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Global fund for social protection: international solidarity in the service of poverty eradication

Report of the Special Rapporteur on extreme poverty and human rights, Olivier De Schutter

Summary

The International Covenant on Economic, Social and Cultural Rights and the Social Protection Floors Recommendation, 2012 (No. 202) of the International Labour Organization, as well as targets 1.3 and 3.8 of the Sustainable Development Goals, require that all individuals are protected from extreme destitution, by being provided with income security when they cannot obtain an income sufficient to lead a decent life as waged or self-employed workers. They also require that such income security be ensured in the form of entitlements guaranteed in domestic legislation that individuals may claim before independent bodies when they are denied support. The current economic and social crisis further highlights the urgency of realizing the right to social security.

Low-income countries, however, may not have enough fiscal space to guarantee such entitlements, since the social needs are typically high and public revenues relatively low. Moreover, these countries may have a lowly diversified economy, particularly vulnerable to various types of shocks – economic, climatic and sanitary – which may threaten the viability of social protection schemes when they lead to a sudden increase in expenditures combined with a fall in public revenue.

A global fund for social protection should be set up to increase the level of support to low-income countries, thus helping them both to establish and maintain social protection floors in the form of legal entitlements, and to improve the resilience of social protection systems against shocks. Such a fund is affordable, whether funding comes from official development assistance or from other sources, including unused or new special drawing rights. Moreover, social protection should be seen as an investment with potentially high returns, since it leads to building human capital, has significant multiplier effects in the local economy, and contributes to inclusive growth and to resilience in times of crisis. International support, therefore, should be seen as launching a process that will allow recipient countries to gradually increase the levels of domestic resource mobilization: rather than creating a new form of dependency, it would ensure a predictable level of support to countries that are committed to establishing social protection floors and whose ability to finance social protection would improve in time.

The global fund can be established building on the already existing structures that have developed on an ad hoc basis to provide support for the universalization of social protection floors. The challenge now is to strengthen those structures – not to weaken or duplicate them – in order to ensure they work more effectively with one another, and to scale up the level of support while ensuring that such support is also adaptive to future shocks.

Ten years after the Social Protection Floor Advisory Group recommended the universalization of social protection floors, the Special Rapporteur invites all States, as well as international agencies whose mandate includes social protection, unions, and civil society organizations, to contribute to making the global fund for social protection a reality.

Contents

I. Introduction

1. All States have committed to guarantee income security throughout people's lives. That pledge remains unfulfilled, however, at a huge human cost to their populations. One reason for that failure is the insufficient level of support going to developing countries, in particular, low-income countries, which remain unable to overcome the financing gap for the establishment of social protection floors. The present report is therefore a call to action. It recommends the establishment of a global fund for social protection as a means to close the financing gap faced by low-income countries; to protect the social resilience of those countries from future shocks; and to support the increased mobilization of domestic resources for social protection.

2. The report builds on the high-level expert meeting convened on 22 and 23 September 2020 by the Special Rapporteur and the Government of France. The meeting brought together high-level representatives from 13 Governments; 15 international agencies, including the Organisation for Economic Co-operation and Development (OECD), the International Labour Organization (ILO), and the Office of the United Nations High Commissioner for Human Rights (OHCHR); international social partners; international non-governmental organizations; and independent experts. The report is also informed by the submissions received to the call for reactions issued by the Special Rapporteur, of which there were a total of 31, including 15 from Governments, 3 from international agencies and 13 from non-governmental organizations and individual experts.[1]

3. As part of the consultations conducted in the preparation of the present report, the Special Rapporteur also had exchanges with a number of Governments and development agencies, the Social Protection Inter-Agency Cooperation Board (SPIAC-B) and the Global Partnership for Universal Social Protection to Achieve the Sustainable Development Goals (USP2030). The topic of the global fund for social protection was also presented at the High-level Meeting on Poverty Eradication, held on 30 June 2020, at which the Alliance for Poverty Eradication was launched at the initiative of the President of the seventy-fourth session of the General Assembly.[2] In addition, the global fund was discussed at the Civil Society Policy Forum, as part of the 2021 Spring Meetings of the World Bank, at a meeting of the Practitioners' Network for European Development Cooperation, and at the fifty-ninth session of the Commission for Social Development. In the present report, the Special Rapporteur summarizes the conclusions emerging from those consultations and proposes ways forward for the operationalization of a global fund for social protection.

II. Social protection for all: an unfinished task

A. Context

4. The right of everyone to social security is firmly established in international law.[3] It is the right to have access to benefits ensuring protection from (a) lack of work-related income caused by sickness, disability, maternity, employment injury, unemployment, old age, or death of a family member; (b) unaffordable access to health care; and (c) insufficient family support, particularly for children and adult dependants.[4] The commitment to ensure basic

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[1] Public submissions received can be found at www.ohchr.org/EN/Issues/Poverty/Pages/global-fund-social-protection.aspx.

[2] The final report of the event includes a recommendation for improved support for the efforts of developing countries to establish social protection floors in line with the commitment made by ILO through its recommendation No. 202. The report is available at www.un.org/pga/74/wp-content/uploads/sites/99/2020/08/PGA-REPORT-OF-HLM-ON-POVERTY-ERADICATION-copy.pdf.

[3] See, e.g., Universal Declaration of Human Rights, art. 22; ILO Social Security (Minimum Standards) Convention, 1952 (No. 102); International Covenant on Economic, Social and Cultural Rights, art. 9; Convention on the Rights of the Child, art. 26; and Convention on the Rights of Persons with Disabilities, art. 28.

[4] Committee on Economic, Social and Cultural Rights, general comment No. 19 (2007) on the right to social security, para. 2.

income security and access to health care throughout people's lives was reiterated in the ILO Social Protection Floors Recommendation, 2012 (No. 202) (hereafter, "ILO Recommendation No. 202"), adopted unanimously by the Governments and social partners at the 101st session of the International Labour Conference, held in 2012. That commitment forms part of the Agenda 2030 for Sustainable Development. Target 1.3 of Sustainable Development Goal 1, on poverty eradication, is aimed at implementing national social protection systems, and target 3.8 of Goal 3, on good health and well-being, is aimed at achieving universal health coverage.

5. A considerable gap remains between those pledges and the realities on the ground. Before the onset of the coronavirus disease (COVID-19) pandemic, only 29 per cent of the global population was covered by the full range of guarantees referred to in ILO Recommendation No. 202, excluding health care. The majority of people – 55 per cent, or 4 billion people – were without any form of social protection whatsoever. Another 16 per cent, or 1.2 billion people, enjoyed only partial protection. Only 35 per cent of children, approximately one in three, benefited from child allowances enabling them to receive childcare, nutrition, and education.[5]

6. Those global figures hide important differences between the kind of benefits examined and between regions. At the global level, 67.9 per cent of the older population is covered by some form of old-age pension, whereas only 21.8 per cent of unemployed workers are eligible for unemployment benefits. At a regional level, however, the figures vary. In the regions of Africa and Asia-Pacific, 29.6 per cent and 55.2 per cent of the population, respectively, are covered by old-age pensions, whereas unemployment benefits are available to 5.6 per cent and 22.5 per cent of the population, respectively. In contrast, in the region of Europe and Central Asia, where coverage is in general the most advanced, a total of 95.2 per cent of the population is covered by old-age pensions. Even in that region, however, gaps remain: for instance, only 42.5 per cent of the population is covered by unemployment benefits.

