

Global Conference on Financing Social Protection

Brussels, 17 – 18 September 2018

Final conference report

Executive Summary

Well-designed social protection systems are essential tools for eliminating poverty, as well as driving factors in boosting employment, fostering skills development, and supporting inclusive economic growth and development¹. Nevertheless, even with social protection having been enshrined as a human right decades ago², the ILO has reported that more than half of the global population is not covered under any type of social protection scheme, and less than 30 per cent enjoy comprehensive social protection³. In addition to the low coverage of social protection, the inadequacy of benefits is a major issue in many countries, compromising people's ability to live in dignity.

At the international level, there has been renewed and increasing commitment to extend social protection in recent years, most notably through the adoption of the Agenda 2030 Sustainable Development Goals; however, the question of how such extensions to social protection should be financed and who should finance them has been relatively under addressed within international debates. Significant cutbacks to social protection systems have, moreover, been observed in many countries over the last years, often under the premise that such schemes are not affordable.

It was within this context that the International Trade Union Confederation, in partnership with the Friedrich Ebert Stiftung and World Solidarity, decided to host a Global Conference on Financing Social Protection on 17-18 September in Brussels. The conference brought together over 100 participants from trade unions, civil society, academia, think tanks, international organisations and government from across the world to identify the challenges to financing social protection and to explore the solutions available both at the national and the international level. Participants discussed the methods for identifying adequate financial resources for social protection reforms, examined the various ways such reforms could be funded both on the national and the international level and identified opportunities for further work together to promote and implement adequate, sustainable financing for universal social protection systems.

This conference report sets out the context for the debate, provides a summary of the information presented and messages from the debates, and sets out the key conclusions from the discussion.

Overall, participants highlighted that financing social protection is economically feasible in the vast majority of countries, and that there are a range of options at governments' disposal to create fiscal space for comprehensive social protection systems. Financing social protection is, therefore, a question of political will. Participants discussed the various ways to create such fiscal space, which include increasing progressive forms of taxation, tackling tax evasion and nefarious tax avoidance schemes through

¹ See [ILO World Social Protection Report 2017-2019](#); European Commission (2013) *Evidence of Demographic and Social Trends: Social policies' contribution to inclusion, employment and the economy*; ILO (2011) *Decent Work and the Informal Economy*; Hemerijck (2012) *Changing Welfare States*

² United Nations General Assembly (10 December, 1948) [Universal Declaration of Human Rights](#)

³ ILO (2017) [World Social Protection Report 2017-2019](#)

strengthened financial transparency and enforcement measures, and requiring employers to pay their fair share of social security contributions. Participants, moreover, signalled the supportive role that the international community can and should play in supporting low-income countries in making needed social investments, through more focussed allocations of development assistance and possibly even a global fund for social protection. There was, nevertheless, a consensus that such support should not impede states from building up their own domestic financing bases to ensure adequate, predictable funding for social protection systems in the long run.

Participants emphasised that expanding coverage of social protection systems to people who are left out, including informal economy workers and people living in rural areas, is imperative from a legal point of view - social protection is a human right – and from a moral point of view – we shall leave no one behind. Moreover, it could further strengthen the revenue base, enhance the financial stability of social protection systems and reduce the incidence of informality overall. In this same vein, it was stressed that social protection should be strongly linked with a broader agenda on decent work in order to ensure that workers in low-paid and precarious forms of work are ensured social protection coverage as well as to strengthen the financing base for social protection. Guaranteeing freedom of association and collective bargaining, ensuring minimum living wages, enhancing job security and ensuring that employers pay comparable contributions for all of their workers are essential in this regard.

Finally, the conference underlined the importance of strategic alliances for campaigning and negotiating for social protection reforms, in particular between unions, civil society organisations, and academics/think tanks. Such partnerships are crucial in order to generate political momentum for reforms, to demand recognition for the specific role that these organisations should play in the development, implementation and monitoring of social protection policies and can also serve to strengthen the evidence base for advocacy work.

Session 1: Identifying the costs of social protection reform and challenges to sustainable financing

The first session of the conference focussed on identifying the shortfalls in current social protection systems, estimating the costs of extending social protection systems, and detecting the underlying challenges to sustainable, adequate financing for social protection.

Governments and international institutions often name the costs of social protection as one of the main reasons for their limited dispersion. It is often argued that constrained fiscal space, most notably in low- and middle-income countries, makes it difficult to extend social protection. However, the presentations highlighted how extensions to social protection, even in developing countries, can be affordable. **Mira Bierbaum** presented the Friedrich Ebert Stiftung's (FES) Social Protection Floor Index (SPF-I), which estimates the gaps in social protection systems in protecting against key risks as well as the amount of resources needed to realise comprehensive coverage and adequate benefits. The results from the index show that in the short term 71 countries could achieve comprehensive social protection floors by allocating 2 per cent or less of their GDP in social protection. A further 54 countries would need less than 6 per cent, and only 13 countries would likely not be able to provide social protection floors to all citizens using exclusively national resources, as they would need to increase spending by 10 per cent of GDP or more⁴.

