Global Conference on Financing Social Protection

Brussels, 17 – 18 September 2018

Background and steering questions for discussion

Introduction and context

Well-designed social protection systems are essential tools for eliminating poverty, as well as driving factors in boosting employment, fostering skills development, formalising work, reducing inequality, sustaining aggregate demand, and supporting inclusive economic growth and development[1]. Nevertheless, even with social protection having been enshrined as a human right decades ago[2], 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 protection[3].**

Some groups are disproportionately at risk of being left out. 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 requirements[4]. Globally only 26.4% of working-age women are covered by contributory old-age protection, compared to 31.5% of the total working-age population[5]. In North Africa, 63.6% of elderly men receive an old-age pension, but only 8.0% of women do. Workers in non-standard forms of employment are often less likely to be covered as well[6]. In many countries, individuals living in rural areas are also less likely to be covered by social protection benefits and services. In Africa, 83% of people living in rural areas are excluded from legal healthcare coverage contrasted by 61% of the urban population[7].

In addition to the low coverage of social protection, **the inadequacy of benefits is a major issue in many countries,** compromising many people's ability to live in dignity. OECD data shows, for instance, that the level of minimum social assistance benefits in most OECD countries is well below the OECD poverty line (half the median household income)[8]. In Bulgaria, minimum social assistance benefits amount to 35 Euros a month, but the cost of food alone for a single person is estimated at 175 Euros per month[9]. In Chile, 71% of retired persons indicate that their pension is not effective in covering their basic needs[10]. In many

[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*

[4] ILO (2016) *Women at Work: Trends 2016*

[5] ILO (2014) *World Social Protection Report 2014-2015*

[6] OECD (2018) *The Future of Social Protection: What works for non-standard workers?*

[7] ILO (2017) *World Social Protection Report 2017-2019*, Chapter 5.

[8] OECD tax-benefit model, latest data available (2014/2016)

[9] When comparing social assistance benefit levels within EU MISSOC comparative tables and the levels of EU food baskets

[10] Statcom (2014) *Encuesta de opinión y percepción del Sistema de Pensiones en Chile*

countries across the world, quality concerns for essential services such as health care continue to persist, as well as long waiting periods and staff shortages compromising the timely and effective provision of these services[11].

Significant cutbacks in social spending have also been observed in in recent years. As a result, many states 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 (e.g. unemployment 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 countries[12]. A further challenge is the increased targeting of social assistance schemes that has been proven to lead to many people who should be eligible for these benefits to be left out. It also has been shown to often undermine the popular and political support for extension of these schemes on the long term[13].

At the international level, there has been renewed and increasing commitment to extend social protection – as demonstrated through the adoption of UN Sustainable Development Goals 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', as well as the recent establishment of the Global Partnership on Universal Social Protection[14]. These commitments have reaffirmed existing international agreements and labour standards on social protection, most notably ILO Convention 102 on Social Security and Recommendation 202 on Social Protection Floors. That being said, 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.

This conference thus aims to identify the challenges to financing social protection and to explore the solutions available both at the national and the international level. It also seeks to discuss the role of trade unions in the advocacy, design and delivery of social protection reforms, with the intention of developing a common trade union agenda on the topic.

Session 1: Identifying the costs of social protection reform

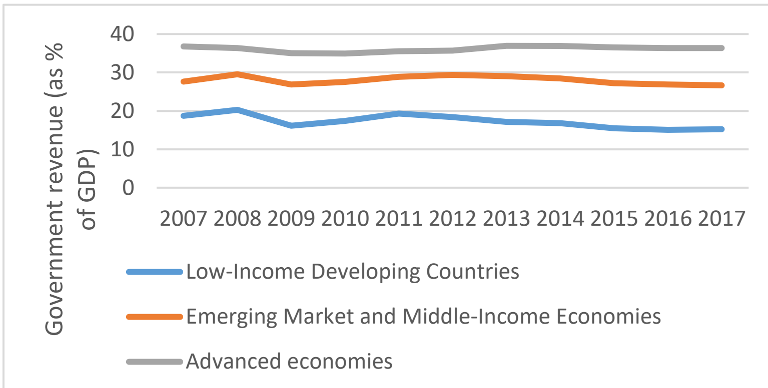
How can we identify the costs of social protection reform and what are the main challenges to financing social protection?

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.