7. The overall picture is nevertheless clear: too little was invested in social protection in the past. The COVID-19 pandemic therefore caught countries off guard and, as shown by the Special Rapporteur[6] and confirmed by additional research, the emergency responses of countries to the social impacts of the pandemic remained largely insufficient. A total of 2.7 billion people worldwide have not received any support to face the crisis and, as a result, the World Bank estimates an additional 88 million to 115 million people have been pushed into extreme poverty by the COVID-19 crisis in 2020 alone, with an additional increase of between 23 million and 35 million expected in 2021.[7] This is the lesson from the crisis: in order to strengthen the resilience of societies against shocks, we need to do more to fulfil the right to social security.

B. Obstacles

8. In addition to the lack of sufficient political will, a range of causes explain the lack of progress in the realization of the right to social security. Because informal work remains predominant in many low-income countries, contributory schemes only provide protection

[5] ILO, *World Social Protection Report 2017–2019: Universal Social Protection to Achieve the Sustainable Development Goals* (Geneva, 2017), pp. xxix–xxxi.

[6] Special Rapporteur on extreme poverty and human rights, "Looking back to look ahead: a rights-based approach to social protection in the post-COVID-19 economic recovery" (11 September 2020). Available at www.ohchr.org/EN/Issues/Poverty/Pages/Covid19.aspx.

[7] World Bank, *Poverty and Shared Prosperity 2020: Reversals of Fortune* (Washington, D.C., 2020), p. xi. Since the estimate assumes that losses of gross domestic product (GDP) and income are evenly spread across the population, it may be underestimating the poverty impacts of the crisis, as there is evidence that the losses for middle- and lower-income households are much greater than for higher-income households. Oxfam estimates that 185 million more people will be in poverty as a result of the crisis (Oxfam, "Shelter from the storm: the global need for universal social protection in times of COVID-19" (Oxford, December 2020)).

to a small proportion of the workforce.[8] The capacity of national administrations, in particular social security and tax administrations and labour inspectorates, is in many cases insufficient. The large gaps that exist in population registries constitute a major obstacle in many low-income countries.[9]

9. These obstacles are real. They affect the ability of low-income countries to mobilize domestic resources in order to finance social protection, and their ability to deliver social protection effectively to their populations. International solidarity should play a greater role in overcoming these obstacles. International solidarity, however, is not a substitute for domestic reforms, or for increased mobilization of domestic resources. Rather, it is a precondition for both.

C. International solidarity

10. Through the adoption of the Agenda 2030 and the Sustainable Development Goals contained therein, Member States made a commitment to increase international solidarity. Target 1.A of the Goals provides that, in order to meet the objective of eradicating poverty by 2030, countries are to ensure significant mobilization of resources from a variety of sources, *including through enhanced development cooperation*, in order to provide adequate and predictable means for developing countries to implement programmes and policies to end poverty (emphasis added). In ILO Recommendation No. 202, it was noted that national social protection floors should be financed by national resources; however, it was also noted that members whose economic and fiscal capacities were insufficient to implement the guarantees could seek international cooperation and support that complemented their own efforts (para. 12). The Social Protection Floor Advisory Group chaired by Michelle Bachelet recommended, in its 2011 final report proposing a road map for universalizing social protection floors, that donors provide predictable multi-year financial support for the strengthening of nationally defined and determined social protection floors in low-income countries within their own budgetary frameworks and respecting their ownership.[10]

11. Now is the time to deliver. Low-income countries should be supported in their efforts to establish social protection floors, and a new international mechanism should be set up to that effect. The proposal for a global fund for social protection is not that taxpayers from rich countries pay for social protection in poor countries. It is, rather, to kick-start a virtuous cycle in which international support matches domestic efforts and contributes to capacity-building in low-income countries.

12. In effect, the role of international financing would be to give a premium to countries placing the establishment of social protection floors at the top of their political priorities, and to remove the obstacles to domestic resource mobilization. That approach should encourage those countries to move to a more inclusive and sustainable model of development, in which economic progress is broadly shared across society and in which investments in education and training gradually lead to increased labour productivity.

13. The question is not simply whether low-income countries can afford to build social protection floors. Instead, the question is whether those countries should remain locked in a "low-cost, low-human development" model of growth, or whether they should instead opt for an inclusive model of growth. The former model of growth is one in which the country specializes in the export of raw materials or in the most labour-intensive segments of global production chains. Under such a model, a country seeks to achieve competitiveness in the global economy by repressing wages and reducing social protection, thus keeping the costs

8 See ILO, *Non-standard Employment Around the World: Understanding Challenges, Shaping Prospects – Overview* (Geneva, 2016).

9 While at the global level, a total of 73 per cent of children aged under 5 have had their births registered, only 46 per cent of children in sub-Saharan Africa are registered (see www.un.org/sustainabledevelopment/peace-justice).

10 ILO, *Social Protection Floor for a Fair and Inclusive Globalization: Report of the Advisory Group chaired by Michelle Bachelet Convened by the ILO with the Collaboration of the WHO* (Geneva, 2011), p. 97.

of labour low and, in order to attract investors in the exploitation of natural resources, reducing taxes and royalties paid by corporations.

14. In contrast, an inclusive model of growth is one in which general economic progress is distributed across all groups of the population and serves to increase domestic demand, allowing the domestic economy to achieve greater economies of scale and to increase revenues from taxation. In such a model, improved social protection encourages investment in human capital, thus allowing domestic producers to climb up the value chain and the better-qualified local workforce to be employed on more capital-intensive segments of global production chains. International solidarity has an essential role to play in supporting low-income countries to opt for such an inclusive development model.

III. Idea for a global fund for social protection

15. The idea for a global fund for social protection was initially put forward in the period 2012–2015. During that period, the Sustainable Development Goals were in development, and preparations were being made for the Third International Conference on Financing for Development, which was convened in Addis Ababa in July 2015. At the time, various proposals were made as to how to implement the international dimension of ILO Recommendation No. 202. Building on earlier academic studies,[11] the former Special Rapporteur on the right to food and the former Special Rapporteur on extreme poverty and human rights proposed in 2012 the establishment of a global fund for social protection, which would include both a financing facility to close the funding shortfall low-income countries face in establishing social protection floors, and a reinsurance branch to help underwrite social protection schemes against the risks of excess demand triggered by major shocks.[12] The proposal was referred to in the report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, entitled “A new global partnership: eradicate poverty and transform economies through sustainable development”, submitted in May 2013 to the Secretary-General. Other proposals were also put forward in preparation for the Third International Conference on Financing for Development, including by the Global Coalition for Social Protection Floors and the Overseas Development Institute.

16. The response of Governments was encouraging, but it fell short of the concrete steps needed to move towards operationalization. The Addis Ababa Action Agenda of the Third International Conference on Financing for Development included a pledge by the Heads of State and Government and High Representatives to provide strong international support for the efforts to establish social protection floors.[13] The Agenda contained no guidance, however, as to exactly how such support should be provided. Yet, as emphasized by the Social Protection Floor Advisory Group in its 2011 report, the predictability of such support is essential in order to ensure that low-income countries establish standing, rights-based social protection floors protecting their populations. In the absence of such predictability, poor countries, with a lowly diversified economy that exposes them to shocks – which occur when demand for social protection increases while available revenues simultaneously decrease – may do little more than to improve short-term cash transfer schemes, on a purely ad hoc basis, using whatever temporary support they can obtain from the international community during the crisis. Such an approach is unsustainable.

IV. Closing the financing gap

17. The effort to achieve universal social protection floors is affordable. For developing countries as a whole, the total cost of providing social protection benefits in 2019 was estimated by ILO to represent $792.6 billion, or 2.4 per cent of their gross domestic product

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[11] Sanjay G. Reddy, “Safety nets for the poor: a missing international dimension?”, in *Pro-Poor Macroeconomics: Potential and Limitations*, Giovanni Andrea Cornia, ed. (London, Palgrave Macmillan, 2006), pp. 144–165.