Although the SPF-I can give a first indication of the types of social protection schemes requiring investment and the scale of spending needed for a given country, more detailed analyses at the national level are also essential. **Carolina Dantas** from the Trade Union Confederations of the Americas (TUCA) presented several

⁴ Bierbaum, M., Schildberg, C. & Cichon, M. (2017) [Social Protection Floor Index Update and Country Studies](#)

financing feasibility studies that have been conducted in Argentina, Chile, Colombia, Costa Rica and the Dominican Republic. These studies shed further light on exactly which types of social protection schemes need more funding to reach those that are still excluded from social protection coverage and identify how such schemes could be organised and where the financing could be leveraged. Several of the studies highlighted the potential for leveraging resources by tackling illicit financial flows, tax evasion and corruption – as well as raising contributory revenues.

In the following discussion, panellists highlighted the current shortfalls in social protection systems and the need to address them. Some groups are disproportionately at risk of being left out of social protection systems, particularly under contributory schemes, as was highlighted by **Francesca Bastagli** from the Overseas Development Institute. Where access to social protection is closely linked to one's work history, workers in the informal economy and those unable to work are often not covered, as they are frequently unable to participate in contributory social protection schemes. Women are also less likely to be covered in contributory social security schemes, as their lower employment rates and longer and more frequent career interruptions due to care make them less likely to fulfil contribution requirements⁵. A complementary mix of contributory and non-contributory social protection can ensure universal coverage and ensure equitable financing. She also highlighted the persistent high reliance of some countries to donor-financed assistance to social protection, highlighting the need for states to develop their own capacities to allocate national resources to provide adequate and predictable financing over the long term.

Several participants, including **Hilma Mote** from the Africa Labour Research Network, highlighted the issue around extreme targeting of social assistance schemes due to cost-saving efforts. She stressed the inefficiency of targeted schemes in reaching those who need support, and highlighted a universal social protection programme that was piloted in Namibia, the Basic Income Grant. She showed how this was economically feasible and had better outcomes in terms of reduced poverty and increased employment; however, such a scheme was not continued due to political considerations. She further highlighted that the administration of means-tested schemes can be costly and can lead many people who should be eligible for these benefits to be left out, and can often undermine the popular and political support for extension of these schemes in the long term⁶.

Guillermo Zuccotti from CGT-RA Argentina explained how significant cutbacks in social spending have also been observed in recent years due to austerity, often in conjunction with measures to reduce workers' income security from the labour market. Many states, including Argentina, have taken measures to tighten eligibility criteria of benefits and services, lower benefit levels and freeze the indexation of benefits leading to value-loss over time, contribution requirements increasing to excessive levels, and/or a decrease of the duration of benefits. In conjunction with these reforms, the rise in non-standard forms of work and reforms by governments to increase labour market flexibility have had further negative consequence on workers' social protection coverage in many countries⁷. He also highlighted that tax-financed social protection is often making up for dismally low wages, which is neither just nor financially sustainable. The important role of unions in organising and negotiating improvements to wages and working conditions was stressed.

There is, moreover, a need to consider the broader demographic and macroeconomic trends that can further complicate long-term sustainable financing in some countries. This point was emphasised by **Plamen Dimitrov** from CITUB, Bulgaria. He explained that a reduced share of the working-age population

⁵ ILO (2016) [Women at Work: Trends 2016](#)

⁶ Kidd, S. (2015) [The Political Economy of 'Targeting' of Social Security Schemes](#)

⁷ See for instance ITUC (2017) [The Future of Work](#)

relative to older persons in many countries, as well as increased demand for social protection benefits such as old-age pensions and health care, is putting pressure on the sustainability of social protection systems. This highlights the need to consider how to adapt social protection systems so that debt is not a burden on future generations, whilst ensuring that social protection remains adequate. He also underlined the need to consider progressive financing measures, as flat taxes and the use of value added taxes (VAT) in Bulgaria have had regressive effects, disproportionately penalising low-income households.

Challenges related to the informal economy were extensively discussed by several participants on the panel. While in many parts of the world the informal economy has grown over the last decades, many governments have not taken the necessary measures to adjust their social protection systems to ensure protections for these workers. **Umesh Chandra Upadhyaya** from GEFONT Nepal explained the case of Nepal, which has a large informal economy lacking many basic protections. Informality poses a challenge to both the financing base for social protection, as informal workers often cannot contribute social security contributions nor contribute to the general tax base as well as the demand for social assistance benefits. There is a need to support the formalisation of these workers as well as look at how existing social security schemes can be more inclusive of them. Nepalese unions have lobbied successfully for this in the most recent social protection reform. The new Social Security Act, adopted in November 2017, provides that informal economy workers can join the system. He also highlighted the importance of adequate employer contributions for social protection, as well as extending the tax base and tackling tax evasion.

