



109th Session of the International Labour Conference (May-June 2021)

Agenda item V

Briefing Note for Workers' Delegates

Building the Future of Social Protection for a Human Centred World of Work

Recurrent Item Report on Social Security, 2021

Context

As part of the follow up to the 2008 **Social Justice Declaration** a scheme of recurrent discussions was set up at the International Labour Conference (ILC). A first recurrent discussion on social security was held in 2011. The second discussion on this topic will be held this year.

The purpose of the discussion as per the Social Justice Declaration is to:

1. Understand better the diverse realities and needs of the Members of the ILO with respect to each strategic objective, respond more effectively to them, using all ILO means of action, including standards-related actions, technical cooperation, and the technical and research capacity, and adjust the ILO priorities and programmes accordingly.
2. Assess the results of ILO's activities with a view to informing programme, budget and other governance decisions.

This recurrent item discussion needs to be placed in the context of key events and activities that have occurred at the ILO over the last years. In particular:

- The 2008 **Social Justice Declaration** underlines the four strategic objectives of the **Decent Work Agenda** - social protection, social dialogue, rights at work and employment – which are to be seen as inseparable, interrelated and mutually supportive.
- In 2010 a **Social Protection Floor Advisory Group** was convened by the ILO in collaboration with the WHO. The final report of the Advisory Group, [Social Protection Floor for a Fair and Inclusive Globalization](#), calls for the implementation of social protection floors in order to stimulate economic growth and increase social cohesion. It reaffirms the concept of a social protection floor, developed by the ILO, which includes guarantees of: basic income security in the form of various social transfers (both in cash or in kind) including pensions for the elderly and persons with disabilities, child benefits, income support benefits and/or employment guarantees and services for the unemployed and working poor, along with universal access to essential affordable social services including health, water and sanitation, education, food security, and housing.
- The conclusions of the 2011 **Recurrent Item Discussion on Social Security** underlined that social protection is a human right and that Governments have the primary responsibility to ensure access to social protection, reiterated the importance of extending social security coverage to those left out, and highlighted how social protection is conducive towards inclusive economic growth. The Conference moreover endorsed the ILO's two-dimensional strategy for extending social security, both *horizontally* and *vertically*. The horizontal dimension encompasses the notion of universal access to a set of basic provisions (i.e., a social protection floor). The vertical dimension consists of winning higher levels of protection both in terms of adequacy of benefits and of the number of contingencies covered.

- **ILO Recommendation 202 on Social Protection Floors**, adopted in 2012, calls for the development of a basic set of social security guarantees irrespective of workers' contributions. These guarantees include universal access to essential health care, including maternity care; basic income security for children and access to nutrition, education, care and any other necessary goods and services; basic income security for persons in active age who are unable to earn sufficient income; and basic income security for older persons. This Recommendation complements other ILO standards on social security and notably encourages the ratification of **ILO Convention 102 on Social Security**.
- The **ILO Centenary Declaration on the Future of Work** calls on all Members to ensure 'universal access to comprehensive and sustainable social protection'. It also underlines that the ILO must direct its efforts to 'developing and enhancing social protection systems, which are adequate, sustainable and adapted to developments in the world of work.'
- In 2019 the Committee on the Application of Standards discussed the **General Survey on ILO Recommendation 202 on Social Protection Floors**, which highlighted that while social protection systems are being introduced and extended in many countries, coverage of social protection is still low globally, and coverage has even deteriorated in some countries over recent years due to austerity measures.
- A **Tripartite Technical Roundtable on Pensions** was also held in December 2020. In the meeting workers delegates underlined how measures to promote pension sustainability in many countries have led to a deterioration of pension adequacy and coverage and have disproportionately penalized women and people in low paid and precarious forms of work.

In addition, this discussion should be contextualised within the broader international-level developments related to social protection, notably commitments to realise **UN Sustainable Development Goals (SDG) Target 1.3** 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.' It should also take into account the establishment of the **Global Partnership for Universal Social Protection**, a high-level political partnership of international organisations, financial institutions, governments, trade unions and NGOs that have jointly committed to the objective of universal access to social protection.

