

## Financing Universal Social Protection:

### Opportunities for Action at the National and International Levels

23 January 2023

#### Report of the discussion

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#### Background/Context

The ITUC and the INSP!R Network (supported by WSM, ACV & CM) meeting “*Financing Universal Social Protection: Opportunities for Action at the national and international levels*” took place at a crucial moment for the trade unions and civil society movements, at a time where increasing attention is given to the issue of financing social protection at both the domestic and international levels. In the wake of the COVID-19 pandemic, the international community picked up the urgency of closing the financing gap for social protection has emerged globally as a priority, in order to expand the coverage and ensure the adequacy of the support provided. However, despite the international commitments for universal social protection, financing gaps persist that impede countries’ abilities to improve the adequacy and coverage of their social protection systems.

There exist already a number of key international frameworks and agreements to extend social protection, including:

- UN Sustainable Development Goals, where target 1.3 commits to the objective of social protection systems for all (universal), including floors;
- International Social Security Standards, in particular ILO Convention 102, setting out minimum standards for social security systems and ILO Recommendation 202 on social protection floors, which provides guidance on how to ensure basic social security guarantees for all;

- The UN Global Accelerator for Jobs and Social Protection, which aims to channel investments to extend social protection to the 4 billion people who are still outside of any existing coverage.<sup>1</sup>

Despite these commitments and frameworks, the ILO estimates that 1.2 trillion USD is needed annually to fill the financing gap for low- and middle-income countries<sup>2</sup>. Since the outbreak of the COVID-19 pandemic, the financing gap for developing social protection floors has kept widening. Being investments to social protection closely associated with the level of coverage and the adequacy of the benefits provided, it will be necessary to redirect funds as well as to find new resources if universal social protection is to be achieved. In order to guarantee at least basic coverage for all through social protection floors, middle-income countries would need to invest the equivalent of an additional 4.1% of their national GDP, while low-income countries would need to invest almost 16% of GDP<sup>3</sup> - representing an insurmountable amount for them to fill on their own in the short term. As measures have to be taken to expand the fiscal space dedicated to social protection, different options are available at both the domestic and international level. Often, political will is all that is needed to strengthen social protection systems and achieve international goals.

This meeting continued the discussions set out in the first Global Conference for Financing Social Protection in 2018<sup>4</sup>. Within that meeting five years ago, it was already highlighted how financing social protection would be economically feasible in the majority of countries, for instance by stepping up fair and progressive forms of taxation, tackling informality and illicit financial flows, and by moving away from austerity measures. This meeting, which brought together over 60 representatives of trade unions and civil society from across the world, as well as academics, think tanks and representatives of international organisations, sought to present new evidence as well as take into account recent international debates and agreements related to the financing social protection. It also reviewed recent achievements that unions, often in collaboration with civil society, managed to achieve at national and regional levels in relation to social protection financing, with a view of developing some key lessons in terms of successful advocacy strategies. This meeting report provides a short summary of the deliberations and seeks to outline some key joint priorities identified. At the end of the report, a summary of key components of advocacy strategies identified during the session by trade unions' and civil society organisations' is also presented.

## Panel I: Financing universal social protection what is needed at the national and international levels?

The first panel discussed the topic of social protection financing with a focus on what is needed to finance extensions to social protection at the national and international levels.

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<sup>1</sup> ILO (2021) World Social Protection Report

<sup>2</sup> ILO (2021) Secretary General's Policy Brief "Investing in Jobs and Social Protection for Poverty Eradication and a Sustainable Recovery"

<sup>3</sup> Ibid.

<sup>4</sup> The webpage with the report and documents of the Global Conference on Financing Social Protection (2018) is available for consultation on the ITUC website.

**David Stewart**, Chief of Child Poverty and Social Protection at UNICEF, presented some recent developments that took place within the working group on financing social protection, which is part of the Global Partnership for Universal Social Protection (USP2030). In 2022, the working group elaborated a set of commonly agreed principles for financing universal social protection,<sup>5</sup> which should guide international and national financing. They are based on three main recommendations:

- A rights-based approach and international security standards should guide social protection financing, in order to ensure that human rights are key in the progressive realisation of universal social protection;
- National governments have to be the key actors for both the development and implementation of universal social protection. At national level, governments must do what is in their capacity to increase fiscal space through the multiple options available, as for instance choosing progressive tax systems, expanding social security coverage to unprotected categories of workers, and reassigning national budgets to ensure greater social spending overall;
- Where domestic resources cannot close financing gaps for social protection due to countries' limited fiscal capacity, increased and better coordinated international resources can be of crucial support to the expansion of social protection systems.