[11] See for instance the responses to the ILO General Survey on social protection floors (2019) by CUT and CTC Colombia and BNS Romania
[12] See for instance ITUC (2017) *The Future of Work*
[13] Kidd, S. (2015) *The Political Economy of 'Targeting' of Social Security Schemes*
[14] See http://www.social-protection.org/gimi/gess/NewYork.action?id=34; ILO (2016) World Bank, ILO launch global partnership for universal social protection

Compared to advanced economies, low- and middle-income countries have **relatively low tax revenues** (See figure below). This is partly due to limited financial infrastructure, low wages making it difficult to pay contributions and high levels of informality, which make it difficult to raise income taxes[15]. Another complicating factor are the **high 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 respond[16].

Figure: Government revenue (as % of GDP)



Source: IMF DataMapper (most recent values)

Demographic changes, and especially not adequately and timely adjusting policies to handle these changes, can complicate long-term sustainable financing in some countries. In many countries, a reduced share of the working-age population relative to older persons as well as increased demand for old-age pensions and health care[17]. Worldwide, the old-age dependency ratio (population aged 65 years or over to the population aged 15-64) will more than double by 2050, from 15.4% in 2015 to 33.4%. The largest increases will be in Latin America, the Arab states and Asia, where the average dependency ratio will triple over this period[18]. The opposite phenomenon can however be observed in many low and middle income economies, whereby a much larger share of the population is comprised of children and youth relative to older adults (i.e., ''youth bulge'')[19].

In some countries, the **increasing prevalence of atypical work contracts and the flexibilisation of the labour market** present another challenge to the financing of social protection[20]. Many traditional social protection schemes, especially those financed by contributions, exclude self-employed workers and workers with short-term contracts. Furthermore, 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

[15] De Schutter, O. & Sepúlveda, M. (2012) *Underwriting the Poor: A Global Fund for Social Protection*,
[16] 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*
[17] See European Commission (2015) *Pension Adequacy Report*
[18] ILO (2017) *World Social Protection Report 2017-2019*, Table A.1
[19] World Bank (2012) *Youth Bulge: A Demographic Dividend or a Demographic Bomb in Developing Countries?*
[20] OECD (2018) *The Future of Social Protection: What works for non-standard workers?*

protection systems to ensure protections for these workers[21]. 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.

Despite these financing challenges, **the costs of universal social protection are far from insurmountable.** The ILO reports that with only 2 to 6 per cent of global GDP the total costs of comprehensive social protection for the entire world population could be covered[22]. More recently, the **Friedrich-Ebert-Stiftung's (FES) Social Protection Floor Index (SPF-I)** has estimated the amount of resources needed to realise universal access to adequate essential health care and basic income security for people of all ages in a large number of countries – giving policymakers and advocates of Social Protection Floors a much needed tool for achieving SDG 1.3. The SPF-I ranks 150 countries based on the additional resources needed as a percentage of GDP. The results from the index show that **in the short term 71 countries could achieve 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 of 10 per cent of GDP or more[23]. Particularly for these latter cases, international sources of support would need to be seriously considered in order to account for these financing gaps.

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. Such analyses are important to shed further light on exactly which types of schemes need more funding to reach those that are still excluded from social protection coverage, how such schemes can be administrated, and where the financing could be leveraged. During the conference, feasibility studies for selected Latin American countries will be presented to provide examples of what such an analyses can consist of and how they can be undertaken.

Steering questions for participants

- What are the biggest challenges to financing social protection, and how can these be addressed?
- How are changes to the labour market (rise of non-standard forms of work, digitalisation, automatisation) affecting the financing of social protection?
- How can we identify the costs needed to finance social protection reforms?
- Which countries need to increase their financial resources the most to attain universal social protection floors?
- What can we learn from Latin American examples presented, and where could further research be useful?