The discussion is also taking place while a proposal is currently being debated in various international fora for the establishment of a **Global Social Protection Fund**. Such a fund would seek to provide strengthened financial and technical support to low-income countries in developing and expanding social protection, and it has been supported by many trade unions, NGOs and individual governments. The UN Special Rapporteur on Extreme Poverty and Human Rights has prepared a report to the **UN Human Rights Council (UNCHR)** making the case for such a fund and providing suggestions on how the fund could be set up, for discussion in the next UNCHR session in June 2021. The fund has also been discussed in the context of UN Financing for Development discussions, and is also currently being discussed within the various working groups of the G20 and G7.

Furthermore the impact of COVID-19 has exposed the critical consequences of the lack of access to social protection, with many governments stepping up social protection reforms to address the health and employment impacts of this crisis. This year's Conference discussion therefore takes place in a context of increased global recognition of the importance social protection. It provides an opportunity for the Workers' Group to reaffirm the unique mandate and expertise of the ILO in this matter and to insist that global debates on social protection should be anchored within the normative mandate of the ILO.

The [Report](#) provided by the Office establishes a good basis for discussion.

Structure of the discussion

The discussion will be framed around the Report's four sets of questions. After the discussion, a small tripartite drafting committee will be convened at the beginning of the second week to prepare draft conclusions. The Committee will then have a chance to modify the draft conclusions through a procedure of amendments.

The following may be considered by the Workers' Group as initial indications on the answers to each question.

(a) Realising universal social protection

The Committee will be asked to focus on the following questions:

How can the obstacles presented by persistent informality and transformations in the world of work be overcome to achieve universal social protection as a means to prevent and reduce poverty, inequality, social exclusion and social insecurity? How can social protection systems be adapted and coordinated with employment, economic and social policies to ensure that all persons, including women, migrants and workers in all forms of work, can enjoy comprehensive and adequate social protection, including in times of crisis?

The Office Report points out that **more than half of the world (53%) lack access to any form of social protection, and less than a third (31%) have comprehensive social protection in line with international labour standards**. This is despite the fact that social protection is an internationally recognised human right, enshrined in numerous international human rights instruments, and the international community has jointly committed to extend social protection through SDG target 1.3. Some groups are disproportionately left out from social protection, including women, migrants, workers in non-standard forms of work, and those in the informal economy. It could be pointed out **that countries who have achieved universal coverage have often done so through combining both comprehensive contributory social security schemes and non-contributory social security guarantees (floors)**, in line with ILO Convention 102 and Recommendation 202.

The Workers' Group may wish in particular to highlight the **challenges related to social protection for workers in low paid and precarious forms of employment**. They may wish to underline the importance of strengthening access to decent work, with adequate wages, in order to fight working poverty and inequality in the labour market, which should go hand in hand with strengthening social protection systems. They might also wish to underline the issue of regulatory arbitrage: differentials in labour costs between different types of employment can create negative incentives for employers to resort to cheaper forms of employment that are less secure for workers and provide limited/no social security. The Workers' Group may also wish to stress the recently-adopted ILO Centenary Declaration which calls for universal access to social protection for all workers and that recalls the continued relevance of the employment relationship as a means of providing certainty and legal protection to workers.

Informal workers comprise approximately 60% of the global labour force and are very often left out from contributory arrangements, and are left totally unprotected in the absence of non-contributory schemes. The Workers Group may wish to stress that addressing coverage gaps for informal workers requires further action to facilitate the transition from the informal to formal economy, extend contributory arrangements to allow informal workers to contribute, as well as extend non-contributory schemes in order to reach those who are still left out.

Gender gaps in social protection, both in terms of coverage and benefit adequacy, are strongly linked to persisting gender inequalities in the labour market – in particular women's lower pay, higher concentration in part-time and precarious forms of work, and greater interruptions in their career due to care – which all make it harder for women to build up sufficient contributory entitlements compared to

men. However, these gaps are also exacerbated because of the **gender-biased design of some social security systems** (e.g., lack of credits for care periods, differentiated contribution requirements for women and men) as well as a lack of adequate non-contributory social security guarantees. Tackling gender gaps in social protection therefore requires measures to strengthen gender equality in the labour market, reforms to social protection systems to make them more inclusive to women, and adequate social protection floors.