However, the international community has insofar failed to live up to its commitments.<sup>6</sup> **Diego Lopez Gonzalez**, Development Cooperation Policy Coordinator of ITUC, reported that international financial support for social protection is extremely limited, with only an average of 1.2% of existing Official Development Assistance (ODA) dedicated to social protection globally.<sup>7</sup> Despite the allocations of ODA to social protection have been slowly increasing during the past 20 years – and reached a peak in 2020 particularly in response to the COVID-19 pandemic – aid spending on social protection still remains far lower than spending dedicated to other social sectors such as education and health, which on average account for seven times more than what is allocated to social protection.<sup>8</sup> Within these terms, achieving SDG target 1.3 on universal social protection systems remains a distant future.

In addition, the role of international financial institutions was highlighted; over half of ODA towards social protection currently goes through Multilateral Organisation, much of which goes through the World Bank, and aid to social protection is often delivered in the form of loans rather than grants, risking to further contribute to unsustainable debt burdens. Moreover, such support is often accompanied by policy prescriptions and conditionalities that can limit receiving countries' space for action.

He emphasised that the global trade union movement is calling for increasing the share of ODA to social protection to at least 7% by 2030, and to enhance international cooperation through a

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<sup>5</sup> USP2030 (2022) [Joint Statement on Financing Social Protection](#)

<sup>6</sup> Bierbaum and Schmidt (2022) Investing more in universal social protection

<sup>7</sup> Marcus Manuel (2022) Assessment of potential increase in domestic and external financing for social protection in low-income countries

<sup>8</sup> Ibid.

global fund for social protection to provide financial and technical support for building sustainable social protection systems.

For this discussion, it is crucial to be aware of the key role that international financial institutions (IFIs) play while developing and promoting policies on social spending. Director of Global Social Justice, **Isabel Ortiz** presented research<sup>9</sup> based on IMF data, on budget cuts and harmful social reforms in 2020-25, particularly affecting women. The majority of governments in both developing economies and high-income countries are undertaking austerity measures, including by targeting social assistance programs, covering only a percentage of the poor and excluding many women, families, elderly, persons with disabilities. Many countries are also embarking in pension and social security reforms, adjusting or reducing benefits and entitlements, leaving older persons with lower pensions. Such cutbacks to social protection systems means cutting one of the most redistributive public policies, contributing to greater inequalities. In addition, as a way to support enterprises, many governments are reducing employers' social security contributions, undermining the sustainability of social security systems and shifting the financing burden onto workers. As many as 91 countries are implementing wage bill cuts or caps, and 60 countries labour flexibilization reforms. Countries are often constrained by IFIs to minimise their public sector expenditures, however these reforms are not necessary. Rather than cutting public expenditures, governments can identify new financing sources – or fiscal space. She highlighted that alternatives to create fiscal space for social protection exist even for the world's poorest countries. Options for expanding fiscal space for social protection include<sup>10</sup>:

- Increasing progressive taxation such as wealth/income taxes, taxes on windfall profits, taxes to the financial sector, to natural resource extraction, and innovative forms of taxation such as carbon taxes;
- Restructuring or eliminating debt;
- Eradicating illicit financial flows,
- For social protection, increasing contribution rates (particularly for employers), including by formalising workers in the informal economy with good contracts;
- Re-allocating public expenditures e.g. reducing defence
- Increasing ODA and transfers to social protection, and reviewing Special Drawing Rights' allocations.

There are alternatives to austerity and these must be transparently discussed in national dialogue. Decisions that affect the lives of millions of people cannot be decided behind closed doors at the Ministry of Finance. Austerity measures adopted by governments are expected to negatively affect around 85% of the global population in 2023 and it is urgent that social partners as well as civil society organisations voice their opposition to such reforms and call for national dialogue to transparently agree on optimal solutions. She urged participants to join the global End Austerity Campaign.<sup>11</sup>

Overall, with competing budget priorities, it is important for national governments and social partners to be aware of the options that are available to finance social protection domestically. **Diloá Bailey-Athias**, Economist at Development Pathways, discussed some recent research undertaken by Development Pathways for the ITUC, highlighting the economic benefits of increased investment in

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<sup>9</sup> Isabel Ortiz, Matthew Cummins (2022) [End Austerity: A global report on budget cuts and harmful social reforms in 2022-25](#) published by ITUC and others.

