic or health shocks. This report argues that social protection can play a key role in keeping people out of poverty, provided that it is available to all throughout the life cycle, including to workers outside the formal labour market and to other groups that are disadvantaged or otherwise vulnerable. Section B provides concrete policy recommendations in that regard.

## 2. The impact of social protection

Social protection is fundamental for achieving the SDGs. Despite gaps in coverage, social protection systems are crucial to keeping people out of poverty and helping them to escape poverty. They have also contributed to gains in health and education among beneficiaries and helped to reduce income inequality. As the 2030 Agenda recognizes, the SDGs and their targets are integrated and indivisible. Social protection policies exemplify how efforts to achieve one goal are inextricably linked to efforts to achieve others. Their contribution to strengthening the social and economic pillars of sustainable development is explicitly acknowledged in SDGs 1, 3, 5, 8 and 10 (see chapter I). Social protection systems also play a part in facilitating the transition towards green economies and addressing the distributional consequences of climate change policies.

The positive impact of social protection is observed in the aggregate but also among disadvantaged groups, as the partial evidence reviewed in previous chapters shows. However, transfers are often too small or too short in duration to make a lasting difference in the lives of recipients. Some social protection schemes can also reinforce exclusion. As explained in chapter V, disability benefits for persons of working age that are linked to their capacity to work can create disincentives for participating in the labour market and thereby perpetuate dependency. Chapter VII reviews the negative effects of imposing conditions through social protection programmes on some indigenous communities. Chapter I highlights the risk of means-tested schemes generating stigma among their beneficiaries.

Clearly, the positive and negative effects observed are not mutually exclusive. Targeted transfers can result in improvements in income and overall economic well-being while, in some cases, generating community discord or inducing a sense of shame among recipients. The impact of social protection programmes on different dimensions of well-being should be taken into account in the monitoring and evaluation of those programmes. The views and experience of potential beneficiaries should also be considered. For example, qualitative indicators that capture the impact of social protection on individual agency and sense of empowerment, or those that track the perceived responsiveness of programme administrators to the specific needs of beneficiaries, are relevant to an assessment of impact on social inclusion.

The international community's commitment to leaving no one behind requires reaching the furthest behind first.<sup>106</sup> Progress towards meeting SDG targets should therefore be faster among individuals and population groups that are currently lagging behind—that is, gaps in well-being should be closing. While there is ample evidence of the effects of social protection on well-being, the empirical literature says little about its impact on inequalities between social groups. What the literature does show is that not all individuals and social groups benefit equally from social protection systems. Limited access to social protection by international migrants, for instance, is likely

<sup>105</sup> As Ravallion, Chen and Sangraula (2008) note, however, 95 per cent of people in developing regions would have been living in poverty by United States standards in 2005.

<sup>106</sup> General Assembly resolution 70/1, para. 4.

to reinforce socioeconomic disparities between migrants and non-migrants. When it comes to ethnic minorities and indigenous peoples, the limited evidence presented in chapter VII suggests that the amount they receive in transfers is often insufficient to close the income gap between these groups and the majority of the population.

Overall, identifying individuals and groups that are being left behind by social protection systems, addressing the challenges they face and ensuring that they progress will require better household- and individual-level data and greater monitoring and evaluation efforts. Despite shortcomings in data collection, the evidence shows that social protection systems should meet some basic conditions in order to promote inclusion.

## B. Inclusive social protection systems: policy implications

The contribution of social protection to promoting inclusion must be assessed against realistic criteria. Social protection is but one of the policy tools needed to combat poverty and inequality, improve people's well-being and facilitate the participation of individuals and groups that are excluded. Even in countries where comprehensive, rights-based social protection systems reduce social divides, they alone cannot tackle all the symptoms and drivers of exclusion. Addressing the root causes of exclusion, including discrimination, requires a broad set of economic and social policies. A policy framework conducive to inclusion requires, for instance, macroeconomic policies that are oriented towards the promotion of inclusive economic growth and the creation of decent jobs for all. Measures to promote access to land, credit and other productive resources, to ensure equal access to housing, and to foster fair inheritance rights, full legal capacity and access to justice by poor women and men, are also critical for social inclusion. A comprehensive analysis of such policies, however, is beyond the scope of this report.<sup>107</sup> The policy recommendations that follow focus primarily on making social protection systems more inclusive.