Widening social protection coverage gaps due to the changing world of work was discussed extensively by several participants. **Fabio Duran** from the International Labour Organization highlighted the increasing financial pressures being made on social protection systems in the context of changing labour markets – in particular the increasing prevalence of non-standard forms of work. Many traditional social protection schemes, especially those financed by contributions, exclude self-employed workers and workers with short-term contracts. Even if there exists the option for these atypical workers to voluntarily opt into the traditional social security schemes, this still leaves the question of who covers the employer's share of contributions. Workers on short-term and/or part-time contracts are also faced with more fragmented contribution histories, which leads not only to lower total contributions, but also to a higher demand for benefits. Finally, globalisation, automation, digitalisation and decarbonisation efforts, when improperly organised, can result in job losses in certain sectors, further increasing the demand for social protection. Duran echoed previous presentations that the costs for financing social protection systems are not insurmountable, highlighting ILO estimates showing that with 2 to 6 per cent of global GDP, the total costs of comprehensive social protection for the entire world population could be covered⁸. He also pointed to tools that the ILO has developed for governments and social partners to estimate the costs for expanding social protection and identify possible financing sources for social protection, including the ILO Rapid Assessment Protocol and the ILO Cost Calculator.

Finally, the issue of limited government revenue was addressed by several participants including Mira Bierbaum, making it challenging to sustainably finance extensions for social protection in some countries – particularly in some low- and middle-income countries. Low revenue is a result of a variety of factors, including limited financial infrastructure, low wages making it difficult to pay contributions and high levels of informality, which make it difficult to raise income taxes⁹. Hilma Mote highlighted the case of Namibia, which has seen an increase in consumption taxes, a levy on unprocessed raw material and re-prioritisation of the defence budget to finance extensions to social protection. Another complicating factor is the high

⁸ ILO (2008) [Can low-income countries afford basic social security?](#)

⁹ De Schutter, O. & Sepúlveda, M. (2012) [Underwriting the Poor: A Global Fund for Social Protection](#),

levels of tax evasion that cause governments to miss out on significant amounts of revenue. Limited fiscal capacity for least-developed states is a particular challenge, especially for those countries that may face unpredictable economic shocks or natural disasters leading to a sudden spike in demand for social protection and limited resources to effectively respond¹⁰. This signals the need to consider how to raise revenue as well as consider international sources of support in order to account for these financing gaps. This also signals the need for policies to prevent and mitigate the impacts of economic and environmental shocks that can raise the demand for social protection, including just transition measures.

Key conclusions:

- Financing adequate, comprehensive social protection systems is feasible for the vast majority of countries. It is largely a matter of political will.
- Extensions to social protection are not necessarily very expensive, and can be even self-financing in certain cases. In the short term, 71 countries could achieve social protection floors for all by investing an extra 2 per cent of GDP or less.
- Several tools exist to support unions and other stakeholders identify the costs of reform, including the SPF index and the ILO Cost Calculator.
- Universal social protection systems can be achieved through a mix of different financing methods, mixing contributory and non-contributory schemes.
- Raising government revenue is needed in some countries in order to meet social protection financing needs.
- Extending access to social protection for informal workers is needed whilst supporting the transition from the informal to the formal economy.
- Social protection extensions must be considered within a broader agenda for decent work, including tackling precarious and non-standard forms of work and ensuring living wages.

Session 2: Extending and financing social protection at the national level

There exists great variation between countries with respect to the government's general tax revenue, as well as the share of resources governments actually choose to allocate to social protection. Much of this can be explained by policy choices regarding resource mobilisation and the political will to allocate these resources to social protection. Many countries leave sources that could be used to expand the fiscal space for social protection unutilised. **Isabel Ortiz** presented the various options at the disposal of governments to create fiscal space for social protection, which include reallocating public expenditures, increasing tax revenues and eliminating tax evasion/illicit financial flows, expanding social insurance coverage and contributory revenues, negotiating development assistance, using fiscal and foreign exchange reserves, borrowing or restructuring existing debt and adopting a more accommodative macroeconomic framework¹¹.

Participants stressed the usefulness of raising tax revenues through increasing tax rates and broadening the tax base. **Liz Nelson** from the Tax-Justice Network stressed in particular the importance of progressive

¹⁰ De Schutter, O. & Sepúlveda, M. (2012) [Underwriting the Poor: A Global Fund for Social Protection](#),; IMF, OECD, UN and World Bank (2011) [Supporting the Development of More Effective Tax Systems, A Report to the G20 Development Working Group](#)

¹¹ For more details on each of these options, see Ortiz, I., Cummins, M. & Karunanethy, K. (2017) [Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries](#)

taxation – ensuring that those who can afford to pay the most taxes do indeed pay the most. Introducing or increasing progressive labour income taxes, as well as introducing or increasing corporate taxes, taxes on natural resources, capital gains taxes and/or taxes on financial transaction can be considered – as well as reducing the use of regressive tax exemptions. Isabel Ortiz highlighted the example of Brazil, which in 2016 collected around US\$20 billion additional government revenues that year thanks to the innovative use of a financial transaction tax on shares, bonds and other financial instruments¹². For some states, increasing import and export tariffs may also be a viable option. Other participants, such as Hilma Mote, highlighted that value added taxes (VAT) may be another way to broaden the tax base, particularly to reach those in the informal economy; however, their regressive effects must be taken into consideration.