<sup>10</sup> ILO and UNWOMEN (2019) [Handbook on Fiscal Space for Social Protection: Assessing Financing Options](#)

<sup>11</sup> See: [End Austerity Campaign: https://endausterity.org/](https://endausterity.org/)

social protection, as well as a follow-up report reviewing a number of tax-financing options available to finance such extensions, but also their impacts on household income, employment and GDP.<sup>12</sup> The analysis simulating the impacts of investing an additional 1% of GDP across different economic sectors, found that financing social protection through regressive taxes such as consumption taxes (i.e., VAT) performs poorly not only in terms of household income, but also in terms of employment and overall economic performance. Financing extensions to social protection through progressive forms of taxation—such as progressive income tax, corporate taxation and capital taxes—can maximise the social, employment and economic benefits of social protection. Such forms of taxation generate much better outcomes in terms of redistribution and improvement of incomes for poor households, as well as lead to increased employment and GDP.<sup>13</sup> Governments should therefore seek progressive taxation as means of increasing fiscal space and enabling additional funds to be allocated towards social protection.

In the debates that followed the presentations, **Boitumelo Molete** from the South African Confederation of Trade Unions (COSATU) highlighted how high debt burdens were constraining many countries to make the necessary investments in social protection. It will be essential to consider how renegotiating debt and debt relief can contribute to addressing the financing challenges for social protection. **Juan Pablo Martínez** from the Trade Union Confederation from the Americas (TUCA) stressed the role of international financial institutions should play in supporting social protection extensions, rather than directing states to cut back on social spending, encouraging regressive modes of financing (e.g., increasing VAT) as well as promoting the privatisation of social security, which has been shown not to be effective in addressing sustainability concerns while it has had a detrimental impact on equity in social protection coverage. Martínez also pointed out the challenges of informality in Latin America and how efforts to formalise the informal economy can both contribute to strengthening the financing base of social protection, through ensuring a greater pool of taxpayers and contributors to social security, as well as providing strengthened rights and protections to these workers and reducing their economic vulnerability. **Graciela Lopez**, from the Latin American Network of Women Transforming Economy (REMTE), moreover stressed how financing of social protection is a highly gendered issue; women's underrepresentation in the formal labour market and the lack of recognition of women's unpaid care work leads them to often be penalised within contributory social security systems, resulting in their frequent exclusion from social protection systems, or lower benefit levels when they are eligible for support. Addressing gender gaps in social protection financing and coverage requires policies that valorise unpaid care work into social security systems, ensure adequate social protection floors, as well as support greater gender equality in the labour market.

## Panel II: Universal Social Protection to achieve a recovery for people: Civil society organisations and trade unions in action

**Ajay Kumar Rai**, Vice-President of NTUC Nepal, started with a brief overview of the current achievements for extending and strengthening social protection in Nepal. Social protection has a long

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<sup>12</sup> ITUC (2022) Investments in social protection and their impacts on economic growth – tax financing options

<sup>13</sup> Ibid.

tradition, however, a few decades ago it was limited to only civil servants and the public service. This started to change in 1995-1996, with the implementation of a universal old age allowance of 100Rs for all elderly above 75 years old. A second milestone was achieved with the adoption of the Social Security Act in 2017. This act on contributory social security includes all workers, irrespective of their status. In January 2022, a minister-level decision was made to include informal, self-employed, and migrant workers in the contributory-based social security programme. The implementation of this programme should be official from April 2023. The policy provides for the government to add 9.37% of the basic salary of workers while the workers contribute 11%, even though it is still ambiguous whether the government will concretely implement this measure.

For the Nepali trade unions, united in the ITUC-NAC (ITUC-Nepal Affiliated Council), the focus is on the implementation of the Social Security Act. In the country, the biggest challenge is to cover the informal economy workers and the self-employed, therefore, the unions are encouraging and helping the workers to register themselves at their municipality. Local unions are organising various awareness campaigns at the grassroots level in cooperation with the provinces and the districts.

Concerning international cooperation, Brother Ajay stressed the need for continued capacity strengthening for trade unions and civil society and to help facilitate broad cooperation between unions and civil society, to be able to take up their legitimate role in the design and the implementation of the social protection policies.

**Ghislaine Saizonou-Broohm**, Coordinator for Equality and Social Protection of ITUC Africa, explained how the African Protocol for Social Protection<sup>14</sup> came about, mentioned its strengths and its potential to effectively strengthen social protection in Africa.

It took 5 years of intense work in a broad coalition of ITUC-AFRICA with a range of other civil society organisations, particularly the Africa Platform for Social Protection (APSP), to achieve this important result for social protection in Africa. During these years of joint campaigning there was strong cooperation and agreement on the vision the protocol should express. This helped to ensure that the protocol is a strong document, with solid definitions. It is also very comprehensive. The protocol considers social protection as a right for all during the entire life cycle, with specific attention for women, the family, migrants, refugees, and displaced persons, and includes all components of social protection as well as a range of essential social services like housing, water and nutrition. The protocol is also fully complementary with ILO social security standards, including Convention 102 and Recommendation 202.