[12] Olivier De Schutter and Magdalena Sepúlveda, “Underwriting the poor: a global fund for social protection”, Briefing note No. 7 (October 2012).

[13] General Assembly resolution 69/313, annex, para. 12.

(GDP). These costs are calculated on the basis of the four main social protection benefits: child allowances, maternity and disability benefits, and old-age pensions, but excluding unemployment benefits and health care. Among low-income countries, defined as the 32 countries with an annual per capita gross national income (GNI) of less than $1,026, the cost was $31.1 billion, or 6.4 per cent of their GDP.[14]

18. The financing gap – defined as the difference between the cost of the four social protection benefits considered and the baseline spending on social assistance – was estimated at $527.1 billion, or 1.6 per cent of GDP for all developing countries. Only 5.6 per cent of the amount of this gap, however, representing $26.8 billion, concerned low-income countries. That is both because the population of low-income countries is only a small fraction of the total population of developing countries, and because the levels of the benefits, based on the national poverty lines of the countries considered, are relatively low.

19. The most recent ILO estimates now take into account the impacts of the COVID-19 crisis and include the financing needs for health. A total of sum of $77.9 billion, including $41.8 billion for health care, would be needed to allow low-income countries to guarantee income security to their population of 711 million, as pledged in ILO Recommendation No. 202.[15] While that represents 15.9 per cent of their GDP – an altogether unaffordable amount for low-income countries – it is a modest sum for rich countries collectively. Indeed, it represents less than half of the $161.2 billion provided in official development assistance (ODA) by the 30 OECD countries that are members of its Development Assistance Committee in 2020, representing 0.32 per cent of their combined GNI.[16] If only half of that amount went to support the establishment of social protection floors in low-income countries, that would practically cover the financing gap. In addition, if rich countries were to fulfil their pledge, initially made in 1970[17] and reiterated in the Sustainable Development Goals,[18] to raise their ODA levels to 0.70 per cent of their GNI, the additional financing provided would be sufficient to fill the gap.

20. In addition, funding sources other than ODA could be explored. Both the United Nations Conference on Trade and Development and the Commission on Global Economic Transformation have advocated for expanding the fiscal space of developing countries in order to help them alleviate the impacts of the COVID-19 pandemic by a new allocation of special drawing rights, for the equivalent of $1 trillion to $3 trillion, compared with the equivalent of $288 billion currently in circulation.[19] Indeed, even a relatively modest amount of 655 billion special drawing rights ($931 billion), which could be issued immediately without requiring parliamentary approval at the national level, would allow low-income countries to better meet the urgent social needs of their populations without having to fear for the effects on their external balance, and to alleviate the burden of servicing their foreign debt. The Commission on Global Economic Transformation explicitly recommends that, since a number of countries are unlikely to use their new allocation of special drawing rights,

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14 Fabio Durán-Valverde et al., "Measuring financing gaps in social protection for achieving SDG target 1.3: global estimates and strategies for developing countries", Extension of Social Security Working Paper, No. ESS 073 (Geneva, ILO, 2019).

15 Fabio Durán-Valverde et al., "Financing gaps in social protection: global estimates and strategies for developing countries in light of COVID-19 crisis and beyond", ILO Working Paper, No. 14 (Geneva, ILO, 2020). By way of comparison, lower- and upper-middle-income countries would need to invest an additional $362.9 billion and $750.8 billion, respectively, equivalent to 5.1 per cent and 3.1 per cent of their respective GDPs.

16 OECD.Stat, Total flows by donor (2020), as at 13 April 2021. Measurements: "ODA grant equivalent as per cent of GNI" and "ODA grant equivalent measure".

17 See General Assembly resolution 2626 (XXV).

18 Target 17.2 of the Sustainable Development Goals refers to the "commitment by many developed countries to achieve the target of 0.7 per cent of ODA/GNI to developing countries and 0.15 per cent to 0.20 per cent of ODA/GNI to least developed countries".

19 United Nations Conference on Trade and Development, "The COVID-19 shock to developing countries: towards a 'whatever it takes' programme for the two-thirds of the world's population being left behind" (March 2020); and *Trade and Development Report 2020 – From Global Pandemic to Prosperity for All: Avoiding Another Lost Decade* (United Nations publication, 2020), p. 101. Under the current International Monetary Fund quota system, 39 per cent of newly created special drawing rights would go to developing countries.

particularly when they have external balance surpluses, they could make available their allocation to countries in need, including by contributing special drawing rights to a global social protection fund.[20] This would be an essentially costless way to support the fund.

21. Beyond the numbers, however, what matters is the nature of the investment in social protection. If financing through the global fund were to be made conditional upon beneficiary countries investing more in social protection by mobilizing domestic resources, it could lead gradually to a virtuous cycle emerging, in which increased international support contributes to inclusive growth and to social resilience, allowing public revenues to grow, thereby resulting in increased mobilization of domestic resources. In that way, international assistance creates a situation not of dependency, but rather the opposite. It allows countries to move away from dependency on short-term, ad hoc aid of a humanitarian nature, and to gradually gain the fiscal space required to finance social protection without external support.

V. Social protection as an investment

22. The basic causality chains are simple enough. Social protection plays a stabilizing role in times of economic downturn because of its poverty-alleviation impacts and its ability to raise consumption levels of low-income households. Social protection also allows households to increase their savings,[21] protecting them from having to sell productive assets in times of crisis[22] and from being driven into destitution because of catastrophic health payments.[23] It is also critical to ensure inclusive and sustainable growth, favouring a form of development that is more equally shared, with more significant poverty-reduction impacts.[24]

23. Perhaps even more significant in the context of the present report, social protection contributes to a more competitive economy and has significant multiplier effects. Social protection leads to increased school enrolment and success, improved health outcomes and higher labour market participation rates, thus benefiting local economies at large. Providing income support to people throughout their lives is therefore not only a human rights obligation. It makes economic sense as well.

24. At the individual and household levels, social protection allows families to invest more in the education of children. For instance, cash transfers reduced child participation on family farms in Ethiopia, Kenya, Lesotho and Zimbabwe.[25] In India, the National Rural Employment Guarantee Scheme reduced child labour by 13.4 per cent for boys and 8.2 per cent for girls.[26] Similar results have been registered with the Social Cash Transfer Pilot Programme in Ethiopia.[27] School enrolment rates for girls increased significantly in countries

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[20] Commission on Global Economic Transformation, "The pandemic and the economic crisis: a global agenda for urgent action" (Institute for New Economic Thinking, 2020), p. 9.

[21] Sudhanshu Handa et al., *Livelihood Empowerment against Poverty Program Impact Evaluation* (Chapel Hill, University of North Carolina at Chapel Hill, February 2014).

[22] Laura Ralston, Colin Andrews and Allan Hsiao, "The impacts of safety nets in Africa – what are we learning?", Policy Research Working Paper, No. 8255 (World Bank, 2017).

[23] Chris Elbers et al., "Impact of social protection interventions for basic health care provision", policy brief, 27 March 2018. According to the brief, in Kenya, free primary care translated into a fall in expenditure on catastrophic health payments from 4 per cent in 2003 to 1 per cent in 2013.

[24] See, for instance, Sergei Soares et al., "Conditional cash transfers in Brazil, Chile and Mexico: impacts upon inequality", Working Paper No. 35 (Brasilia, International Poverty Centre, 2007); and United Nations Development Programme, *Sharing Innovate Experiences: Successful Social Protection Floor Experiences*, vol. 18 (New York, 2011).