Enacting measures to tackle tax evasion, nefarious tax avoidance schemes and illicit financial flows through strengthened financial transparency and enforcement measures may also significantly increase government revenues – as highlighted by Liz Nelson and other participants. The Tax Justice Network (TJN) has estimated that tax losses due to multinationals' tax avoidance and profit shifting measures account to over 2 per cent of GDP in a number of countries including Kenya, Tunisia and Costa Rica, over 4 per cent in countries such as Zambia, Argentina and Pakistan, and over 6 per cent of GDP in Chad¹³. The OECD has estimated that globally US\$600 billion in tax revenue is lost annually due to tax avoidance, and that developing countries lose almost three times as much to tax avoidance than they receive in development aid¹⁴. The IMF has reported that up to 10 per cent of global GDP is lost in tax havens¹⁵. A report from the African Union's High Level Panel on Illicit Financial Flows conservatively estimated that illicit financial flows from Africa amount to US\$50 billion every year¹⁶. In addition, participants highlighted that addressing corruption is essential in order to restore confidence in public institutions, ensure that money dedicated to social protection is actually being allocated for that purpose, and allow for the smooth delivery of social services.

Leveraging social security contributions might also help to raise revenues to finance social protection without putting pressure on government budgets. The use of contribution-based funding varies widely between countries, with some using contributions as their exclusive method of financing and others hardly using them at all. Some countries have recently reformed contribution structures, in some cases to the detriment of workers and to the sustainability of social protection financing. **Bogdan Hossu** from Cartel-Alfa Romania explained the recent change to the social security contribution system in Romania, whereby contributions by employers were decreased with the intention of lowering labour costs and stimulating hiring, and required contributions by workers in turn increased significantly, from 7 per cent to 35 per cent. Such a reform did not achieve its intended effects of rendering the labour market more competitive and incentivising employers to hire more workers; rather, such a reform financially penalised workers, many of whom already receive very low wages, whilst significantly reducing the financing base for social protection. Participants stressed the need to ensure that employers pay their fair share of contributions. They also stressed that governments must pay particular attention to the difficulty that low-paid workers, workers in nonstandard forms of employment and informal workers might experience in paying social security contributions.

¹² ILO (2016) [Delivering Social Protection for All](#)

¹³ See Tax Justice Network (2017) Annual Tax Losses via Profit Shifting of Multinational Enterprises

¹⁴ Cobham, A. (2017) [Estimating tax avoidance: New findings, new questions](#); Gurría, A. (2008) [The global dodgers](#)

¹⁵ IMF (2018) [Piercing the Veil](#)

¹⁶ Report on the [AUC/ECA High-Level Panel on Illicit Financial Flows](#) (2017)

In this context, **Owen Tudor** from the UK Trades Union Congress stressed that the increased prevalence of non-standard forms of work in some countries has significantly compromised contributory revenues to social security, as employers are often exempt from paying contributions for some categories of workers (e.g., dependent self-employed, agency workers, etc.), as well as increased the demand for social assistance. Social protection coverage could be significantly expanded and the financing base could be strengthened by reducing the possibilities for employers to make use of non-standard forms of work and making employers responsible for paying comparable contributions for all forms of contracts. Moreover, as low-income workers or workers under precarious contracts might not generate sufficient income to satisfy worker contribution requirements, subsidised contributions by employers or the government might be appropriate in some cases.

Providing informal economy workers with the possibility to make social security contributions can allow them to have access to these crucial protections whilst strengthening the financial base of social security systems and facilitating the transition from the informal to the formal economy, in line with ILO Recommendation 204. **Francisca Jimenez** from CASC-Dominican Republic presented the AMUSSOL programme, organised by trade unions, which has allowed non-standard workers excluded from statutory social security schemes to access social protection through paying voluntary contributions. While the Dominican government does not guarantee access to social protection to those active in the informal economy (about 50% of the population), AMUSSOL offers an innovative solution by operating as a "virtual employer" to give these people access to social security. The affiliated members pay their monthly contribution to AMUSSOL, which transfers them to the national treasury. They then become members of the SDSS (The Dominican Social Security System) and enjoy access to health care, a pension and an employment injury insurance. In 2017, AMUSSOL already allowed about 60,000 people to gain access to social protection, almost 40% of them are women. For AMUSSOL, promoting gender equality between working men and women is essential. That is why it regularly organises awareness campaigns aimed at women in precarious jobs, such as domestic workers, to join this innovative system. This programme has also facilitated workers' transitions to the formal economy, in order to allow such workers to access statutory social security schemes¹⁷. This experience shows that many informal economy workers are eager to make contributions to and access social protection. **Sulistri Afrileston** from KSBSI Indonesia, moreover, explained how the government of Indonesia has worked to extend social protection to workers previous lacking coverage through the introduction of the 'Smart Card' system. This system has contributed to reducing informality in the country and has significantly extended income security to Indonesia's people. In parallel, the Indonesian government has promoted formalisation of work by requiring employers to register workers.