Whether social protection reaches disadvantaged groups and how much those groups benefit depends on the specific measures in place and how they are implemented. Social protection systems must meet three basic conditions if they are to leave no one behind. The first and most basic condition is availability. Fulfilling the right of everyone to social protection means ensuring universal coverage. The mere availability of social protection, however, does not guarantee that the needs of disadvantaged groups will be met. Hence the second and third conditions: to improve the accessibility of programmes and ensure that benefits are adequate.

### 1. Pursuing universal coverage

As the United Nations Committee on Economic, Social and Cultural Rights has asserted, “all persons should be covered by the social security system, especially individuals belonging to the most disadvantaged and marginalized groups, without discrimination on any of the grounds prohibited under article 2, paragraph 2, of the Covenant [on Economic, Social and Cultural Rights]”.<sup>108</sup> Although the universal right to social security was established in 1948, overall legal coverage by social protection systems is still low worldwide. Some population groups continue to have significant unmet needs in that regard.

<sup>107</sup> See United Nations (2016a) for a comprehensive review of policy approaches to addressing exclusion and leaving no one behind.

<sup>108</sup> See E/C.12/GC/19, para. 23.

Inclusive social protection systems must meet the needs of a diverse population at every stage of the life cycle. Entitlement to contributory schemes is often conditional on participation in the formal labour market, putting them beyond the reach of some members of society. Groups that experience disproportionately high rates of labour informality and poverty, or persons outside the labour market, are less likely to be covered by contributory schemes. First-time jobseekers, such as young people and recently arrived migrant workers, are unlikely to be covered by unemployment insurance. Women, who bear a disproportionate share of unpaid care and domestic work, are less often covered by contributory schemes as well.

In order to be inclusive, social protection systems must guarantee a minimum set of good-quality universal, tax-financed schemes. Such schemes are necessary elements of a social protection floor for all and should comprise at least: universal child benefits to shield children from poverty; universal old-age pensions; disability benefits throughout the life cycle; and universal access to basic health care. This report highlights examples of many countries, including in developing regions, that have made great strides in expanding legal coverage of social protection for specific groups by blending contributory and universal, tax-financed schemes.

While some tax-financed schemes are grounded in solid legal and institutional frameworks, others are implemented in the form of small-scale, often temporary assistance. The latter can help to address short-term needs, but most leave participants vulnerable to future shocks. Embedding social protection programmes in strong legal frameworks, as called for at the World Summit for Social Development,<sup>109</sup> helps to secure long-term funding and institutional stability for a comprehensive social protection system (ILO, 2016e; Devereux, 2011). The success of systems in countries such as South Africa and Brazil, for example, is in part due to legal provisions that ensure the individual's right to social protection and define the standards and responsibilities of all stakeholders, including the institutions that administer social protection (Sepúlveda and Nyst, 2012). For historically marginalized groups, official recognition and legal acknowledgement of their rights can also be of significant symbolic value—an explicit political commitment to greater equity and social inclusion. India and South Africa are recent examples of countries where the recognition of the right to social protection for all has been symbolically important for excluded groups.

In contrast, the absence of strong legal and institutional frameworks puts the political and fiscal sustainability of social protection programmes at risk (Sepúlveda and Nyst, 2012; European Commission, 2015d). Changes in political priorities or fluctuations in external funding can pose a greater threat to programmes that are not embedded in national legislation than those that are.

Anchoring social protection in national law may also encourage Governments to consolidate existing schemes into a single, coherent policy framework. Integrating different programmes in one overall system can help to expose gaps in legal coverage over the life cycle. A clear legal framework can also foster the efficient administration of social protection systems, especially if it establishes clear lines of responsibility and stipulates the need for coordination. Effectively addressing the needs of individuals who face overlapping disadvantages—such as young migrants, older persons with disabilities or indigenous women—may require programmes that draw on a range of expertise across ministries and other institutions. Experience from developed and developing countries shows the value of creating an institutional “home” to coordinate social protection programmes and the importance of strengthening staff capacity in

<sup>109</sup> *Report of the World Summit for Social Development* (UN, Sales No. E.96.IV.8), chap. I, resolution I, annex I, para.38.

the ministries concerned (European Commission, 2015d). Building social protection floors is one approach Governments have used, with the support of the international community, to make their social protection efforts more systematic.

