



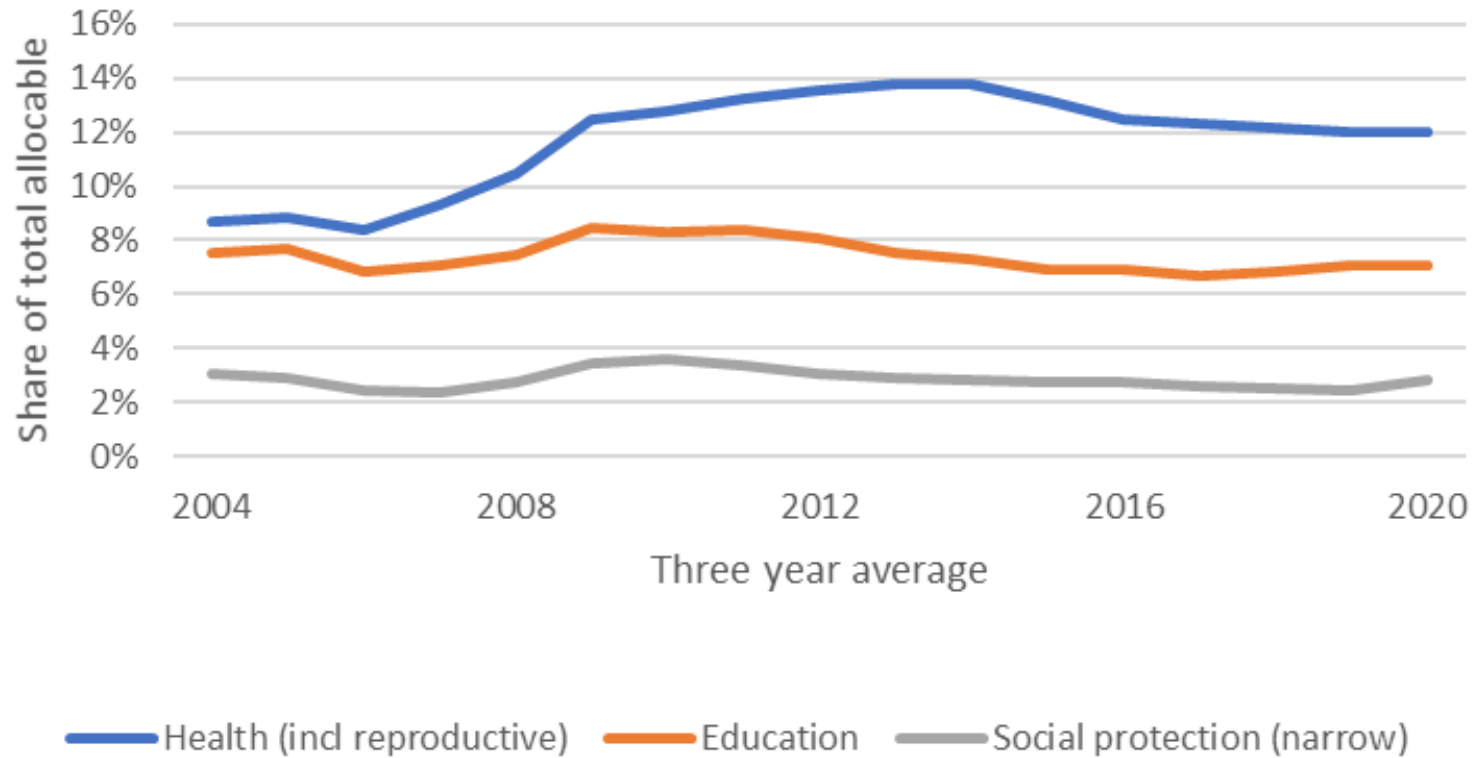
# An ODA target for social protection

ITUC Webinar, 22 April 2022

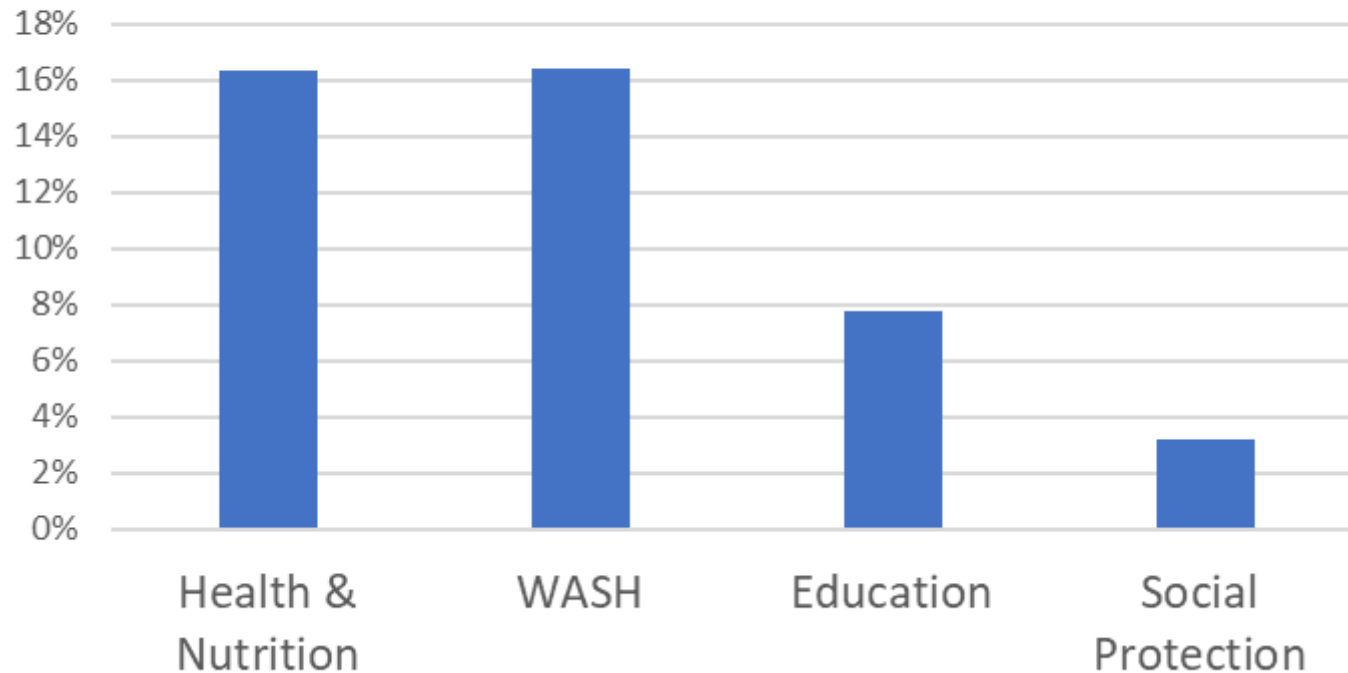
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All views my own. Funding acknowledgment to Bill & Melinda Gates Foundation, Brot fur die Welt and GIZ

## Aid allocations



## Aid as % of external financing gap in low-income countries



# “Fair share” for social protection

## Top down

- 1) Mirror OECD’s own spending patterns
- 2) Match OECD’s health & education aid share – treat aid for social protection consistently with health and education