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

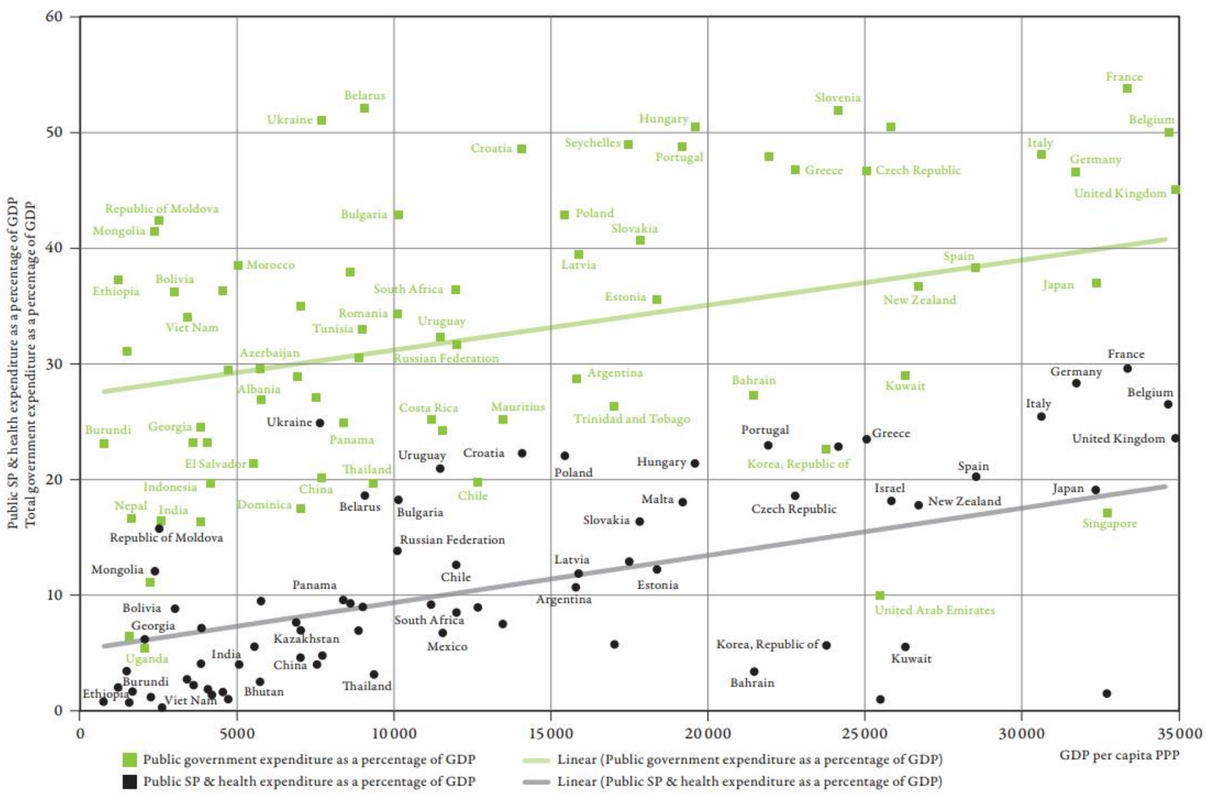
How can we expand social protection to all and ensure sufficient fiscal space at the national level?

---

[21] WSM (2010) *Social Protection: A question of social change. The vision and strategies of social movements*
[22] ILO (2008) *Can low-income countries afford basic social security?*
[23] Bierbaum, M., Schildberg, C. & Cichon, M. (2017) *Social Protection Floor Index Update and Country Studies*

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 (See figure below). 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. Ortiz, Cummins and Karunanethy (2017) have identified several methods available to increase fiscal space, which include re-allocating 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 framework[24]. A discussion on some of the most relevant methods for this conference is further elaborated below.

Figure: Total public expenditure and social expenditure at different levels of GDP per capita, latest available year



Source: ILO (2010) Extending social security to all: A guide through challenges and options

Re-allocating public expenditures

In cases where there is no space to expand the government budget, **reprioritisation and reallocation of public spending can allow for more investments in social protection.** Thailand provides one example of how public spending can be reprioritised: From the 1970s to the 2000s, Thailand significantly decreased its

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

military spending and used the freed-up budget to implement its Universal Health Care Scheme. This scheme now provides coverage to the one third of the Thai population that was previously excluded from healthcare coverage[25]. However, such large reallocations require strong political will, as they inherently require a reprioritisation of spending. Another method that could be employed would be to enhance the cost-effectiveness of other spending areas and use budgetary savings from such efficiency gains towards increased investments in social protection.