## 2. Improving accessibility

The second condition for social protection systems to be inclusive is accessibility. Even where coverage by a programme is guaranteed by law, some individuals and groups may be unable to obtain benefits for a variety of reasons. Chapter I highlights discrimination, socioeconomic disadvantage and features in design and implementation that—deliberately or otherwise—exclude certain groups. Chapters II to VII examine the exclusionary risks and disadvantages faced by members of particular social groups. Countries have pursued different strategies to improve the accessibility of their social protection programmes and systems.

### a. *Complementing universal schemes with special measures*

In terms of eligibility, universal social protection schemes—those that are available to all without conditions—are more inclusive and less likely to discriminate against people in need than targeted schemes. They are also less likely to stigmatize beneficiaries.

However, even in a policy framework grounded in universalism, certain segments of the population face greater challenges than others in overcoming poverty and social exclusion. This report illustrates how children, young people, older persons, persons with disabilities, international migrants and ethnic minorities and indigenous peoples face barriers to accessing even universal social protection schemes. Complementary special or differentiated measures may be necessary—even if only temporarily—to help those groups to overcome the challenges they face and achieve universal coverage. Disability benefits complemented by social care service components, for instance, have been used to improve access for excluded groups.

Special measures, however, can be costly. Identifying beneficiaries who may need special support and understanding their needs requires strong administrative capacity in the institutions responsible for designing social protection policies and delivering benefits. Means testing of benefits—even if only to provide additional support to certain groups—has high administrative costs and requires methodologically complex surveys (see chapter I). Disability assessments also demand substantial capacity in the health and social work sectors. Special measures, therefore, require investment and attention to building the capacity of social protection institutions. They should not be used as a means to cut expenditure.

Overall, targeted and other special measures should complement—rather than replace—universal policies, in what could be described as universalism sensitive to difference. As Habermas (1998) notes, equality under the law does not necessarily promote equality in life circumstances or positions of power. A universal framework sensitive to difference recognizes that allowing every member of society to enjoy the same rights calls for adapting policies, including those on social protection, to the varying circumstances that people face. Such a framework should include, for instance, social insurance schemes adapted to the needs and circumstances of informal workers and indigenous peoples.

Under the commitment to leave no one behind, errors of exclusion—failing to reach potential beneficiaries of a special or targeted measure—have more negative consequences than inclusion errors—providing the benefit to someone who is not entitled. In addition, those who are not reached are often the furthest behind (Sepúlveda and Nyst, 2012). Eligibility criteria for special or targeted measures should be simple, objec-

tive and transparent in order to reduce exclusion errors. Beyond the moral imperative of reaching everyone in need, there are practical reasons for promoting effective targeting. If the selection of beneficiaries is perceived to work haphazardly, as a lottery or even in a purposely biased manner, programmes could create tension and conflict in communities (Kidd, Gelders and Bailey-Athias, 2017).

Grievance mechanisms that allow all community members, in particular those that have been historically excluded, an avenue to challenge beneficiary identification processes can strengthen overall support for special or targeted schemes (Kidd, 2014). Outreach and communication campaigns to inform beneficiaries of their entitlements can improve access.

While promoting the inclusion of some groups, such as persons with disabilities, may always require special efforts, the ultimate goal of special or targeted measures should be to bring everyone to the same starting line. Governments should ensure that special measures are well integrated into broader social protection systems. Without a broad-based universal approach grounded in social justice, aimed at combating inequalities and building solidarity around development objectives, progress in promoting social inclusion through social protection may not be sustainable.