## Bottom up

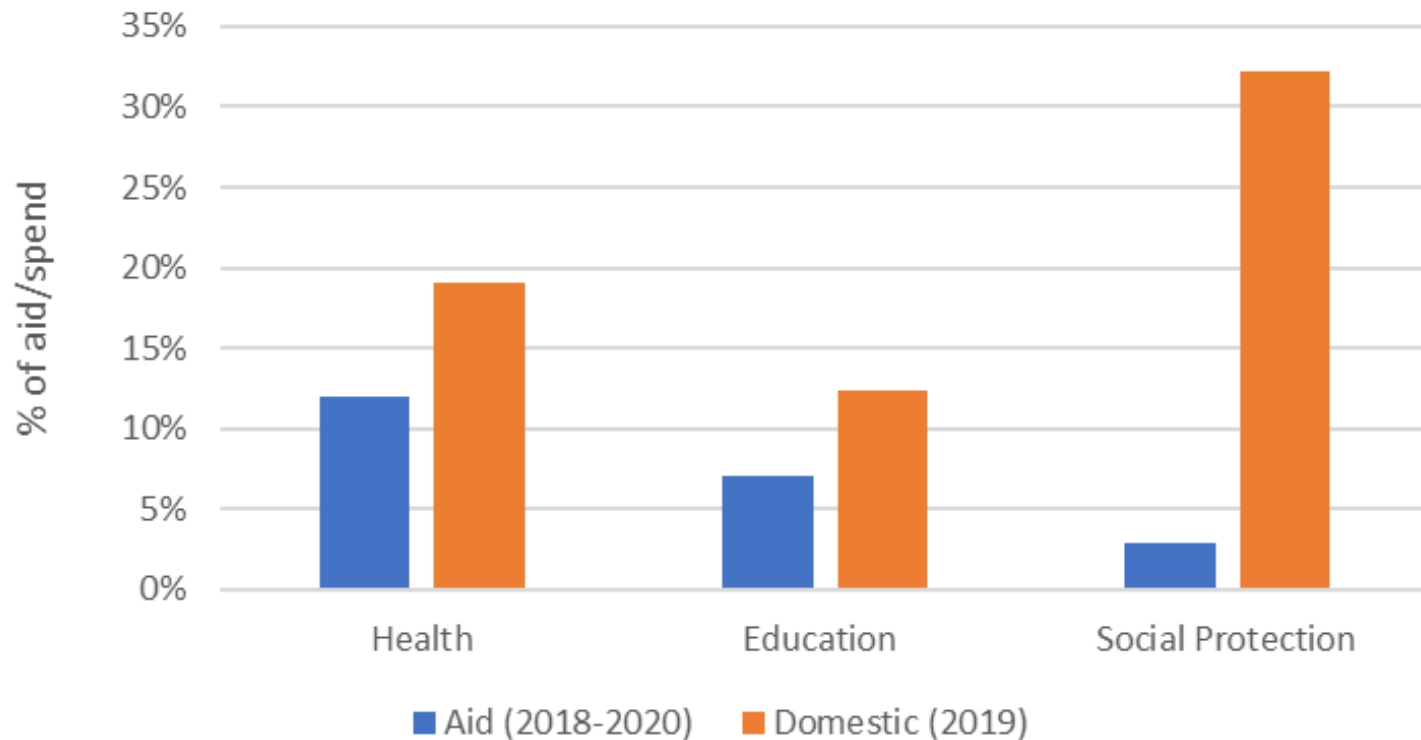
- 3) Treat all SDGs equally – allocations in proportion to costs
- 4) Match internationally agreed spending targets

# (1) Mirror OECD own spending patterns

“Do to others what you do yourself”

Aid should receive the same share as OECD countries allocate for social protection in their own countries.

## Allocation of aid v domestic spending



## (2) Match OECD's health & education aid share

OECD share for combined health & education aid is 40% lower than share in OECD countries' own spending