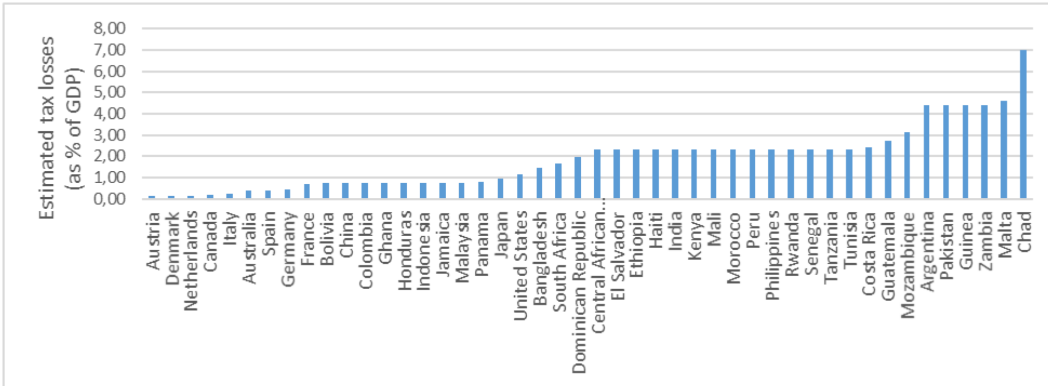
Increasing tax revenues

Increasing social spending may require increases in tax revenue. This can be done by raising tax rates, broadening the tax base, reducing the use of regressive tax exemptions and privileges, and/or improving compliance. Introducing or increasing progressive income taxes, corporate taxes, taxes on natural resources, capital gains taxes and/or taxes on financial transaction are all examples of possible strategies that might be considered. For example, until 2016 Brazil collected on average $20 billion additional government revenues per year, thanks to the innovative use of a financial transaction tax on shares, bonds and other financial instruments[26]. For some other states, increasing import and export tariffs may also be a viable option. 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[27]. Economic growth can also allow for increased tax revenues and additional resources to be allocated to social protection without increasing the tax/GDP ratio. For each country, a different mix of strategies will be optimal to mobilise domestic revenues and fund social protection schemes.

Enacting measures to tackle tax evasion and illicit financial flows might also bring significant revenues to some states. The OECD has concluded that governments worldwide are losing $100-$240 billion each year in tax revenues due to tax-base erosion and profit shifting (BEPS) by multinational enterprises[28]. It is estimated that globally $600 billion in tax revenue is lost annually due to tax avoidance; the OECD estimates that developing countries lose almost three times as much to tax avoidance and tax havens than they receive in development aid[29]. A report from the African Union's High Level Panel on Illicit Financial Flows conservatively estimated that illicit financial flows from Africa amount to $50 billion every year[30]. The Tax Justice Network (TJN) has estimates that tax losses due to tax avoidance measures are 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 Chad. The figure below shows the estimated annual tax losses for selected countries[31]. It illustrates that low- and middle-income countries miss out on tax revenue disproportionately. Limiting these illicit flows of resources could increase governments' budgets significantly.

[25] Ortiz, I., Cummins, M. & Karunanethy, K. (2017) *Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries*
[26] ILO (2016) *Delivering Social Protection for All*
[27] Ortiz, I., Cummins, M. & Karunanethy, K. (2017) *Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries*
[28] OECD (2015) Measuring and Monitoring BEPS, Action 11
[29] Cobham, A. (2017) *Estimating tax avoidance: New findings, new questions*, Gurría, A. (2008) *The global dodgers*
[30] Report on the AUC/ECA High-Level Panel on Illicit Financial Flows (2017)
[31] For more details see: Cobham, A. & Janský P. (2017) *Global distribution of revenue loss from tax avoidance: Re-estimation and country results*

Figure: Estimated tax losses in selected countries (as % of GDP)



Source: Tax Justice Network (2017) based on data from the ICTD-Wider Government Revenue Database

Expanding social security coverage and contributory revenues

Raising social security contributions can be another way of raising revenue 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.

The increased prevalence of non-standard forms of work in some countries has compromised contributory revenues to social security to some degree, as employers are often exempt from paying contributions for some categories of workers (e.g. dependent self-employed, agency workers, etc.)[32]. **Social security contributions could be significantly expanded by making employers responsible for paying contributions for all forms of contracts.** Moreover, it might not be possible for low-income workers or workers under precarious contracts to pay sufficient employee contributions in contributory systems, so for such workers subsidised contributions from employers or the government might be beneficial.