[25] Food and Agriculture Organization of the United Nations (FAO), *The Economic Case for the Expansion of Social Protection Programmes* (2017).

[26] Marco Sanfilippo, Bruno Martorano and Chris De Neubourg, "The impact of social protection on children: a review of the literature", Office of Research Working Paper, No. WP-2012-06 (Florence, UNICEF Office of Research, 2012).

[27] Frank van Kesteren et al., "The business case for social Protection in Africa", Synthesis Report Series: Social Protection (INCLUDE: Knowledge Platform on Inclusive Development Policies, 2018).

such as Ecuador,[28] Lesotho,[29] Pakistan[30] and Turkey.[31] In Latin America and Africa, conditional cash transfer programmes have also been found to reduce the probability of school absenteeism and grade repetition, increasing attendance and educational attainment among boys and girls alike, including in Brazil,[32] Colombia,[33] Ghana,[34] Mexico[35] and Nicaragua.[36] Even old-age pension schemes have such impacts, since the increased disposable income of households is often invested in education. Recipients of the old-age grant in Lesotho spend a substantial proportion of their grant on uniforms, books and stationery for their grandchildren, and the Kalomo programme in Zambia, which benefits households headed by older people, has led to a 16 per cent increase in school attendance.[37]

25. Protections including old-age pensions, direct food support and paid parental leave all favour the growth of productive employment. In Mexico and South Africa, old-age pensions and food subsidies have been documented to lead to taller and overall healthier children.[38] Paid parental leave has been associated with higher vaccination rates for children since parents face less work-related limitations to vaccinate their children,[39] resulting in lower infant mortality,[40] and increased durations of breastfeeding, which also contribute to children's immunization and reduced risks of obesity.[41] Children whose parents benefit from social protection are healthier and more productive as adults.

26. The contribution of social protection to food security is also well-documented. While the Bolsa Família Programme in Brazil is perhaps the most studied example,[42] many other cases have shown increases in caloric intake, number of meals per day and food production as a result of social assistance schemes. In India, the National Rural Employment Guarantee

[28] María C. Araújo, Mariano Bosch and Norbert Schady, "Can cash transfers help households escape an inter-generational poverty trap?", IDB Working Paper Series, No. 767 (Inter-American Development Bank, January 2017).

[29] FAO, *The Economic Case for the Expansion of Social Protection Programmes*.

[30] Marco Sanfilippo, Bruno Martorano and Chris De Neubourg, "The impact of social protection on children".

[31] Akhter U. Ahmed et al., "Impact evaluation of the conditional cash transfer programme in Turkey: final report" (International Food Policy Research Institute, 2007).

[32] Fábio Veras Soares, Rafael Perez Ribas and Guilherme Issamu Hirata, "Los logros y las carencias de las transferencias de efectivo condicionadas: evaluación del impacto del programa Tekoporã del Paraguay" (Brasilia, International Policy Centre, 2008).

[33] Orazio Attanasio et al., "Children's schooling and work in the presence of a conditional cash transfer program in rural Colombia", *Economic Development and Cultural Change*, vol. 58, No. 2 (2010).

[34] Sudhanshu Handa et al., *Livelihood Empowerment against Poverty Program Impact Evaluation*.

[35] Susan W. Parker and Tom Vogl, "Do conditional cash transfers improve economic outcomes in the next generation? – evidence from Mexico", NBER Working Paper No. 24303 (Cambridge, National Bureau of Economic Research, 2018).

[36] John A. Maluccio and Rafael Flores, "Impact evaluation of a conditional cash transfer program: the Nicaraguan *red de protección social*", Discussion Paper No. 184 (Washington, D.C., International Food Policy Research Institute, 2005).

[37] Babatunde Omilola and Sheshangai Kaniki, *Social Protection in Africa: A Review of Potential Contribution and Impact on Poverty Reduction* (United Nations Development Programme, March 2014).

[38] Ibid.; Marco Sanfilippo, Bruno Martorano and Chris De Neubourg, "The impact of social protection on children".

[39] Mark Daku, Amy Raub and Jody Heymann, "Maternal leave policies and vaccination coverage: a global analysis", *Social Science and Medicine*, vol. 74, No. 2 (2021); and J. Heymann et al., "Paid parental leave and family wellbeing in the sustainable development era", *Public Health Reviews*, vol. 38, No. 21 (2017).

[40] Arijit Nandi et al., "Increased duration of paid maternity leave lowers infant mortality in low- and middle-income countries: a quasi-experimental study", *PLOS Medicine*, vol. 13, No. 3 (2016).

[41] Yan Chai, Arijit Nandi and Jody Heymann, "Does extending the duration of legislated paid maternity leave improve breastfeeding practices? Evidence from 38 low-income and middle-income countries", *BMJ Global Health*, vol. 3, No. 5 (2018).

[42] Mario Felipe Dest, "The impact of Brazil's Bolsa Familia program on food security in Santo Antônio de Jesus, Bahia". *Independent Study Project Collection*, No. 756 (2009).

Scheme substantially increased participants' caloric and protein intake.[43] In Ethiopia, the Social Cash Transfer Pilot Programme decreased by 0.24 the number of months in which households suffered from food shortage and increased by 0.6 the number of times children and adults ate per day.[44] Participating households in the Productive Safety Net Programme decreased food shortage by 1.29 months in the dry season compared with non-beneficiaries.[45] It has been estimated that for every dollar transferred to households in African countries, $0.36 is used on food expenses, which illustrates the contribution of cash transfers to improved food security.[46]

27. Access to health care is essential to maintain a productive workforce and to reduce illness-related absence from work. A range of studies confirm the positive impacts on health resulting from social protection in general, and from improved access to health care in particular. In Bangladesh, an impact evaluation of the Ultra Poor Programme showed that recipients were more likely to get immunized, use antenatal and postnatal care, consume vitamin A (among children under five years of age) and use modern contraceptive methods.[47] In Turkey, conditional cash transfers resulted in a 13.6 per cent increase in preschool children's full immunization rate.[48] In Ghana, health insurance and cash transfers increased expenditures on medicines, especially among the extreme poor that seemed to allocate more resources to medications.[49] In Thailand, the Universal Health Coverage programme increased the probability of having annual health check-ups by 9 per cent, with a more significant impact among women (11 per cent); it also increased hospital admission by 2 per cent and outpatient visits by 13 per cent.[50]

28. Contrary to a common prejudice, moreover, social protection does not discourage the search for employment.[51] Instead, it increases labour market participation, particularly among women. This has been shown for conditional cash transfer programmes in Latin American countries,[52] including Mexico,[53] and in Uganda.[54] Randomized control trials on the impacts of cash transfer programmes (both conditional and non-conditional) came to similar conclusions, not only regarding Mexico, but also Honduras, Indonesia, Morocco, Nicaragua and the Philippines.[55] This is also true for public works programmes, in part because such programmes can improve the level of qualifications of the participants. In Sierra Leone, for

[43] Yanyan Liu and Klaus Deininger, *Welfare and Poverty Impacts: The Mahatma Gandhi National Rural Employment Guarantee Scheme* (Washington, D.C., International Food Policy Research Institute, September 2013).

[44] Solomon Asfaw et al., *Productive Impact of Ethiopia's Social Cash Transfer Pilot Programme: A From Protection to Production (PtoP) Report* (Rome, FAO, 2016).

[45] Guush Berhane et al., "Can social protection work in Africa? The impact of Ethiopia's productive safety net programme", *Economic Development and Cultural Change*, vol. 63, No. 1 (2014).