#### *b. Universalism and conditions*

The rationale for conditional cash transfers is that individuals or households may not always invest sufficiently in children's health and education or may not use natural resources in ways that are sustainable. By encouraging specific behaviours among beneficiaries, such schemes aim to make a developmental impact beyond the mere monetary aspect of the transfer. If they encourage human capital formation, conditional cash transfers can promote inclusion and expand opportunities for beneficiaries from historically disadvantaged groups. At the same time, imposing conditions may result in the exclusion of those who are most vulnerable or furthest behind.

The evidence presented in this report suggests that the effectiveness of conditions varies greatly depending on how and in what context conditional transfers are implemented. A crucial factor for their success is the existence of good-quality and appropriate public services (Barrientos and others, 2013). Encouraging school attendance is unlikely to result in improved educational outcomes if there are no schools in the areas where potential beneficiaries live or if the quality of education is low. Moreover, if employment prospects are poor, even improvements in health and education may fail to break the poverty cycle.

Inclusive social protection systems may not always be compatible with the conditions imposed. The latter can be unfair for rural households located far from services that have greater difficulty in complying with conditions—such as taking a child to a clinic for vaccinations. They can also reinforce gender stereotypes, if programme design is based on the assumption that women are available to carry out the additional unpaid care and domestic obligations that come with some conditions.

How conditions attached to social protection programmes are enforced varies greatly from programme to programme. Important lessons about their potential to promote inclusion can be drawn from those differences. Some programmes use the failure to meet a condition as information to identify the most vulnerable, assess the specific challenges they face and better tailor the programme to meet their needs and maximise impact. Under the Bolsa Família scheme in Brazil, for example, social workers visit families to understand why they are not complying with conditions and to arrange for additional support (Kidd and Calder, 2011). In other programmes, non-compliance can result in penalties for beneficiaries and even expulsion from the pro-

gramme. Research suggests, for instance, that the more punitive conditions under the Oportunidades programme in Mexico, compared with other programmes in the region, are likely to result in the exclusion of families with more limited capabilities (Álvarez, Devoto and Winters, 2006).

In general, social protection programmes available without conditions are more likely to be inclusive than conditional transfers. The empirical evidence on whether conditional cash transfers achieve greater results than unconditional transfers, in terms of human capital accumulation, is inconclusive. Considering the administrative costs of enforcing conditions, including monitoring compliance, it is worth asking whether conditionality is best suited to achieve the objectives of social protection schemes.

### *c. Implementing inclusive social protection systems*

Universal social protection programmes must be supported by strong institutions. In that regard, the call in the 2030 Agenda to foster effective, accountable and transparent institutions is key to the success of these programmes—and highlights the interconnected nature of the SDGs. Capacity and institutional shortfalls undermine the effectiveness of social protection systems and circumscribe their ability to reach their intended beneficiaries in many low-income countries.

Which institutional arrangements are appropriate for the implementation of inclusive social protection depends on country context. No one size fits all. That said, institutional frameworks should meet several broad conditions.

First, social protection systems require strong coordination in order to be effective. Their implementation often involves several ministries, including those responsible for women or gender issues, older persons, children and persons with disabilities. One institution, however, must take charge of overall coordination. It must have the capacity to manage and implement a social protection system and enough political influence to secure resources and ensure that the system is prioritized.

Second, much can be done to simplify complex and lengthy administrative procedures, reduce paperwork and avoid overlapping systems. Procedures that require a high degree of literacy or time investment tend to exclude those who are most in need of support. The role of intermediaries should also be curbed. They can make arbitrary decisions on who may or may not have access to support, often at the expense of groups that have traditionally been the object of discrimination. Relaxing requirements—such as proof of identity and of place of residence—can also facilitate access for vulnerable groups who may lack a legal identity or fixed addresses, such as migrants, members of some ethnic minorities and homeless persons.

Third, robust civil registration systems that provide legal identity for all, as called for in SDG target 16.9, are essential. They must reach people in remote rural areas and high-risk urban environments. The data collected must be validated regularly to ensure accuracy, especially when they are used to select beneficiaries for means-tested programmes. In addition, guaranteeing confidentiality and reducing the risk of misuse of information collected by civil registration systems requires a minimum level of ICT infrastructure, trained staff and institutional oversight.