Providing informal economy workers with the possibility to make social security contributions can allow them to have access to these crucial protections. This not only strengthens the financial base of social security systems, but also facilitates the transition from the informal to the formal economy, in line with ILO Recommendation 204. Experience shows that many informal economy workers are eager to make contributions to and access social protection. In the Dominican Republic, for instance, the AMUSSOL programme, organised by trade unions, has led to the extension of social protection to non-standard workers based on voluntary contributions to the formal social security system[33]. In Uruguay, the monotax-system - a simplified tax/social contribution collection system for self-employed persons - has extended the coverage of social protection, brought in a substantial amount of tax revenue and social security contributions, as well as facilitated workers' transitions to the formal economy[34]. In Rwanda, moto-taxi drivers have organised and taken measures to formalise themselves to contribute into the social security system and access crucial benefits including employment injury insurance.[35]

---

[32] OECD (2018) *The Future of Social Protection: What works for non-standard workers?*

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

[34] ILO (2014) *Monotax: Promoting formalization and protection of independent workers*

[35] Equal Times (2015) Rwanda's moto-taxi drivers

Borrowing or restructuring existing debt

Some developing countries have unused capacity for borrowing that they could use towards financing social protection. This can be done by selling government bonds or by borrowing from international financial institutions or commercial banks. For example, in 2011 Tanzania borrowed from national and foreign banks to cover a deficit in the government budget caused by the withdrawal of donor funding[36]. Even the most conservative International Monetary Fund (IMF) benchmark, which allows states to borrow up to 40% of their GDP, gives a number of developing countries substantial space to borrow more before it becomes unsustainable. Furthermore, it is important to take into account the returns from investments in human and social capital when determining the amount a state can safely borrow.

However, a number of countries already have a substantial amount of debt, making further borrowing difficult, notably as debt repayment might lead to possible regressions on basic human rights. Here debt restructuring may offer a solution. In such cases, debt re-negotiation, requesting debt relief/forgiveness, and debt swaps/conversion may all be useful options.

Steering questions for participants

- How can trade unions and social movements extend social protection schemes for all, including informal economy workers?
- How are such extensions to social protection systems being financed?
- How are financing bases for existing social protection systems being altered?
- Should alternative sources of financing social protection be utilised? If so, what types of sources can be used?

Session 3: International Support for Financing Social Protection

Should the financing of social protection be supported at the international level? If so, how?

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 reallocate an exceptionally large amount of resources towards social protection - 10 per cent of their GDP or more - to provide universal social protection floors[37]. 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.

Development aid organisations can contribute to social protection by redirecting development funds towards social protection. Until now, this option has not been used to its full potential, as a disproportionally small amount of development aid has gone to social protection[38]. 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. Recently, as a result of austerity policy, many

[36] Ortiz, I., Cummins, M. & Karunanethy, K. (2017) *Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries*
[37] Bierbaum, M., Schildberg, C. & Cichon, M. (2017) *Social Protection Floor Index Update and Country Studies*
[38] Ortiz, I., Cummins, M. & Karunanethy, K. (2017) *Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries*

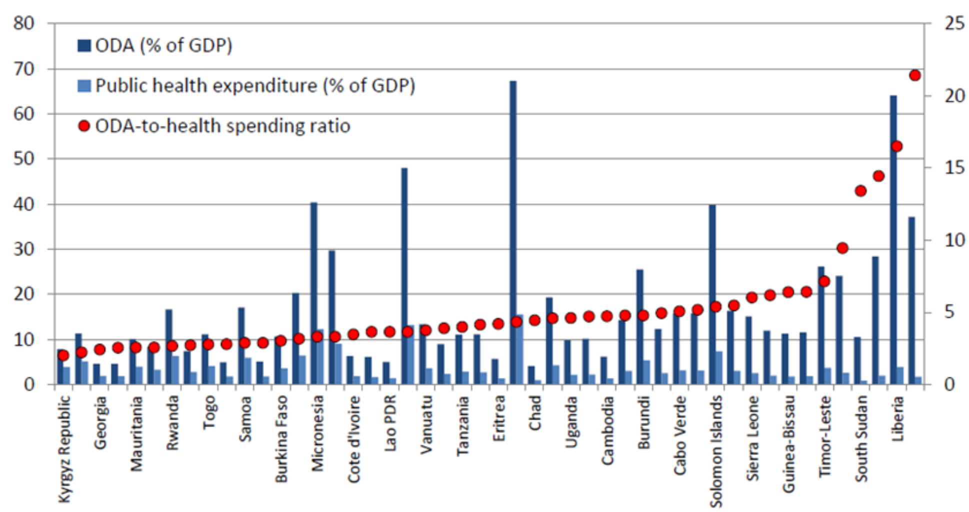
governments of advanced economies have cut back on official development assistance (ODA). In fact, **on average OECD DAC countries only spend 0.310% of GNI on development assistance, even though they have made international commitments to spend at least 0.7% of GNI on multiple occasions**[39]. These promises could give low- and middle-income countries some leverage to negotiate increased transfers to set up and improve social protection schemes.