It also covers all major challenges like the informal economy and the specific context of rural areas. It calls for an end to tax evasion, for actuarial evaluations, adequate allowances and services, transparent budgets and calls the governments to include the right to social protection in the constitutions and to draft national plans for social protection.

The protocol has been adopted by the African Union in February 2022, but it will enter into force after 15 member states have ratified it. At the beginning of 2023, only one country has ratified the protocol.

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<sup>14</sup> African Protocol for Social Protection  
[https://au.int/sites/default/files/newsevents/workingdocuments/36350-wd-e-protocol\\_on\\_social\\_protection\\_and\\_social\\_security.pdf](https://au.int/sites/default/files/newsevents/workingdocuments/36350-wd-e-protocol_on_social_protection_and_social_security.pdf)

One of the strong points is the connection with the African Human Rights Charter,<sup>15</sup> The fact that the protocol is an answer to the ‘desiderata’ of the heads of state in Africa is certainly a success factor. Therefore, there is a basic political will to work on its approval and implementations.

However, there are some remaining challenges.

First, all countries have to go through the process of individually signing and ratifying the protocol. There is also a big need for information and awareness raising. Even some ministers of foreign affairs in some of the countries do not know about the protocol yet. A big job lies ahead for rendering the protocol understandable and widely known. Civil society and trade unions might not all be well informed either, while their role in pushing their governments to sign and ratify the protocol will be key.

International solidarity and support are element also included in the protocol, since the text calls on the governments to ensure coordination and to strengthen development partners’ support for sustainable financing of social protection.

**Alexandra Arguedas**, the regional coordinator for INSP!R Latin-America and Caribbean, talked about the need for a transition to a ‘care society’, and the campaign INSP!R is launching in the Dominican Republic, together with other social organisations.

She first explained the *regional context on the issue of transition to a care society*. Social protection systems are fundamental elements in national governance. They embody the social values of a society and have three main objectives: to ensure access to essential goods and services for all members of society, to promote active socio-economic security, and to foster individual and societal potential for poverty reduction and social development. Social protection is an investment in the social and economic development of societies and individuals.

The welfare regimes or social protection systems in the region are built on three pillars: health, education, and social security. Depending on the country, each has its own characteristics and degrees of development in terms of coverage and quality of benefits.

Together with health, education and social security requirements, there is a fourth element, care, which, in addition to fulfilling a relevant social function, is a need that arises throughout our lives. Firstly, because all people, at all times in their lives, require care.

Gendered divisions of labour and the unfair social organisation of care reinforce the structural knots of gender inequality in the region that generate unfavourable conditions for women, who are overrepresented in the lowest income groups and with the highest levels of exclusion in the world of work. In addition to the precariousness of women's living conditions, the COVID-19 pandemic has highlighted the centrality of care in the functioning of economies and societies and has made it irrefutably clear that its current organisation is unsustainable and unjust.

Within the INSP!R-Latin America and the Caribbean network and its member organisations, the scope of the care society, of a universal social protection and welfare system, and how to think beyond capitalist and neoliberal logic, has been explored in depth.

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<sup>15</sup> African Charter on Human and Peoples’ Rights: <https://au.int/en/treaties/african-charter-human-and-peoples-rights>

The urgency of the moment requires a change in the development model that places care and the sustainability of life at the centre. In this sense, the creation of Integrated Care Systems as a fundamental pillar of social protection to advance towards a structural and comprehensive proposal that guarantees the rights of people who require care, as well as the rights of the people who care for them.

**After this, Ms. Arguedas explained how networking of participating organisations has reinforced the calls of the campaign and the workers' movement.**

This network advocates for a real recognition of the need for countries to complement traditional social protection with a care pillar and for states to act urgently to recognise, redistribute and reduce unpaid care work. The creation and consolidation of this new pillar of social protection based on care does not obviate the need to continue to strengthen the other pillars, each in itself and in relation to the others. Moreover, the existence of the care pillar is an opportunity to increase the efficiency of the other welfare pillars and thus strengthen the social protection systems in the region.

This is because care as an axis of social protection, in addition to having an end in itself, it contributes at the same time to responding to situations related to the other pillars, which cannot be addressed without the articulation and coordination of actions.

The network recognised some main challenges to be the persistence of gaps between men and women in the labour market, wages, quality employment, and access to social protection and social security, as well as of a social organisation that assigns paid and unpaid domestic and care work to women, together with the insufficiency of care policies and services that ensure co-responsibility between gender and between the state, the market, families, communities, and individuals.