In addition, people need to be properly informed about programmes available to them. Unawareness of entitlements, available schemes and application processes frequently leaves those most in need of support without access. Indigenous persons and migrants who do not speak an official language fluently, young people with little knowledge or experience of available schemes, or persons with disabilities, may find themselves excluded. Thus, information campaigns tailored to the needs of intended beneficiaries are key to making social protection programmes inclusive. Multilingual

campaigns deployed in a variety of media and contexts have the potential to expand reach. Those campaigns can also raise awareness among Government officials and the wider public about the entitlements of different groups and the regulations governing different programmes (Barrett and Kidd, 2015).

Investment in monitoring and evaluation is also crucial to promoting inclusion in social protection. Identifying gaps, overlaps and barriers to access is not possible if certain groups are missing from official statistics or other data-collection efforts. High-quality surveys and research can help to identify patterns of exclusion from social protection. Several countries have piloted new schemes with strong monitoring and learning components. They are designed to provide an immediate evidence base about how programmes are reaching intended beneficiaries and what type of support is working best and for whom, before programmes are rolled out at scale (European Commission, 2015d). Well-trained personnel is a prerequisite for making such monitoring and evaluation efforts effective.

Well-funded ICTs have helped to remove barriers faced by, for instance, persons with disabilities and people living in remote areas, as illustrated in chapters V and VII. Registration and application procedures can also be supported by ICTs. Effective management information systems, such as a single-registry database, can help individuals from groups traditionally “invisible” to government programmes to obtain their legal entitlements. They can also help government institutions to coordinate programmes. Brazil, Chile, Colombia, Ghana, Kenya, Mexico and the Philippines have all devoted considerable resources to improving management information systems in recent years (see box VIII.1).

#### Box VIII.1

##### **The Single Registry System in Kenya**

Social protection programmes have grown significantly in Kenya since 2008. With a view to tackling fragmentation of the social protection system and reducing duplication of efforts, the National Social Protection Secretariat has developed its Single Registry. The Registry has enabled the Government to link the management information systems of four social protection schemes operated by different entities (the Older Persons Cash Transfer, the Cash Transfer Programme to Persons with Severe Disabilities, the Cash Transfer for Orphaned and Vulnerable Children and the Hunger Safety Net Programme). Furthermore, the Registry is linked to the National Registration Bureau database, so that programme beneficiaries can be identified by their national identity number. Providers and users can access the Registry, thereby enhancing its transparency.

The Registry allows the Secretariat to monitor the number of beneficiaries enrolled, the number and type of programmes each household is benefitting from, the accuracy of beneficiary details, payment timelines, complaints resolved within established timeframes and consolidated programme costs. It is thus essentially a warehouse holding information on all beneficiaries of the national social protection system, continuously updated as the management information systems of different programmes review their beneficiary information. The Registry will also allow the Government to simplify application procedures and enhance delivery. However, the information produced depends on the quality of the data entered. The next stage in the development of the Registry will be to ensure that the information systems of each scheme can be managed at the district level and that information on beneficiaries can be updated in as close to real time as possible. The broader plan is to bring on board other components of the social protection system, such as the National Social Health Insurance Fund and the National Social Security Fund.

New technologies can improve accessibility if they are available to all and do not replicate existing barriers. For example, electronic payments systems that enable participants to receive transfers to an account linked to a mobile telephone eliminate the need to travel to payment locations and lower overall costs. Making registration visits from an enumerator—to determine eligibility—available on demand, for example through mobile or online platforms, can make programmes more responsive to income shocks such as illness or natural disasters. However, potential beneficiaries must be able to contact officials to schedule visits, and officials must be willing and able to travel to households, often in remote or insecure areas.

As noted in chapter I, lack of beneficiary participation in the design or delivery of a scheme results in unnecessary barriers to access. Participation and consultation are critical to ensuring that such barriers are identified and removed. Chapter VII highlights examples of social protection schemes refined through consultation between Governments and indigenous communities. Beneficiary feedback, including through robust grievance mechanisms, and greater accountability of institutions responsible for implementing social protection schemes, are also crucial to ensuring that the rights of citizens are respected and to limiting abuse and rent-seeking by officials. Providing official avenues for people to challenge discrimination in the delivery of social protection can be a powerful tool to make programmes and their administering institutions more inclusive.