In terms of the type of development assistance provided, **budget support**, i.e., the direct transfer of funds to a partner country's budget where they can be managed using national systems, can be a helpful instrument for strengthening comprehensive national social protection schemes. This aid modality is the preferred approach by some major development partners including the European Commission. In the area of social protection, where budget support is still in its infancy, some first experiences of budget support for social protection seem to show encouraging results in terms of broadening social protection coverage, enhancing policy dialogue on social protection among key stakeholders, as well as improving social outcomes, such as the reduction of poverty[40].

However, while **development aid can be a catalyst for financing social protection on the short- to medium-term**, giving national governments time to build their capacity to fund this independently, we need to be mindful that on the long term they can be unpredictable and possibly even have negative effects on democratic developments. **It is ultimately the state's responsibility to ensure adequate and predictable financing on the domestic level over the long term.**

Furthermore, ODA is often distributed unevenly between the countries that need it, with some countries receiving disproportionately more and some that receive much less. Improvements can also be made in the way the ODA money is spent; relatively much of it is used to pay off debts and only small shares are invested in social protection and health care (see figure below).

Figure: Official development assistance (ODA) and health spending in selected developing countries, 2010-12



Source: Ortiz, I., et al. (2017)

---

[39] Ortiz, I., Cummins, M. & Karunanethy, K. (2017) *Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries; OECD (2018) The 0.7% ODA/GNI target - a history*

[40] European Commission (2017) *Budget Support- Trends and Results 2017*

International financial institutions, such as the World Bank, the International Monetary Fund and regional development banks 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. Such financial support could help them to expand the adequacy and coverage of their social protection systems. However, their loans have up until now 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.** In the case of Greece, pension benefits have been reduced over 10 times since the country entered a lending agreement with the EU and the IMF in 2010, and the social solidarity benefit (EKAS), which was to be paid to the most frail pensioners, was agreed to be gradually abolished[41]. A recent report by the UN Independent Expert on Foreign Aid and Public Debt, Juan-Pablo Bohoslavksy, has highlighted that policy conditions to reduce spending for social protection benefits and other services – often combined with cutbacks in wages, regressive tax hikes and labour market flexibilisation - have had devastating impacts in terms of poverty and have run into conflict with states' international human rights obligations[42]. 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 protection[43] and contradict the broader international agenda for universal social protection[44]. That being said, **the IMF is currently reviewing its approach on social protection** following a recent report[45] from its Independent Evaluation Office (IEO), and has announced that in 2019 a new strategic framework on Fund's engagement on social protection will be developed[46].

Finally, some experts and academics have put forward the proposal to implement a **new international financing mechanism to support states to extend their social protection systems.** For example, the Global Fund for Social Protection (GFSP) as proposed by the UN Special Rapporteurs on the Right to Food and on Extreme Poverty and Human Rights[47]. 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 proposal put forward by the UN Special Rapporteurs would consist of two branches: a facilitating branch that assists 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.

[41] European Trade Union Institute (2017) *Pension Reform in Greece – Background and Summary*; Reuters (2017) *Thousands of Greek pensioners protest against cuts as more austerity looms*

[42] UN (2016) *Report of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights*

[43] 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

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

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

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

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

Steering questions for participants

- Should the financing of social protection be supported at international level? If so, how?
- How are development organisations (e.g. IFIs, development banks, foreign donors) contributing to financing social protection and can their contribution be strengthened?
- How can international financial institutions play a positive role in supporting the financing of social protection?

Day 2: Working discussion among trade unions

What methods of financing do the trade unions prefer? Should there be greater support at international level for financing social protection, and if so how? What should be our advocacy priorities and targets?

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 have shown to play major roles in the extension of social protection systems.**

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 Uruguay and healthcare reforms in Ghana[48]. 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[49].

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 India[50], as well as help workers to **launch grievances when workers' rights to social protection are denied** (e.g. the Belgian trade unions FGTB-ABVV)[51] – thereby playing a crucial role in ensuring compliance with the law. Unions have moreover worked in many countries to **publicly campaign for social protection reforms** through street demonstration, social media, and other means – such as union demonstrations in Indonesia before the adoption of the country's social security reform in 2007[52]. Unions might also **organise industrial actions** (e.g. strikes) to raise crucial workers' issues to employers and/or governments, in the case a solution cannot be found through negotiations – for instance in the case of domestic workers unions in Bangalore[53].