[46] Sudhanshu Handa et al., *Livelihood Empowerment Against Poverty Program Impact Evaluation*.

[47] Asian Development Bank, *Asian Development Bank: Social Protection Strategy 2001 – Special Evaluation Study* (October 2012).

[48] Akhter U. Ahmed et al., "Impact evaluation of the conditional cash transfer program in Turkey".

[49] Nicky Pouw et al., "Exploring the interaction between different social protection programmes in Ghana: are the poor and extreme poor benefitting?", Social and Health Policies for Inclusive Growth Working Paper, No. 1 (Bonn, European Association of Development Research and Training Institutes, 7 July 2017).

[50] Simone Ghislandi, Wanwiphang Manachotphong and Viviana M.E. Perego, "The impact of Universal Health Coverage on health care consumption and risky behaviours: evidence from Thailand", *Health Economics, Policy and Law*, vol. 10, No. 3 (July 2015).

[51] Of course, old-age pension constitutes an exception in this regard, since its very purpose is to allow people having reached pensionable age to retire without having to continue to work.

[52] Laís Abramo, Simone Cecchini and Beatriz Morales, *Social Programmes, Poverty Eradication and Labour Inclusion: Lessons from Latin America and the Caribbean* (Santiago, Economic Commission for Latin America and the Caribbean, 2019). The books contain a review of 87 studies, evaluating 21 conditional cash transfer programmes in Latin America.

[53] Susan W. Parker and Tom Vogl, "Do conditional cash transfers improve economic outcomes in the next generation?". According to the article, the Prospera conditional cash transfer programme increased women's labour market participation between 6 and 11 percentage points.

[54] Frank van Kesteren et al., "The business case for social protection in Africa".

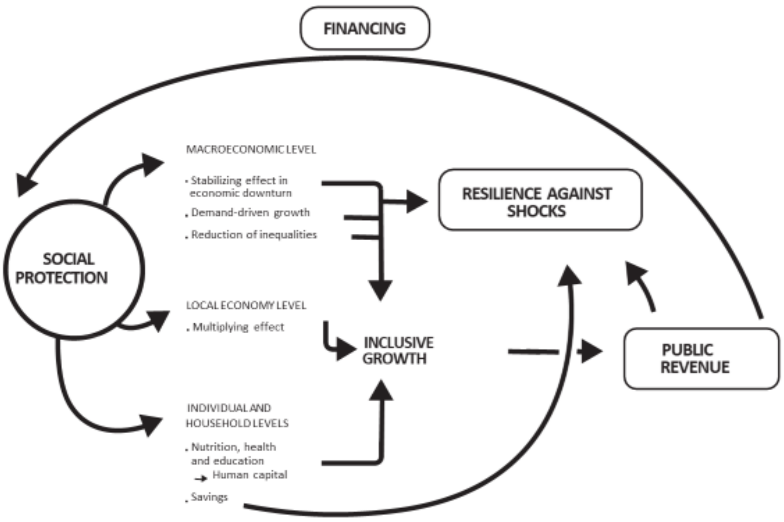
[55] Abhijit Banerjee et al., "Debunking the stereotype of the lazy welfare recipient: evidence from cash transfer programs worldwide", *The World Bank Research Observer*, vol. 32, No. 2 (August 2017).

example, households benefiting from a public works programme were 34 per cent more likely to have paid work after the project ended,[56] and participant households were four times more likely to invest in new businesses.[57] Similar results are reported for Egypt and Tunisia.[58]

29. Investments in social protection also generate important returns in income into the local economy, since beneficiaries spend in local businesses. Using the local economy-wide impact evaluation (LEWIE) model to assess multiplier effects of cash transfers across seven countries in sub-Saharan Africa, the Food and Agriculture Organization of the United Nations (FAO) found that nominal income multipliers range from 2.52 in Ethiopia to 1.34 in Kenya.[59] More recent research on two cash transfer schemes in Zambia (the Child Grant Programme and the Multiple Category Targeted Programme) generated income multipliers averaging 1.67 in both programmes.[60]

30. Social protection is therefore an investment, which in the medium and long term can not only pay for itself, but also deliver high dividends (figure I).

Figure I
Contributions of social protection to inclusive growth and the increase of public revenue



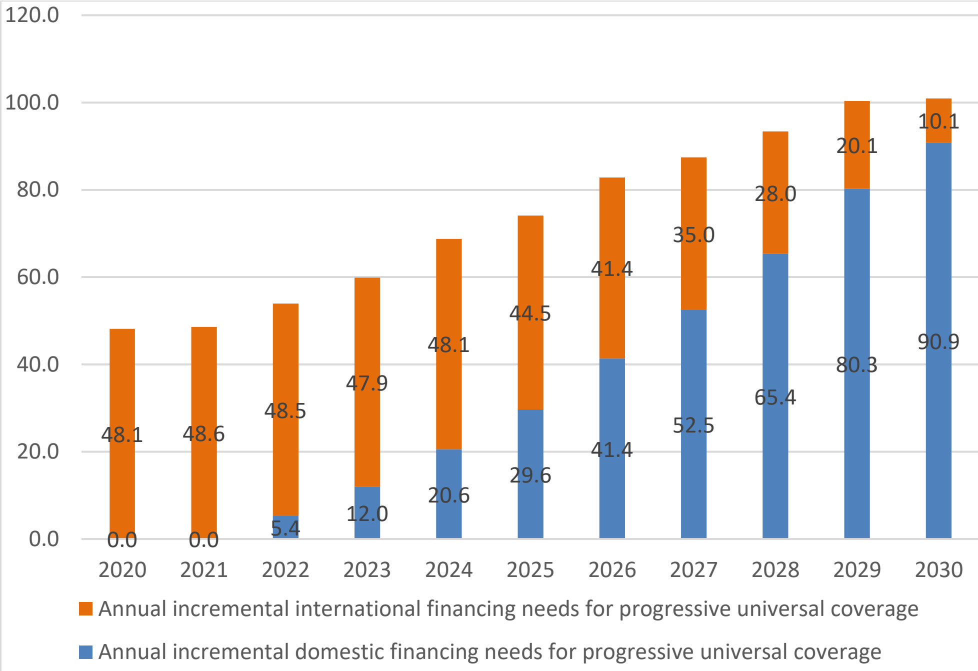
31. Projections presented by the ILO Social Protection Department illustrate how domestic resource mobilization should gradually grow, with the support of international assistance and cooperation, so as to allow international financing to be phased out by 2030.

32. While the financing gap will not be immediately filled – building social protection floors takes time and coverage of the entire population can only be achieved gradually – the combination of international support, capacity-building, and domestic resources mobilization will ensure that the gap will be filled over time. With a starting point of $48.1 billion, projections through the end of 2030 foresee that the coverage will grow incrementally, with domestic resources representing an increasing proportion of the gap (figure II).

56 Frank van Kesteren et al., “The business case for social protection in Africa”.
57 Nina Rosas and Shwetlena Sabarwal, “Public works as a productive safety net in a post-conflict setting: evidence from a randomized evaluation in Sierra Leone”, Policy Research Working Paper, No. 7580 (World Bank, February 2016).
58 Eric Mvukiyehe, “What are we learning about the impacts of public works programs on employment and violence? Early findings from ongoing evaluations in fragile states”, 16 April 2018.
59 FAO, *The Economic Case for the Expansion of Social Protection Programmes*.
60 Sudhanshu Handa et al., “Can unconditional cash transfers raise long-term living standards? Evidence from Zambia”, *Journal of Development Economics*, vol. 133 (July 2018).