The Workers' Group may also wish to underline the **specific challenges that migrants face in accessing social protection**. These include migrants' underrepresentation in the labour market and overconcentration in precarious work; legal restrictions for foreigners to access host country social security programmes; stringent conditions within citizenship and nationality law preventing migrants from accessing benefits; loss of migrants' entitlements in home country programmes upon moving abroad; and practical barriers such as language and administrative burdens. The Workers' Group may wish to underline the importance of preservation and portability of social security entitlements, bilateral social security agreements, equal treatment in social security legislation, extending non-contributory benefits to all workers, and stepping up decent work.

Finally, with regard to the question on the coordination of social, employment and macro-economic policies, the Workers' Group may wish to recall that **extending social protection is an investment for sustainable economic growth and development**. Recent ITUC [research](#) has showcased the benefits of social protection in terms of strengthening employment, productivity, aggregate demand, and overall economic growth, in addition to achieving crucial social objectives of reducing poverty and inequality. Ensuring universal access to social protection should therefore be considered as integral to governments' employment policies and broader macroeconomic policies, and not in conflict with them.

(b) Strengthening social protection systems

The Committee will be asked to focus on the following questions:

What are the challenges Member States face in designing, implementing and monitoring social protection systems consistent with ILO standards? How can Member States achieve greater impact, including through national social dialogue and coordination with employment, economic and social policies? How can Member States realize the full potential of social protection in recovering from the crisis, facilitating comprehensive policy responses to support and protect workers and employers during their life and work transitions, including those induced by climate change in line with the ILO guidelines for a Just Transition, and ensure no one is left behind? How can Member States transition from temporary crisis response measures into sustainable social protection systems?

With regard to the challenges that countries are facing in realising social protection systems consistent with ILO standards, the Workers' Group may wish to briefly underline how pressures to reduce or contain social spending have inhibited States' abilities to ensure adequate and comprehensive social protection (bearing in mind that this is also closely linked to the financing discussion in point 3). Moreover, the policy advice and lending conditionalities of some international organisations and international financial institutions have often been to reduce social spending and target social protection systems to the most vulnerable. Such policy guidance has run in contradiction to ILO social security standards and has significantly compromised some States' capacities to extend social protection.

With regard to the COVID-19 crisis, the Office report points out how the pandemic has demonstrated the importance of social protection systems to protect people's health, jobs and incomes. However, it has also revealed the consequences of high coverage gaps in many countries, exposing the vulnerability of people lacking sufficient social protection. The report moreover outlines that nearly all countries worked to introduce and/or extend certain types of social protection during the pandemic, in many cases through temporary programmes, however it should be noted that those countries that dealt better in the crisis

were those with well-designed social protection systems already in place. This underlines the need for **transforming temporary COVID-19 crisis measures into adequate, comprehensive social protection systems that are grounded in law in order to build resilience against future crises.**

The Workers' Group may also wish to point out the **need to avoid the mistakes made during the last global economic and financial crisis**, when austerity was promoted and social spending was cut when people needed social protection the most. Cutting social spending had detrimental economic consequences: it constrained people's ability to spend, weakened aggregate demand and made the crisis worse in many cases.

With regard to support for workers during transitions, including those linked to decarbonisation, the Workers' Group may wish to point out that unemployment protection, coupled with employment services, skills development and other labour market and social policies, can enable workers to re-skill, if necessary, and transition to another job. Allowing for the preservation and portability of social security entitlements can furthermore allow workers to change jobs without the risk of losing their social protection coverage. Workers may therefore wish to underline **the important role of social protection in ensuring a Just Transition**, as underlined in the [ILO Guidelines](#) for a Just Transition towards environmentally sustainable economies and societies for all.