Unions have moreover 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. This has been done, for instance, among moto-taxi drivers in Rwanda, who formed a cooperative in order to access employment injury insurance and fought for recognition within the national social security

[48] ITUC-TUDCN (2016) *Social Dialogue for Sustainable Development in Uruguay, Ghana and Indonesia*
[49] See ILO (n.d.) *Introduction to the Programme on Building Social Protection Floors for All*
[50] See for instance the services provided by SEWA Bharat
[51] See for instance: http://www.fgtbbruxelles.be/services/aide-sociale/ and http://www.vlaamsabvv.be/art.cfm?pid=23015
[52] ITUC-TUDCN (2016) *Social Dialogue for Sustainable Development in Uruguay, Ghana and Indonesia*
[53] See for instance, Times of India (2013) *Domestic Help on Strike from Today*

dialogue structure[54]. In the AMUSSOL programme in the Dominican Republic, trade unions have successfully managed to extend social protection to non-standard workers based on voluntary contributions to the formal social security system[55].

In complement to efforts to improve statutory entitlements to social protection, unions have worked to **enhance workers' social protection with collective agreements** - either at sector and/or firm level (e.g. for maternity benefits in the United States and Australia)[56].

Beyond such activities at 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. 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 Forum[57]. 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 extensions[58]. Unions are represented on the **Social Protection Inter-agency Cooperation Board (SPIAC-B)** as well as the **Global Partnership** on universal social protection.

In many cases, trade unions' work to advocate for social protection reforms has been done in partnership with civil society organisations, academics and other stakeholders. World Solidarity has promoted networks built by trade unions together with other social movements in order to extend the right to social protection to informal and rural workers. **Trade unions have successfully joined forces with civil society organisations** on the topic of social protection in both advocacy work and negotiations on the national, regional and international level. 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 Africa[59]. 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 systems[60]. In Uruguay, trade unions and civil society organisations forged a strong partnership within the National Dialogue for Social Security, whereby social protection reforms were being discussed, to negotiate extensions of pension benefits to those who did not fulfil eligibility requirements, as well as

[54] Equal Times (2015) *Rwanda's moto-taxi drivers*
[55] World Solidarity (2016) *Amussol: informal workers have access to social security in the Dominican Republic!*
[56] Berg et. al (2013) *Collective bargaining and public policy: Pathways to work-family adoption in Australia and the United States*
[57] 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*
[58] See for instance the 2017 *L20 Statement to the G20 Labour and Employment Ministers' meeting*
[59] See stopthebleedingafrica.org
[60] 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*

strengthen family allowances[61]. 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 protection[62]. 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 expertise[63].

This session will be an opportunity to take stock of what is being done by unions at national and international level to extend social protection, and also examine the degree to which unions have specifically dealt with issues of financing. Unions might want to consider developing **common priorities on how to finance extensions to social protection systems,** as well as identify **joint advocacy targets** at international level, in addition to the national level. International level targets could include UN committees, the ILO, international financial institutions, development organisations, and regional organisations, among others.

Steering questions for participants

- What financing methods at national level are most effective/desirable?
- Should the financing of social protection be better supported at the international level, and if so how?
- Suggestions on possible follow-up research and activities?
- What are our biggest research and advocacy priorities?
- How can unions support workers in non-standard forms of employment and the informal economy for them to be included in social protection systems?
- How can we effectively link fiscal and social policies in our advocacy work (what is the narrative linking tax with social protection)?
- How can we develop (more) strategic alliances for social protection at the national and international level (civil society, academics, etc.)?
- Who are our advocacy targets (e.g. national governments, international financial institutions, regional structures, etc.)?
- What are the key events and opportunities we want to focus on at national and international level? (e.g., national social security council negotiations, regional meetings, UN processes, trade deal negotiations, input into IMF strategic framework on social protection, etc.)

[61] ITUC-TUDCN (2016) *Social Dialogue for Sustainable Development in Uruguay, Ghana and Indonesia*
[62] ILO (2016) *Belgium: Mass campaign "Social protection for all"*
[63] See GCSPF (2017) *Statement to the IMF on the findings of the evaluation report and the IMF's approach towards social protection*