This makes room for higher aid shares on infrastructure

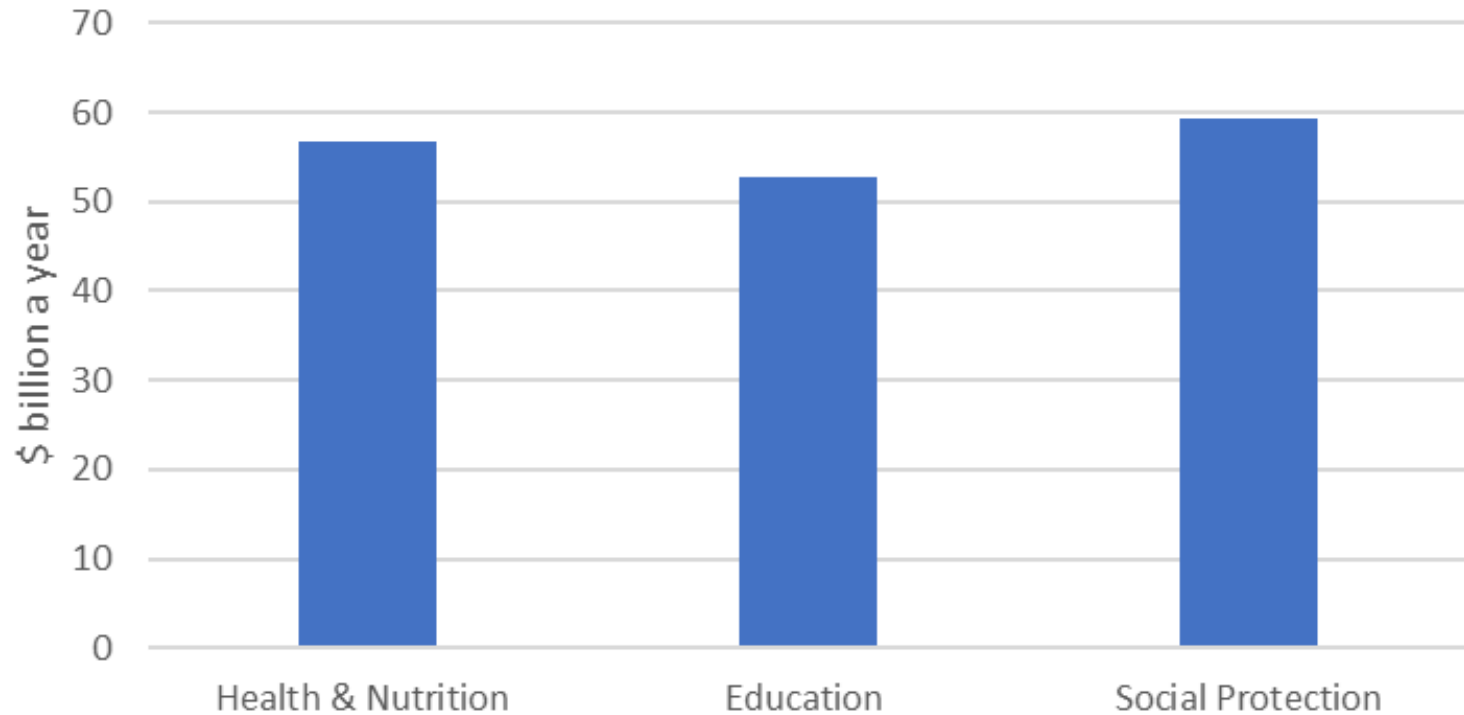
Scaling back OECD share of own spending on social protection by same factor as for health & education implies social protection aid share would be 19%

### (3) Treat all SDGs equally

Treat all SDGs equally implies allocations should be in proportion to costs.



# SDG costs



### (3) Treat all SDGs equally

Treat all SDGs equally implies allocations should be in proportion to costs.....

SDG costs of health; education and social protection very similar.

Social protection aid share should be similar to health (12%) and education (7%) so set at average of 9.5%

## (4) Match internationally agreed spending targets

- African governments: education, health, agriculture and sanitation
- World Bank and UNDP: energy, transport and water
- African governments: basic social protection floors (ILO costed at 4.5% of GDP).
- BUT for low-income countries – whose total taxes on average are 14% of GDP – these targets add to more than 100% - and they still need to fund justice, public administration and defence

Sector	Source	GDP share	Budget Share LIC
Education	Maputo 2000		20%
Health	Abuja 2001		15%
Agriculture	Maputo 2003		10%
Social Protection	Windhoek 2008	4.5%	32%
Sanitation	eThekweni 2008	0.5%	4%
Water	UNDP		
Energy & Transport	World Bank	9.6%	69%
<b>Total</b>			<b>166%</b>

## (4) Match internationally agreed spending targets

Need to make targets consistent

- Assume maximum for social sector (health, education & social protection) = 50% NB OECD average = 64%
- Scale back all targets to fit within this for both low-income and lower middle-income countries
- Implied social protection share = 14% (2.9% of GDP) or 21% (4.5% of GDP)

Summary of possible approaches to establishing “fair” share for SP	“Fair” aid share
(1) OECD own spending	32%
(2) OECD health & education aid	19%
(3) SDG costs	9.5%
(4) Spending targets	14% or 21%

# Increasing social protection's share of aid

## Examples from other sectors (mixed experiences)

- HIPC debt relief – defined country list based on eligibility cut-off
- “No country unable to afford universal primary education”
- global funds
- climate finance \$100 billion target
- EU support for all social sectors – 20%

## Practical issues

- Definition – what counts as social protection aid (see DI 2015); what proportion (value of food aid?)
- Realism – one element – intermediate target of 7% rising to 14% (see Socialprotection 2022)

# Why re-balancing social protection aid matters

## Impact on other sectors

- Enables access to education, health, water and justice services
- Facilitates adaptation to climate change
- Reduces impact of humanitarian disasters

## Impact on reach

- 7% of existing aid would enable all countries to fund social protection for children aged 0-3



# References

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