Key conclusions:

- Enhancing progressive taxation and tackling tax evasion through strengthened financial transparency and enforcement measures could significantly make up for budget shortfalls. Just 0.23 per cent of global GDP would suffice to provide social protection floors for the entire world population, while currently some 10 per cent of the world's GDP is held in tax havens.
- Ensuring that employers pay their share of social security contributions is essential to ensure adequate and fair financing for social protection.
- Tackling precarious work can strengthen the financing base for social protection schemes and tax revenue in general, whilst increasing income security of workers and reducing demand on social assistance.

¹⁷ World Solidarity (2016) [Amussol: Informal workers have access to social security in the Dominican Republic!](#)

- Expansion of social protection coverage to the informal economy can extend crucial protections to these workers, help to strengthen the financing base for social protection and support the formalisation of the informal economy.

Session 3: International support for financing social protection

Even with all possible measures to expand fiscal space for social protection on the domestic level, some countries may still find it challenging to raise enough government revenue on their own to provide adequate social protection. The FES Social Protection Floor Index, for instance, found that 13 countries would need to reallocate an exceptionally large amount of resources towards social protection – 10 per cent of their GDP or more – to provide universal social protection floors¹⁸. In these cases, support from development organisations, international financial institutions, regional organisations and/or other international bodies might need to be considered to either provide direct financial assistance to account for these financing gaps, or to support these countries in identifying how to close these gaps. This session, therefore, focussed on how the international community can support adequate, sustainable financing for social protection.

Olivier De Schutter, former UN Special Rapporteur on the Right to Food and currently a member of the UN Committee on Economic, Social and Cultural Rights, presented a proposal for a new international financing mechanism to support states to extend their social protection systems through a Global Fund for Social Protection¹⁹. Such a Global Fund could support the financing of social protection in low-income countries where, on top of the constraints of limited resources, large parts of the population are susceptible to the same economic and environmental shocks, causing sudden surges in demand for social protection and declines in government revenues. The global fund could, moreover, support national governments in the financing of social protection if the costs exceed the capacities of the state's budget. The Global Fund would consist of two branches: a financing branch (a new financial facility) to assist countries whose maximum available resources are insufficient to provide social protection floors for all, as well as a reinsurance branch that would help countries whose social protection systems are depleted by sudden excessive demand. Participants welcomed such an idea and invited further discussion on how such a Fund could practically be organised, stressing the need for transparent organisation and multistakeholder involvement in the governance of such a fund.

In addition to the idea of a new international funding instrument, participants discussed how existing development assistance could be better utilised to contribute to financing adequate, comprehensive social protection systems. In many cases, such assistance is also often used to support small-scale social protection projects and highly targeted schemes, rather than supporting the development of comprehensive social protection systems. Moreover, very often development assistance is not being used to its full potential, as a disproportionately small amount of development aid has gone to social protection²⁰.

Juergen Hoehmann from the European Commission acknowledged that currently only one per cent of the EU's development budget is going towards social protection. He then presented the European Commission's preferred aid modality to providing financial and technical assistance through budget

¹⁸ Bierbaum, M., Schildberg, C. & Cichon, M. (2017) [Social Protection Floor Index Update and Country Studies](#)

¹⁹ For more information see: De Schutter, O. & Sepúlveda, M. (2012) [Underwriting the Poor: A Global Fund for Social Protection](#)

²⁰ Ortiz, I., Cummins, M. & Karunanethy, K. (2017) [Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries](#)

support. Budget support consists of the direct transfer of funds to a partner country's general or sectoral budget, and can be used to support national priorities, including a better implementation of policies and programmes already in place. In the area of social protection, where budget support is still in its infancy, some first experiences of budget support show positive results in terms of broadening social protection coverage, enhancing policy dialogue on social protection among stakeholders, as well as improving social outcomes, such as the reduction of poverty²¹. He highlighted the usefulness of implementation partnerships between governments, social partners and civil society organisations, which the European Commission is also supporting.

Benedicte Fonteneau from KU Leuven, nevertheless, stressed that while development aid can be a catalyst for financing social protection in the short to medium term, giving national governments time to build their capacity to fund this independently, it is important that states in the long term ensure adequate and predictable financing on the domestic level. She emphasised that experience shows that this is possible in low-income countries, such as Senegal. Furthermore, improvements can also be made in the way the development assistance money is spent, as relatively much of it is used to go into foreign reserves or to pay off debts and only small shares are invested in social protection and health care.

Participants, moreover, discussed how international financial institutions (IFIs), such as the World Bank, the International Monetary Fund and regional development banks have a role to play. They can also provide critical support to countries in times of financial difficulty by lending them resources with more favourable conditions than those on the financial markets. In some cases, IFIs have provided technical assistance to states to help them introduce or reform social protection programmes. **Anush Bezhanian** from the World Bank highlighted several examples of how the World Bank has supported states to improve the coverage and effectiveness of social protection programmes, facilitate tax collection and progressive tax design to fund social protection programmes, and help develop the administrative structures for administering social protection and payment systems.