Figure II
Incremental financing needs for the progressive extension of social protection, including health care, in low-income countries, corresponding to Sustainable Development Goal targets 1.3 and 3.8

(Total and from international sources, 2020–2030, in billions of United States dollars)



Source: Valérie Schmitt and Mira Bierbaum, *Invest More: Bridging the Financing Gap for Social Protection at Country and Global Levels* (ILO, 2021) (forthcoming), based on data presented in: Fabio Durán-Valverde et al., "Financing gaps in social protection: global estimates and strategies for developing countries in light of the COVID-19 crisis and beyond", ILO Working Paper, No. 14 (Geneva, ILO, 2020).

VI. Unlocking the potential for sustainable development

33. A virtuous cycle can thus emerge, in which international support through the global fund provides an incentive for beneficiary countries to invest more in social protection, leading in turn to more inclusive growth and more resilient economies, allowing over time for the increased mobilization of domestic resources. The instruments provided by the global fund for social protection can facilitate that in three ways: by providing technical assistance, encouraging domestic resource mobilization, and supporting increased investments in social protection.

A. Providing technical assistance

34. International aid can include assistance to support the capacities of local administrations, in particular within tax authorities and labour inspectorates, or to establish or enhance the quality of social registries, which are a precondition for the rolling out of social protection programmes. The strengthening of the tax audit capacity, an essential condition for increasing the mobilization of domestic resources through taxation, can seek inspiration from a programme such as Tax Inspectors without Borders, launched in 2015 by OECD and the United Nations Development Programme.

35. As regards social registries, the Africa Programme on Accelerated Improvement of Civil Registration and Vital Statistics illustrates the progress that can be achieved, in particular for the benefit of people in rural areas or displaced populations for whom registration can be particularly problematic. Improved capacity in that area is essential for

the assessment of needs, in order to ensure that all potential beneficiaries are identified and made aware of their entitlements, and for the effective rolling out of social protection schemes.

B. Supporting domestic resource mobilization

36. Support from the global fund for social protection could accelerate transformations that could allow low-income countries to increase domestic resource mobilization. In addition to increasing the levels of international support, the full range of options for the financing of social protection includes:

(a) Increasing tax revenues, especially in countries where the tax-to-GDP ratio is lowest, while at the same time reducing reliance on value-added tax and increasing revenue collected through personal income and wealth taxes to ensure progressivity in taxation;

(b) Expanding social security coverage and contributory revenues by encouraging the transition from the informal to the formal sector;

(c) Eliminating illicit financial flows;

(d) Reallocating public expenditures, for instance by reducing spending on the military or on "ills", such as subsidies to fossil fuels;

(e) Using fiscal and central bank foreign exchange reserves;

(f) Borrowing and restructuring existing debt;

(g) Adopting a macroeconomic framework that, instead of seeking to achieve fiscal adjustment by cutting public investment in infrastructure and human capital, thus hampering the chances of long-term growth potential, instead allows for borrowing to finance sustainable growth.[61]

37. The introduction of carbon pricing could also be encouraged. In an earlier report, the Special Rapporteur also noted the benefits of introducing a carbon tax, which could be done without socially regressive impacts.[62] There were 61 carbon pricing initiatives in place or scheduled for implementation by 2020, and carbon pricing created $45 billion in public revenue in 2019. However, there remains considerable scope for progress. Only 12 gigatons of carbon dioxide equivalent, or about 22 per cent of global greenhouse gas emissions, are subject to some form of carbon pricing, and the carbon prices remain substantially lower than those needed to be consistent with the Paris Agreement. The global average carbon price is only $2 per ton, although according to the High-Level Commission on Carbon Prices, it should range between $40 and $80 in order to comply with the global commitment made in the Paris Agreement.[63] If carbon taxes were raised at the minimum level required globally to reach $40 per ton, an additional amount of $850 billion in public revenue would be raised. The global fund for social protection could support countries in raising such taxes and reinvesting the revenues (combined with the increased international support channelled through the fund) in order to finance social protection, thus offsetting the regressive impacts of such taxes and leading to a net progressive outcome.

38. Debt relief is another option. For the 74 countries with a GNI per capita below $1,185 in 2021 (and therefore eligible for support from the International Development Association), medium- and long-term debt service in 2020 was estimated at about $36 billion. It was divided in roughly equal proportions among multilateral, bilateral (mostly non-members of the Paris Club) and commercial creditors.[64] While debt levels were already at record highs before the COVID-19 crisis, the additional necessary spending resulting from the crisis, combined with a fall in revenues due to lower growth and trade, leads to a situation in which over 50 per cent of low-income countries are now assessed to be at high risk of or already in

[61] For a review of these various options, see Isabel Ortiz et al., *Fiscal Space for Social Protection: A Handbook for Assessing Financing Options* (Geneva, ILO, 2019).
[62] A/75/181, paras. 13–14, and 16–18.
[63] World Bank, *State and Trends in Carbon Pricing 2020* (Washington, D.C., 2020).
[64] Homi Kharas, "What to do about the current debt crisis in developing countries", 13 April 2020.

debt distress, according to the joint International Monetary Fund-World Bank Debt Sustainability Framework. External debt servicing is therefore a major obstacle faced by many low-income countries to the financing of social protection. Innovative solutions, such as making debt relief conditional upon the amounts saved being reinvested in the financing of social protection, could be explored to remove that obstacle.

39. Global progress in the fight against illicit financial flows also creates an opportunity. It is estimated that 10 per cent of the world's GDP is held in offshore financial assets, and that $7 trillion of the world's private wealth is funnelled through secrecy jurisdictions and haven countries.[65] Base erosion and profit-shifting by multinational corporations may cost countries where those profits are actually made directly, but it also encourages a race to the bottom in corporate income tax, leading to revenue losses estimated at $500 billion to $650 billion a year.[66] This is why the High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda proposes a global pact for financial integrity for sustainable development, described as a compact through which all countries agree to take comprehensive action to foster and strengthen financial integrity for sustainable development, and commit to using the proceeds released by that action to make additional investments in achieving the Sustainable Development Goals.[67]

40. Significant progress has already been achieved in strengthening international tax cooperation through the OECD/G20 Base Erosion and Profit Shifting (BEPS) project, the Global Forum on Transparency and the Exchange of Information for Tax Purposes, and the Inclusive Framework on BEPS, which includes 139 countries. Those efforts are commendable and deserve support. The proposal to make multinational enterprises subject to a minimum level of tax globally to address profit-shifting and tax competition among jurisdictions is particularly important, as it will allow low-income countries to raise revenue in order to finance social protection, although the minimum tax level should be high enough to benefit developing countries.[68]

41. In sum, a number of levers exist that could be used to expand the fiscal space available to fund social protection, including as a result of strengthened international cooperation. Such possibilities could be explored in the context of the preparation of country proposals submitted as part of a request for support from the global fund. While the global fund should not compete with, nor develop as a substitute to, existing forums where obstacles to resource mobilization for the financing of social protection are discussed, its inclusive nature and its role as a platform connecting financing for development to the universalization of social protection floors can help mobilize action and encourage progress.

C. Committing to social protection floors

42. As noted by the International Trade Unions Confederation in their submission in preparation of the present report, the global fund should help to catalyse the set-up and expansion of social protection systems that are established in law and are in line with international labour standards, rather than support small-scale or time-bound social programmes or projects. Support could therefore go hand in hand with beneficiary countries

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[65] Annette Alstadsæter, Niels Johannesen and Gabriel Zucman, "Who owns the wealth in tax havens? Macro evidence and implications for global inequality", Working Paper, No. 23805 (National Bureau of Economic Research, September 2017); and Gabriel Zucman, *The Hidden Wealth of Nations: The Scourge of Tax Havens* (University of Chicago Press, 2015).