### 3. Providing sufficient benefits to ensure income security

The third condition for social protection systems to be inclusive is ensuring that transfers are sufficient to guarantee income security and health for all. The evidence presented in the preceding chapters indicates that transfers, particularly those received from tax-financed schemes, often fall short of this objective. Although the adequacy of benefits must be defined at the country level, the ILO Social Protection Floors Recommendation, 2012 (No. 202), establishes that “basic income security should allow life in dignity” (para. 8 (b)) and be sufficient to provide access to a set of necessary goods and services, as set out by national poverty lines or other income thresholds. If social protection systems are to ensure adequate living standards and make a meaningful impact on inclusion, a clear fiscal commitment is required.

For the most part, investment in social protection follows a pattern of progressive realization of universal coverage. Programmes focus initially on the needs of people living in poverty and other disadvantaged groups, and are gradually expanded to cover more and more people. Globally, public social protection expenditure, including on health care, increased from 5.8 per cent of GDP in 1995 to 8.2 per cent in the period 2014-15 (ILO, 2017a).<sup>110</sup> However, public expenditure on social protection varies substantially even between countries at similar income levels. For instance, the Plurinational State of Bolivia spent 10.2 per cent of GDP on social protection in 2014, Angola spent 6 per cent in 2015 and Indonesia spent just over 1 per cent in the same year (ibid.). Political commitment is necessary to ensure sufficient and sustained funding for social protection systems.

#### *Sustainable financing for social protection*

In many countries, a critical factor for the establishment and expansion of successful social protection systems is sustainable funding. Social protection is usually financed from a combination of sources: tax and other revenue, contributions from employees and employers, private savings and—in some developing countries—development assistance. Increased financing for social protection can come either from the reallocation of existing revenues or the mobilization of additional revenue and resources.

<sup>110</sup> Weighted averages based on data for 134 countries (ILO, 2017a, table B.16).

In stressing that social protection systems and measures for all, including floors, should be fiscally sustainable, the Addis Ababa Action Agenda advocates improved tax administration and policy as the main means to enhance domestic revenue. Tax receipts should be increased in many countries to provide a sustainable fiscal base for social protection systems. Broadening the tax base, improving the efficiency of tax administration, reducing tax exemptions, improving compliance and preventing tax evasion can help to increase taxation revenue.

The extent of redistribution, however, depends on the degree of progressiveness of the tax system (income and property taxes are usually progressive while indirect taxes, such as consumption taxes, are generally regressive) and on the distribution of benefits from public spending choices. As noted in chapter I, the positive effects of social protection programmes on poverty and inequality reduction can be undone by a regressive tax system. Regardless of the level of a country's development, progressive tax systems and robust tax policy are necessary in order to establish sustainable social protection systems and expand them over time.

Improving tax administration, however, takes time. In order to increase domestic resources for social policy, some countries have reallocated funds used for fossil fuel subsidies to social protection programmes (United Nations, 2017e). Ultimately, the optimal resource mix used to finance social protection systems will vary from country to country (see Ortiz, Cummins and Karunanethy, 2017). Governments can build on existing case studies and the experience of other countries to choose a financing mix that matches their needs, capacity and national circumstances (United Nations, 2017e).

Fiscal space for social spending has increased since the late 2000s in most developing countries, including many in sub-Saharan Africa, but more can be done to mobilize domestic resources and optimize public spending. It is estimated that, in 2012, about 100 out of 125 countries for which data are available had gaps in their social protection floors that could be closed by spending under 6 per cent of GDP (Bierbaum and others, 2016, annex, table A.1).<sup>111</sup> These gaps could be bridged by increasing tax compliance or reallocating resources by 2030. However, at least 12 countries would need to spend over 10 per cent of GDP to close these gaps. These countries need substantial help from the international community in order to establish social protection floors or expand existing social protection systems in order to meet the basic social security guarantees set out by ILO Recommendation No. 202 (ibid.).