Nevertheless, **Jaurès Akibe** from the National Union of Social Workers in Benin noted that lending agreements with international financial institutions have often gone hand in hand with conditions that steer the borrowing countries to reduce public deficits and curb social spending. Such policy advice by IFIs has often led to large reductions in social protection coverage and adequacy, contradicting the broader international agenda for universal social protection²². **David Coady** from the International Monetary Fund responded to such critiques, highlighting that the IMF's core mandate is macroeconomic and financial stability, which is also key for ensuring that expansion of social protection is sustainable. He also noted that the IMF is currently reviewing its approach on social protection following a recent report²³ from its Independent Evaluation Office (IEO), and has announced that a new strategic framework on the Fund's engagement on social protection will be developed in 2019²⁴. Such a framework is highly anticipated among many unions and civil society groups who have been critical of the IMF's approach to social protection.

Stephen Kidd from Development Pathways stressed the overall need for greater global coherence on social protection. Even though social protection is internationally recognised as a human right, and states have

²¹ European Commission (2017) [Budget Support- Trends and Results 2017](#)

²² UN (2018) [Report of the Special Rapporteur on extreme poverty and human rights on the IMF and social protection](#)

²³ Independent Evaluation Office of the International Monetary Fund (2017) [The IMF and Social Protection: 2017 Evaluation Report](#)

²⁴ IMF (2018) [Implementation Plan in Response to the Board-Endorsed Recommendations for the IEO Evaluation Report - "The IMF and Social Protection"](#)

made international commitments to ensure greater universality for social protection, at the same time many reforms are taking place to reduce the coverage of social protection – often due to pressure of international organisations. He stressed in particular that IFIs have also often encouraged moving away from universal approaches of social protection and towards strict targeting of the poorest, despite the fact that such approaches have been shown to be less effective in combating poverty and generating support for investments in social protection²⁵. There is a need for greater consistency at the international level on the importance of universal programmes. Unions, civil society actors, and academics can play a role in reminding governments of their commitments to extending social protection and advocating for universal coverage.

Key conclusions:

- Strengthened international support would be helpful for some countries (especially least-developed countries and those experiencing major economic shocks) to catalyse social protection extensions. However, it will ultimately be up to states to ensure long-term sustainable financing based on national resources. There was support for greater use of development assistance for social protection and a shift away from supporting small-scale/heavily targeted development programmes to more comprehensive schemes with broad coverage. A Global Fund, if established and effectively implemented, could also gear international solidarity to those countries that are committing to universal social protection.
- There is a need for greater global coherence at the international level on social protection. Participants strongly critiqued international financial institutions – in particular the International Monetary Fund – in pushing for cutbacks to social protection schemes at the same time as the UN sustainable development goals strive to achieve extensions to social protection.

Day 2: Working discussion among trade unions

There are numerous ways by which social protection can be organised, administered and financed, though the primary and overall responsibility for guaranteeing the right to social protection lies firmly with the State. Nevertheless, trade unions and other civil society organisations have been shown to play major roles in the extension of social protection systems, each with their specific and complementary roles and expertise. It is of the utmost importance that they are recognised by governments as actors in their own right for the development, implementation and monitoring of social protection policies. Their participation is crucial as it ensures democratic decision-making, good governance, responsiveness (adequate and appropriate services and/or benefits) and accountability.

The second day of the meeting sought to take stock of what is being done by unions at the national and international level to extend social protection, and also examine the degree to which unions have specifically dealt with issues of financing.

The meeting showcased how unions often play an important part within government consultations on social protection reforms, sitting on advisory committees on social protection and/or negotiating such reforms directly through tripartite bodies. Recent examples include the negotiation of pension reforms in

²⁵ Kidd, S. (2018) *Pro-poor or anti-poor? The World Bank and IMF's approach to social protection*; See for example the case of Brazil: <https://www.imf.org/en/Publications/CR/Issues/2017/07/13/Brazil-Selected-Issues-45082>

Uruguay and healthcare reforms in Ghana²⁶. Unions are also involved in national-level discussions around the extension of social protection as part of ILO decent work country programmes and flagship programmes such as in the case of Cambodia, highlighted by **Prit SoUot** from the Cambodian Labour Confederation.

In addition to negotiation efforts, some unions have also managed to effectively raise workers' awareness of social protection benefits and how to access them, such as in the case of the Self-Employed Women's Association in India²⁷ as well as help workers to launch grievances when workers' rights to social protection are denied (e.g., the Belgian trade unions FGTB-ABVV)²⁸ – thereby playing a crucial role in ensuring compliance with the law.

Unions stressed deep concern with a trend towards austerity and privatisation of social protection in many cases. **Benson Upah** from the Nigeria Labour Congress and **Baba Aye** from Public Services International both stressed that international financial organisations have put significant pressure on governments to privatise social protection benefits and services, which has resulted in mass unemployment and greater financial insecurity for workers. Several unions also pointed out concerns around tax justice in their national contexts. **Giorgi Chanturidze** from the Georgian Trade Union Confederation made reference to a recent reform in Georgia to restrict an increase in taxes, thereby rendering extensions to social protection extremely difficult. **Jean Bossa** from SYNATRIB Benin highlighted the preferential tax treatment that foreign direct investors often receive in Benin compared to local businesses, which prevents governments from collecting tax revenues that could contribute to local development.