(c) Ensuring adequate and sustainable financing for social protection systems

The Committee will be asked to focus on the following questions:

Against the multiple financing challenges encountered in the various national contexts, including those related to demographic evolutions and, most recently, the strong financial implications of facing the pandemic, how can Member States ensure the financial, economic and fiscal sustainability of their social protection systems?

How can Member States achieve adequate and comprehensive social protection for all through a combination of contributory and non-contributory financing mechanisms? What are the roles of different pillars of the social security system in contributing to financial, fiscal and economic sustainability with due regard to social justice and equity? How can the financial and fiscal sourcing of social protection be ensured through a balanced payment of taxes and contributions, taking into account the economic situation of Member States and of the classes of persons protected?

How can Member States ensure transparent, accountable and sound financial governance and the adequate allocation of resources towards sustainable financing of social protection systems, based on social dialogue and the principles laid out by ILO up-to-date social security standards?

What are the measures that Member States should take to progressively close financing gaps to ensure universal coverage and adequate benefits, including in the context of systemic crises such as the COVID-19 pandemic?

The Workers' Group may wish to emphasise that **adequate, predictable financing for social protection is needed to ensure well-functioning social protection systems in line with ILO standards.** Financing social protection can be considered largely a question of political will, and the report outlines a variety of options that Governments have at their disposal to raise revenue and create fiscal space. Tackling illicit financial flows and tax evasion, leveraging progressive forms of taxation – including those on wealth – reallocating public expenditures, and making sure that employers pay their fair share of contributions are among the different measures that can support a solid financing base. Supporting the transition from the informal to formal economy would moreover greatly contribute to strengthening the financing base of social protection through facilitating the payment of taxes and social security contributions.

The Workers' Group may wish to highlight the **negative impacts of austerity on social protection systems.** With the aim of freezing or reducing social spending, many states have reduced the duration of benefits, tightened conditionalities, reduced benefit levels, and/or strengthened the link between

contributions and entitlements to benefits. In the case of pensions, such measures have also often resulted in an increased reliance on private pensions and individual accounts. **Such measures have undermined the solidarity of social protection systems, disproportionately penalizing women, workers in low paid and precarious work, and have increased overall levels of poverty and inequality.**

The Workers' Group may also wish to underline that austerity has been economically counterproductive, as austerity has reduced aggregate demand and weakened crucial automatic stabilisers of the economy. With regard to the privatisation of pensions in particular, it should be noted that during the ILO Tripartite Technical Roundtable on Pensions in 2020, it was shown that the high administrative costs of private pensions and individual account systems had a negative impact on the financial sustainability of the pension system, in addition to negatively impacting pension benefit levels for workers.

With regard to the specific question on the role of different pillars of the social protection system, the Workers' Group may wish to reiterate the provisions within Recommendation 202 with regard to the **primary and overall responsibility of the State in delivering on the right to social protection**. This underlines the importance of statutory, publicly-organised social protection systems. While occupational and private pensions (generally considered as 2nd and 3rd pillars, respectively) may be gaining greater weight within some social protection systems, these pillars must be viewed as *complementary* and not be at the expense of publicly organised social protection. It should moreover be reiterated that international labour standards only provide a framework for publicly organised schemes, and do not provide a framework for occupational or private social security schemes.

With regard to the transparent and sound financial governance, the Workers' Group may wish to underline the importance of tripartite involvement in the design, implementation and monitoring of social protection reforms, and in the overseeing of social spending. Involving workers' representatives in the management of social protection financing can greatly improve the accountability in government spending as well as public trust of the system.

(d) Reinforcing ILO means of action to achieve universal access to comprehensive and sustainable social protection

The Committee will be asked to focus on the following questions:

What are the actions and measures that the ILO should undertake to achieve the above objectives? How can the ILO pursue its human-centred approach to the future of work and the achievement of the Sustainable Development Goals by 2030 in relation with social protection?

What further measures should the ILO take to promote ratification and effective implementation of up-to-date international social security standards and to enhance its support to tripartite constituents at the national level?

How can the international community provide strengthened support to low-income countries in developing and building up sustainable social protection systems?