[66] Tax Justice Network, *The State of Tax Justice 2020: Tax Justice in the Time of COVID-19* (Chesham, November 2020); and Petr Janský and Miroslav Palanský, "Estimating the scale of profit shifting and tax revenue losses related to foreign direct investment", *International Tax and Public Finance*, vol. 26 (10 June 2019).

[67] High-Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda, *Financial Integrity for Sustainable Development* (2021), p. 9. The global pact would include the preparation of a United Nations tax convention to strengthen the fight against tax evasion and abuse, and other illicit financial flows.

[68] A minimum rate of 25 per cent has been proposed, based on the current corporate average tax rate in G7 countries (Independent Commission for the Reform of International Corporate Taxation, *International Corporate Tax Reform: Towards a Fair and Comprehensive Solution* (October 2019)).

committing to increase their investments in social protection. Most of the stakeholders who contributed to informing the present report expressed themselves in favour of the global fund providing matching funds, complementing domestic efforts to mobilize resources, and to invest in social protection schemes. As noted above, such domestic efforts would rise gradually, at the same time as the capacity to cover the entire population and public revenues would increase, thanks to the strengthening of domestic resource mobilization. In such an approach, the global fund would provide a powerful incentive for beneficiary Governments to invest more to reach targets 1.3 and 3.8 of the Sustainable Development Goals.

43. This approach does not restrict national ownership; rather, it increases it. Specifically, beneficiary countries would be expected to launch assessment-based national dialogues, following the successful experiences that have already taken place in 26 countries with the support of ILO.[69] Such dialogues bring together the social partners, civil society, the line ministries (including finance, health, employment and social affairs) and development partners to:

(a) Assess existing social protection programmes to identify gaps and obstacles to adequate implementation;

(b) Cost the measures that should be adopted to close the gaps identified and identify financing options, taking into account the need to ensure full coverage of the population throughout the life cycle;

(c) Adopt a strategy, including a timeline for action, allocating responsibilities and establishing independent monitoring of progress based on agreed indicators to measure whether the pledges and outcomes are met (e.g., effective coverage of the population).

44. Far from crowding out domestic resource mobilization for social protection, international support should be seen as a condition for stepping up such mobilization. International support is of course only one of the various options that could be explored to create fiscal space for financing social protection, but it is one important tool to ensure that the other options are appropriately used, and that social protection becomes a top political priority.

VII. Building resilience against shocks

45. Uncertainty about possible future shocks to their economies may create a major disincentive for poor countries to establish robust social safety nets, since they know their fiscal resources may be strained as a result of adverse shocks brutally increasing the needs of the population.[70] The proposed global fund could help to mitigate the risks of future surges in the cost of social protection.

46. For many countries, particularly small, low-income countries with a lowly diversified economy, one particular challenge to implementing social insurance is that the population has a rather homogeneous set of vulnerabilities to events such as natural disasters, epidemic diseases, a global financial crisis,[71] a sudden loss of export revenues or of remittances, or an increase in the price of importing essential goods, such as food or medicines.[72] Such events create covariant risks to the country concerned, since demand for social protection rises at the same time as public revenues fall. For instance, in a country in which a large part of the population depends on agriculture, a drought or other climate-related shock could trigger a surge in demand that exceeds the capacity of the system. At the same time, an event of that nature would reduce the available funds of the Government, further limiting its ability to provide protection. Indeed, in extreme cases, the peak in demand for social protection could

[69] ILO, *Social Protection Assessment-Based National Dialogue: A Global Guide* (February 2016).

[70] A/HRC/9/23, para. 44.

[71] Florence Bonnet, Ellen Ehmke and Krzysztof Hagemejer, "Social security in times of crisis", *International Social Security Review*, vol. 63 (1 April 2010); and Anna McCord, "The impact of the global financial crisis on social protection in developing countries", *International Social Security Review*, vol. 63, No. 2 (April 2010).

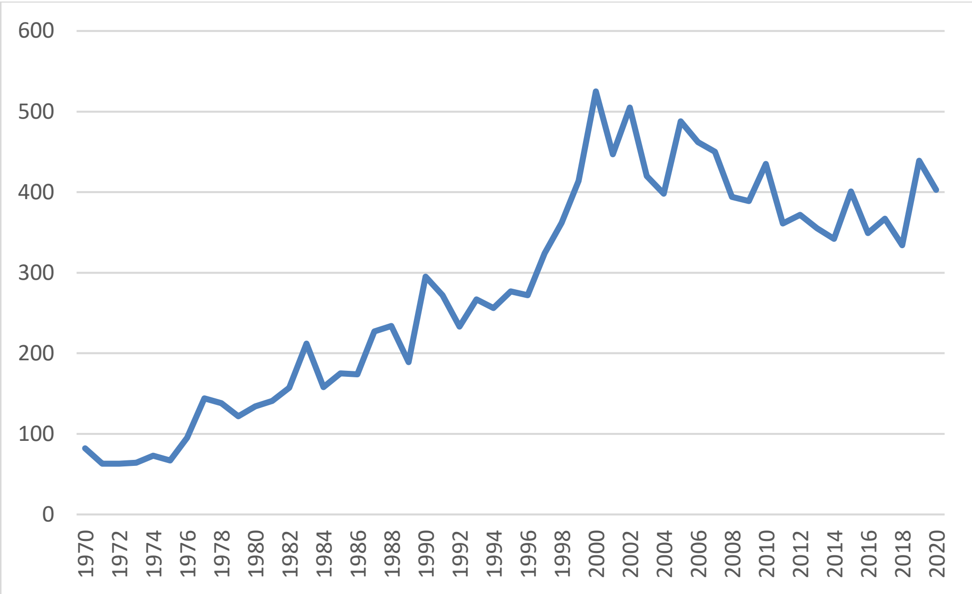
[72] Committee on World Food Security High Level Panel of Experts on Food Security and Nutrition, *Price Volatility and Food Security* (Rome, 2011).

be too costly for the national social protection system to bear alone. The risk of suddenly having to accommodate such a large pool of people, when government revenues are also under pressure, could significantly deter the adoption of social protection systems.

47. The question of building resilient social protection systems that are adaptive to shocks is particularly important in the current context, as shocks – in particular, natural disasters – have become increasingly frequent, as illustrated below (figure III).

Figure III

Occurrence of natural disasters worldwide, including epidemics and animal-borne diseases, in the period 1970–2020



Source: EM-DAT International Disaster Database, the Centre for Research on the Epidemiology of Disasters/UCLouvain, www.emdat.be (Debarati Guha-Sapir).

48. In the Grand Bargain on humanitarian financing, adopted following the 2016 World Humanitarian Summit, a pledge was made to strengthen humanitarian linkages with social protection. It includes a commitment to "increase social protection programmes and strengthen national and local systems and coping mechanisms in order to build resilience in fragile contexts". Yet, as illustrated again by the COVID-19 crisis, the international community is poorly equipped to deal swiftly, at the required scale, with such events.[73]

49. Part of the problem is that the existing social protection systems at a national level are not equipped to be scaled up rapidly to reach large numbers of additional beneficiaries, owing to social registries having fixed lists of registrants and programme beneficiaries, often with outdated information and only partial population coverage.[74] Another problem, however, is that the ability of the country to finance its social protection response in times of crisis may be limited. That issue may be addressed by the global fund increasing its level of support to countries affected by severe shocks, to which the national social protection system would be unable to adequately respond.