The importance of unions' work to publicly campaign against regressive social protection and tax reforms was stressed. Street demonstrations, industrial actions and social media campaigns are among the different strategies that unions are using. **Carolina Dantas** from the Trade Union Confederation of the Americas highlighted the particular success of Nicaragua, where a reform to significantly reduce pensions was cancelled following widespread protests from unions, civil society and the general public. **Juan Carlos Duran** from CTRN Costa Rica pointed participants' attention to a major strike that unions were organising that same week to protest against regressive tax measures.

Examples of unions' efforts to promote social protection extensions were also provided. **Sulistri Afrileston** highlighted the work of KSBSI, which has also organised several training and awareness raising sessions for its affiliates, including informal economy workers, about the new social security law. With every branch being further developed and implemented, KSBSI continues to play its advocacy role to improve the concrete implementation of the social security system. One big achievement for KSBSI, together with the Indonesian migrant workers' union SBMI, was the adoption by the Indonesian Parliament of the new Migrant Workers' Act on 25th October 2017 which creates the legal basis for the inclusion of millions of Indonesian migrant workers in the formal social security system which should increase their access to social insurance significantly.

Several participants, including **Yvel Admettre** from CTSP Haiti, also reiterated the challenges to financing social protection due to high levels of informal work. Participants in the meeting, nevertheless, stressed that the informal economy should not be seen as one large homogenous group that does not want to be formalised, nor pay taxes or social security contributions. Some groups are very eager to be part of social protection schemes. **Drissa Soare** from CNTB Burkina Faso illustrated this by highlighting how unions in

²⁶ ITUC-TUDCN (2016) [Social Dialogue for Sustainable Development in Uruguay, Ghana and Indonesia](#)

²⁷ See for instance the services provided by [SEWA Bharat](#)

²⁸ See for instance: <http://www.fgtbbruxelles.be/services/aide-sociale/> and <http://www.vlaamsabvv.be/art.cfm?pid=23015>

Burkina Faso have managed to successfully organise workers in non-standard forms of work and those in the informal economy – and in turn supported these workers to gain access to the social security system. Apart from developing a range of specific services as a union (such as legal aid), CNTB also conducts joint advocacy work with the ‘National Network on the Right to Social Protection’. In this network, they join forces with other social movements (such as a health mutual organisation, a micro credit institution etc) to have more impact on the policy agenda. **Yvonne Mujawabega** from CESTRAR Rwanda reported that a large number of Rwandan informal workers have a medical coverage provided by the Community Based Health Insurance and that with the promulgation of the new labor law (2018), the general social security scheme is now extended to all informal workers. She informed that CESTRAR has been very involved in this extension and celebrates it today. **Francisca Jimenez** from CASC-Dominican Republic recalled how, with the AMUSSOL programme in the Dominican Republic, trade unions have successfully managed to extend social protection to non-standard workers based on voluntary contributions, as well as promote their formalisation²⁹. In addition, she stated that they also have strategic cooperation with other social organisations in her country to push the social protection agenda. **Issoufi Maiga** from UNTM Mali highlighted the need for a comprehensive approach to financing social protection, consisting of institutional social protection reforms, formalisation of the informal economy and development of decent work.

Beyond such activities at the national level, unions are strongly active in shaping the international agenda on social protection. This is most evident in the negotiation of international labour standards, where unions successfully shaped the key provisions in ILO Recommendation 202 on Social Protection Floors and Recommendation 204 on the Transition from the Informal to the Formal Economy. Unions are also part of the supervisory processes for monitoring the implementation of ILO standards, including on social security. Unions also play an active role in the monitoring processes around the UN Sustainable development goals. Recently, unions have called on the implementation of adequate and accessible social protection floors for all with sustainable financing and the elimination of tax evasion at the annual United Nations High Level Political Forum³⁰. In the G20 process, trade unions have stressed the importance of comparable social protection for all, including those in non-standard forms of work and demanded greater employer responsibilities for contributions and fair taxation to underpin these extensions³¹. Unions are represented on the Social Protection Inter-agency Cooperation Board (SPIAC-B) as well as the Global Partnership on universal social protection.

In this context, several participants stressed that union advocacy work in favour of universal social protection systems should continue at the international level, and increased attention should be raised with regard to the importance of adequate, predictable financing for social protection. **Nicolle Maryvonne** from CFTD France indicated that such work at the international level can provide important support to back up unions in their national-level negotiations and advocacy efforts. Important spaces at the international level include the ILO, the G20, the UN Commission on the Status of Women, UN High-Level Political Forum for Sustainable Development, and in discussions with international financial institutions such as the IMF and World Bank. Unions will also consider how to make more frequent use of supervisory mechanisms at the ILO when ILO standards on social protection are not being respected.