While article 12 of ILO Recommendation No. 202 states that national social protection floors should be financed by national resources, it also recognizes that countries with insufficient economic and fiscal capacity may seek international cooperation and support to complement their own efforts. In general, however, the effectiveness of international cooperation is undermined when it is uncoordinated and unpredictable. For example, the growth in official development assistance for global health since 2000 has been accompanied by an increase in the number of global health actors. This increase has deepened the complexity of partnerships and hampered coordination between actors, including Governments. To date, development assistance for social protection has been allocated to funding pilot and demonstration projects that are hard to scale up and have had little government buy-in, highlighting the importance of national ownership for the sustainability of social protection programmes (UNDP, 2016a).

Countries need to plan the implementation social protection well and ensure that financing is available throughout economic cycles. Spending on social protec-

<sup>111</sup> Gaps in social protection floors are defined as the amount of financial resources that would be needed to guarantee every individual in a country access to a *minimum income*, defined here as the absolute international poverty line of \$1.90 a day. Similar results are obtained when the minimum income is defined using a relative poverty measure: 114 out of 142 countries would have to spend under 6 per cent of GDP to provide a social protection floor for all.

tion tends to rise during economic slowdowns, when the available resources shrink but needs increase, and fall during upturns. Financing for social protection, therefore, needs to be countercyclical and preserved in periods of fiscal retrenchment. Countercyclical spending also ensures that social protection can act as an automatic stabilizer of aggregate demand through economic cycles.<sup>112</sup>

Some countries have succeeded in providing countercyclical financing by creating dedicated fiscal reserve funds. This strategy has been particularly popular in commodity-exporting countries such as Chile, the Islamic Republic of Iran and Timor-Leste. Nevertheless, such an approach must be designed and governed well in order to deal with commodity price fluctuations (UNDP, 2016a). Beginning in 2008, Chile expanded pension coverage and improved inclusion of older persons in part through increased revenues from mineral rents (Hujo and Rulli, 2014). However, given relatively low commodity prices, that would be difficult to replicate today.

## Conclusions

Universal access to basic social protection, and to social services, is necessary to break the intergenerational cycle of poverty and to promote inclusion. Achieving universal coverage and ensuring a social protection floor for all requires a combination of contributory and tax-financed schemes. Special measures targeted at disadvantaged groups can complement universal systems to improve effective coverage. Even though targeted schemes have often been used as cost-saving measures, they come with high administrative costs, as do conditional cash transfers. They require strong administrative capacity and should not be seen as a means to cut expenditure. Additionally, conditional transfers must be linked to good-quality and appropriate services. Overall, making social protection systems more inclusive will not be possible if their design or implementation mirror or perpetuate negative stereotypes and discrimination.

Social protection transfers are often insufficient to ensure income security and reduce income inequalities between social groups. Concerns regarding the affordability of social protection systems, however, preclude their expansion. While the structure of social protection systems will vary depending on specific country contexts and institutions, research shows that the cost of providing a basic social protection floor is affordable, even in developing countries, if implemented progressively. With sufficient political commitment, most countries can establish basic social protection floors.

Moreover, while substantial efforts have been made to improve data on social protection coverage, including of disadvantaged social groups, additional information is needed to enhance coverage of the vulnerable and ensure that no one is left behind. Data on social protection coverage by race, ethnicity, indigenous or migrant status, for instance, are largely missing. Filling these data gaps will improve the ability of policy-makers to promote inclusive social protection.

Social protection can break down the barriers that prevent some individuals and social groups from fully participating in social, economic or political life. The contribution that social protection can make to ensuring that no one is left behind, as described in this report, makes it a crucial tool for achieving a range of SDGs. This potential is underscored by the commitment made by Governments to supporting social protection systems under the 2030 Agenda. Investing in social protection systems and ensuring access for all, regardless of a person's age, gender, race, ethnicity, disability, origin or economic or other status, will help to foster opportunities, access to resources, voice and respect for rights for all.

<sup>112</sup> See United Nations (2017e) for more on the fiscal sustainability of social protection floors.