How can the ILO strengthen its leadership role in the multilateral system in the area of social protection to ensure policy coherence with principles laid down in up-to-date ILO standards?

The Workers' Group may wish to point out the **continued relevance of international labour standards on social protection, especially Convention 102 on Social Security and Recommendation 202 on Social Protection Floors** – which should be seen as complementary instruments that together provide a framework for both horizontal and vertical extensions to social security, and can ensure universal social protection coverage. Workers may wish to welcome the recent ratifications of Convention 102 by a number of countries including Argentina, Ukraine, Benin, Morocco, Russia and the Dominican Republic, which showcase its continued relevance.

Considering however the overall low ratification rates of ILO social security conventions, the Workers' Group may wish to emphasise the need for **more promotion and awareness-raising activities from the ILO on the ratification and effective implementation of ILO social security standards**, notably through the Decent Work Country Programmes and the ILO Global Flagship Programme on Building Social Protection Floors for All. When it comes to awareness-raising and implementation, special emphasis should be placed on informal economy workers and workers in non-standard forms of employment. **The Workers' Group may also wish to point out the importance of meaningfully involving unions in the elaboration and implementation of these technical assistance programmes.**

The research that the ILO has prepared on social protection as part of its World Social Protection Report as well as some dedicated reports, such as on Reversing Pension Privatisation, have been extremely informative and valuable in terms of providing a comparative picture on social protection globally and can meaningfully inform social protection reform discussions. The Workers' Group may therefore wish to welcome the continuation of ILO research in this area.

With regard to strengthening the ILO's leadership role in the multilateral system, the Workers' Group may wish to highlight the role that the ILO currently plays in co-chairing the **Social Protection Inter-Agency Cooperation Board (SPIAC-B)** and the **Global Partnership for Universal Social Protection (USP 2030)** together with the World Bank. **However, it should be noted that there are important differences in the perspectives of the ILO and World Bank on how to achieve universal social protection that cannot be ignored.** A recent World Bank White Paper called into question the importance of contributory social security systems in line with ILO Convention 102. The Bank's policy advice at country-level moreover continues to promote narrowly targeted social assistance at the expense of comprehensive systems that leave no one behind. The Workers' Group may therefore wish to request that the ILO initiate discussions with the World Bank on the next World Bank social protection and labour strategy when the current 2012-2022 one ends. It might also wish to request that the ILO work to drive greater consensus within SPIAC-B and USP 2030 on pursuing social protection approaches in line with ILO standards.

Likewise, the Workers' Group may wish to underline that the IMF country-level policy advice and lending has been shown to undermine international labour standards on social protection. The development of the IMF's Strategy for Engagement on Social Spending in 2019 has provided an opportunity for collaboration to ensure greater coherence with international labour standards, especially ILO Convention 102 and Recommendation 202. The Workers' Group could support joint work on the social spending floors being used in IMF lending programmes, building on the Director-General's [suggestion](#) that the IMF spending floors be aligned with the ILO's concept of a social protection floor.

Finally, with regard to the need to support low-income countries develop and extend social protection, it is worth noting that the ILO has estimated that 78 billion USD would be needed to finance social protection floors in the world's poorest countries. This represents a fraction of global GDP (less than 0.25%) but represents more than 15% of the collective GDP of those countries, and around 45% of the total tax revenue collected in these countries. This underlines the role of international solidarity in supporting low-income countries in closing their social protection financing gaps in the short-term in order to build up sufficient domestic resources to maintain sustainable social protection floors.

The Workers' Group may therefore wish to debate the proposal currently being discussed in various international fora for a **Global Social Protection Fund**. Such a fund could help catalyse financing for low income countries, and could be accompanied by technical support to enable the development of statutory social protection systems in line with ILO standards. Such a fund could meaningfully complement measures to raise domestic resources to fund social protection, including progressive taxation, tackling tax evasion, and formalising the informal economy. The Workers' Group may wish to also discuss the role that the ILO could have in the design and oversight of such a fund, if developed, given its mandate and expertise in the area of social security

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