Several participants pointed to the potential of greater international level support for financing social protection extensions. **Umesh Chandra Upadhyaya** from GEFONT Nepal specifically suggested

²⁹ World Solidarity (2016) [Amussol: informal workers have access to social security in the Dominican Republic!](#)

³⁰ See for instance the statement to the High-level political forum by the Workers and Trade Unions major group (2017) [Fighting Poverty and Promoting Equality](#)

³¹ See for instance the 2017 [L20 Statement to the G20 Labour and Employment Ministers' meeting](#)

benchmarking a specific amount for social protection within development assistance budgets. There was, however, a consensus that the State has the main responsibility in ensuring social protection, and it is, therefore, critical to build up independent domestic financing bases in the long term.

The usefulness of strategic partnerships between unions, civil society and other stakeholders was extensively mentioned. This is important to strengthen expertise on the topic, to generate greater political momentum for reforms as well as to gain recognition for the role these different organisations should play in transforming our social protection systems. Participants shared several positive examples of how such alliances could be developed. **Bart Verstraeten** from World Solidarity (WSM) explained how WSM has promoted multi-stakeholder networks, at the national and continental level, between trade unions and other social movements in order to extend the right to social protection to informal and rural workers. On the regional level, ITUC-Africa has partnered with several civil society organisation for the Stop the Bleeding campaign in an effort to curb illicit financial flows out of Africa³². In Burkina Faso, Guinea, Senegal, Mali and Togo, the involvement of trade unions and social movements in the design of recent social protection reforms has paved the way for the inclusion of informal economy workers in social protection systems³³. In Belgium, a large coalition of trade unions, development NGOs and mutual health organisations led a two-year campaign called “Social Protection for all” to promote the human right on social protection³⁴. At the international level, trade unions and civil society organisations have partnered together within the Global Coalition for Social Protection Floors, a network of over 90 civil society and trade union organisations, to conduct joint advocacy work, maximise representation in international fora on social protection (e.g., within the Global Partnership on Universal Social Protection) and exchange information and expertise³⁵.

Greater exchanges between unions could be facilitated in order for them to share their strategies to extend social protection and push back against austerity trends. **Ghislaine Saizonou** from ITUC-Africa made reference to the role of regional trade union bodies as well as the International Trade Union Confederation in facilitating these discussions. The ITUC highlighted the development of the Social Protection for Freedom and Justice Network, in partnership with the ILO, and encouraged participants to take part³⁶.

Some participants, including **Drissa Soare** from CNTB Burkina Faso, also suggested greater coordination between unions at regional or international level on their policy demands related to financing social protection. **Francis Kim** from ITUC Asia-Pacific highlighted that unions in the Asia-Pacific have agreed on general principles of taxation, which emphasise the importance of fair, efficient and sufficient taxation, effective tax collection, and avoidance of downward competition on taxes – whilst also recognising that there is no one-size-fits-all approach to taxation in the region. The development of similar principles within other regions or at international level might be considered.

Finally, participants, including **Michael Akupa** from LARRI Namibia, indicated that more research could be undertaken at national and international levels to estimate the cost of potential reforms and identify possibilities for creating fiscal space. Such research could highlight the benefits of social protection in supporting aggregate demand, skill development, formal employment and overall economic growth, and

³² See stopthebleedingafrica.org

³³ WSM and HIVA University of Leuven (2012) *WSM: a partner in synergies for development*; Ndaye, P. (2016) *L'implication des mouvements sociaux dans les politiques de couverture sanitaire universelle. Une étude comparative de 5 pays de l'Afrique de l'Ouest*

³⁴ ILO (2016) *Belgium: Mass campaign “Social protection for all”*

³⁵ See GCSPF (2017) *Statement to the IMF on the findings of the evaluation report and the IMF's approach towards social protection*

³⁶ For more information see here: <https://www.social-protection.org/qimi/Workers.action>

would help to illustrate to policymakers that extensions to social protections could be, in part, self-financing.

Key conclusions:

- Extending social protection to workers currently left out, including informal workers and those in non-standard forms of work, is essential. Improving access to social protection for such workers can help to strengthen the financing base of the social protection system overall.
- External donors can and should do more to support social protection systems in low-income countries initially, but it is critical to build up independent domestic financing bases in the long term. Larger allocations for social protection in development assistance and the creation of a Global Fund would both provide support for states to catalyse social protection financing and respond to shocks.
- The type of fiscal measures used to finance non-contributory social protection needs to be carefully considered, as this will inevitably influence the progressivity of the tax-system.
- Union advocacy work in favour of universal social protection systems should continue at international level – in particular with the ILO, the G20, the UN Commission on the Status of Women, UN High-Level Political Forum for Sustainable Development, and in discussions with international financial institutions such as the IMF and World Bank.
- Greater exchanges between unions at regional and international level on social protection would be helpful in order to allow unions to learn from each other's strategies as well as coordinate policy demands where useful.
- Strategic alliances between unions, civil society actors and academics and think tanks should be further developed. Such alliances can serve to generate political momentum for social protection extensions as well as develop the evidence base to support advocacy efforts.
- Further evidence should be developed at the national and international levels on the economic benefits of social protection. Such evidence can highlight that extensions to social protection can be, to some extent, self-financing.