As part of the actions, it has been agreed to carry out a campaign on the Transition to a care society, an issue that organisations in the Dominican Republic have been working on in coordination with the INSP!R Network and ISCOD (Workers without borders of UGT Spain).

Furthermore, the elaboration of an INSP!R Network study articulated with ECLAC (CEPAL) will provide examples of clear strategies that contribute as tools for advocacy work at the national level.

The strengthening of **strategic alliances** not only at the regional level, but also at the national level, is crucial to advocate for countries to:

1. Adopt measures that effectively promote and protect the human and labour rights of all domestic workers, in accordance with International Labour Organization Convention No. 189, and urge governments that have not yet done so to ratify and implement that Convention;
2. Promote measures to overcome the gender division of labour and move towards a fair social organisation of care, within the framework of a new style of development that promotes gender equality in the economic, social, and environmental dimensions of sustainable development.

**To conclude, Ms Arguedas shared her opinion on how a Global Social Protection Fund could contribute to supporting formal care and social protection services.** She believes a global fund on social protection would be essential to provide concrete support through technical assistance to help countries to promote recovery plans with affirmative actions, and to achieve substantive equality, which promote comprehensive care systems, decent work and the full, meaningful and equal participation of women in leadership positions in strategic sectors of the economy to achieve a transformative recovery with gender equality oriented towards the sustainability of life and to move towards the society of the care.



## Summary of key conclusions

Despite the wide range of participants within this meeting from across the world, a number of key points of common agreement were reflected, as well as joint priorities for action identified:

- **Strengthened financing for social protection is needed at both domestic and international levels** in order to achieve agreed international commitments to extending social protection. Governments must look at both increasing the share of existing resources being allocated to social protection, as well as the overall level of resources allocated (in terms of both domestic tax revenues, as well as overall ODA commitments);
- **Filling financing gaps for social protection should be seen as an investment** in people, with the potential to drive economic growth, reduce poverty and inequality, promote employment and overall economic performance;
- **Governments must urgently reconsider austerity measures** and instead look at options to mobilise fiscal space for social protection, including through increasing progressive tax revenues;
- **Extending social protection is affordable for most countries.** Governments have a variety of means at their disposal to create sufficient fiscal space for social protection including through increased progressive tax revenues, expanding social security coverage and contributory revenues, reallocating public expenditures, and fighting tax evasion, tax avoidance and illicit financial flows;
- **Increased international solidarity for social protection is needed, especially for the world's poorest countries who are unable to leverage sufficient resources alone in the short term.** An **increase in the share of ODA to social protection** to at least 7% of all ODA by 2030 would allow for a significant increase in the coverage of social protection and would as education and health. A **global social protection fund** would moreover serve to mobilise and coordinate international financial assistance towards social protection in order to close coverage gaps.
- **There is an urgent need for international financial institutions to reconsider their current lending policies and policy advice in order to better support the extension of social protection coverage with adequate benefits.** Addressing countries' high debt burdens, including through debt relief, is also necessary to support adequate and sustainable financing for social protection.
- **Financing structures for social protection systems can have gendered outcomes.** The undervaluing of women's unpaid care work in contributory systems often penalises them, while the low adequacy and coverage of non-contributory schemes, which women disproportionately draw on, further contributes to their economic insecurity. It is important for women's unpaid care work to be adequately counted within contributory schemes, while strengthening social protection floors can help reduce gendered poverty gaps.
- **Defining national priorities for (financing) social protection should be based on the experience of trade unions and civil society** organisations in organising workers in all sectors and environments (women, formal and informal workers, young, elderly). Together, they know the priorities, they have developed social protection initiatives, and know what works and what doesn't.

In addition, participants in this meeting highlighted how **Trade Unions and civil society organisations have been successful in advocating for adequate financing for social protection when they work in coalition with each other** – [as it is the case with the INSP!R-network](#) – mobilising their respective memberships and mandates to achieve widespread public and political support for change, and to secure their place around the negotiating tables through different forms of institutionalised dialogue. A number of key components of successful joint advocacy strategies were highlighted, which are summarised in the box below.

**Components of successful advocacy strategies, in summary:**

- **Identify the advocacy objective**, i.e., what needs to change
- **Analyse your targets**, i.e., identify who to be influenced in order to effect change
- **Consider your message** and how you can influence your targets
- **Identify your advocacy method(s)**: lobby meetings, public campaigning, organizing, media and communication
- **Plan**: Map managing risks, monitoring progress
- **Identify partners to boost visibility and support**: trade unions, civil society organisations, think tanks, academics, political parties, public figures