[73] Thomas Stubbs et al., "Whatever it takes? The global financial safety net, Covid-19, and developing countries", *World Development*, vol. 137 (January 2021). The article illustrates that, despite the pledge of multilateral financial institutions to provide $2.5 trillion in support to emerging market and developing countries to help combat the pandemic and the subsequent economic crisis, only $90.11 billion had been disbursed – almost exclusively in the form of loans – by 31 July 2020, representing 12.6 per cent of the lending capacity of those institutions.

[74] Thomas Bowen et al., *Adaptive Social Protection: Building Resilience to Shocks* (Washington, D.C., World Bank, 2020), p. 18.

50. While different models have been proposed to allow for such a reinsurance mechanism to be put in place,[75] the most effective approach may consist in the global fund dedicating part of the funding received to maintaining a reserve available to meet such contingencies, thus acting directly as a reinsurer.

51. The assessment that a country's request for support should be granted, indeed, would be based on an assessment that the road map presented by that country for the establishment and gradual extension of social protection is realistic, in particular as regards the sustainability of financing.[76] In other terms, support by the global fund for social protection would be conditional upon recipient countries adopting a credible road map for the extension of social protection, including by identifying sources of funding (combining domestic resource mobilization with international support). That should answer any concerns about the moral hazard involved in such a reinsurance model.

52. Moreover, in order to avoid the risk of an excessive burden on the global fund for social protection, a ceiling could be set (the probable maximum loss) defining the limits of what can effectively be insured, as opposed to systemic, non-hedgeable risk. Under such conditions, the global fund could effectively ensure that all low-income countries joining the fund would be eligible, in addition to receiving financial support in the form of matching funds, to be covered against covariate risks threatening the viability of the social protection system they have put in place, including low-income countries with extremely high-risk factors and a particular vulnerability to shocks.

VIII. Governance of the global fund

53. The global fund for social protection should build on the existing mechanisms that support country efforts to establish social protection floors. It should neither replace such mechanisms, nor duplicate ongoing efforts. The governance structure of the global fund should also bring together a range of others beyond Governments, in order to increase the legitimacy of the initiative, facilitate coordination, and improve accountability.

54. With these objectives in mind, and based on the range of consultations he conducted to date, the Special Rapporteur proposes that the governance of the global fund for social protection could include five bodies: a high-level political alliance, a board, a secretariat, a multi-partner trust fund and an independent accountability unit. The role of country-level coordination should also be emphasized.

A. Structure

55. A high-level political alliance should be established to provide strategic direction, in particular by adopting guidelines on how to assess country requests for support and how to monitor the use of the funds provided, to ensure consistency with the principles of ILO Recommendation No. 202 and with USP2030's Call to Action, which includes commitments to (1) protection throughout the life cycle, (2) universal coverage, (3) national ownership, (4) sustainable and equitable financing, and (5) participation and social dialogue. The alliance could bring together representatives from both donor and recipient Governments, represented by their ministries of labour, social welfare and finance; employer, worker and civil society organizations; representatives from other donors, including international financial institutions and development banks; and representatives from international organizations with a specific mandate on social protection.

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[75] See Olivier De Schutter and Magdalena Sepúlveda, "Underwriting the poor: a global fund for social protection", pp. 15–20.

[76] ILO Recommendation No. 202 contains a reference to "financial, fiscal and economic sustainability" as part of the principles that should guide the establishment of social protection floors, and Action 4 of USP2030's Call to Action commits countries to "ensure the sustainability and fairness of social protection systems by prioritizing reliable and equitable forms of domestic financing, complemented by international cooperation and support where necessary".

56. USP2030[77] could easily evolve into such a high-level political alliance to provide guidance, in particular by defining eligibility standards to the fund, to further the mobilization of resources, and to provide a platform to accelerate collective learning for the establishment of social protection floors. In his former role as Special Rapporteur on the right to food, where he contributed to the reform of the Committee on World Food Security, the Special Rapporteur was able to witness first hand the enormous benefits that can result from such a platform, particularly if it is truly inclusive, involving not only Governments but also other representative actors, to shape and maintain a consensus on the universalization of social protection. This also corresponds to the vision presented when the Alliance for Poverty Eradication was established.

57. The operational decisions within the global fund for social protection should be made under the supervision of a Board, comprising donor and recipient States, but on which international employers' and workers' organizations and civil society would be represented. While the Board as such does not exist yet, it would be appointed by the high-level political alliance, and its working methods could be inspired by those of the steering group of the COVID-19 Call to Action in the global garment industry.[78] The main role of the Board would be to implement the guidelines set by the high-level political alliance to provide grants or loans to countries seeking support, and to receive reports from beneficiary countries about the use of the funds.

58. A secretariat should be in charge of reviewing country requests for funding in preparation of the Board's deliberations. Upon receipt of such a request, it could suggest co-financing arrangements based on the results of the costing of benefits as part of assessment-based national dialogues and identify available funds for social protection at the country and international levels, thus providing the background analysis for the decision of the Board on funding allocations. The secretariat could also monitor the application of the guidelines adopted by the high-level political alliance and consolidate the monitoring of outcomes (in terms of effective coverage, comprehensiveness and adequacy) and fiscal space at the country level. In addition, the secretariat could manage a pool of technical experts, including specialized staff from various agencies, for joint country capacity-building support. Finally, it could facilitate a community of practice on social protection and public finance management, for developing and sharing knowledge.

59. The role of the secretariat of the global fund for social protection could be assumed by the ILO Global Flagship Programme on Building Social Protection Floors for All. That programme was launched in 2016 and now comprises 130 projects in 78 countries. It provides technical support to countries to build national and sustainable social protection systems, in line with ILO Recommendation No. 202 and other international social security standards. In order to increase fiscal space for social protection and ensure that both the mobilization and allocation of resources for social protection are fair and equitable, the Programme works in partnership with others, including United Nations agencies, development partners, and financial partners of countries, to:

(a) Help national constituents in advocating for more and better social protection investments, including by doing research on return on investment;

(b) Build capacities to develop and implement domestic resource mobilization strategies, including earmarked tax, reallocation of budgets, and extension of contributory social security to informal economy workers;

[77] The International Organization of Employers should be invited to join USP2030 in order to further enhance its representativeness.

[78] The Call to Action focuses on the mobilization and disbursement of emergency funds to support workers in the garment sector in eight countries, and the development of sustainable social protection systems including floors. Its steering group is composed of representatives of the International Organization of Employers and the International Trade Union Confederation; industry; governments from donor and recipient countries; and brands (private sector donors).

(c) Develop “tripartite+”[79] coordination bodies involving ministries of labour, social welfare, health and finance, as well as representatives of workers and employers, to decide on the allocation of additional financial assistance for social protection;

(d) Promote ILO guiding principles – such as solidarity in financing – in the design and implementation of social protection policy and financing strategies.

60. Most of the missions that the secretariat of the global fund for social protection would be expected to fulfil are already in fact performed by the ILO Global Flagship Programme on Building Social Protection Floors for All, which therefore could be expanded and further strengthened to develop into such a secretariat. Specifically, the ILO Flagship Programme already organizes calls for proposals through its European Commission Directorate-General for International Cooperation and Development projects, and reviews country requests for funding. It supports countries in carrying out assessment-based national dialogues, costing, and financing studies. It has also developed a technical support facility composed of ILO experts and consultants in several areas, including financing, actuarial concerns and other relevant topics. The Flagship Programme is also best placed, given its tripartite constituency, to monitor the application of the principles of ILO Recommendation No. 202 and the USP2030’s Call to Action.[80] The Programme can also consolidate data through the World Social Protection Database and use its Results Measurement Tool to prepare annual reports of the global fund’s secretariat. In addition, it can further develop a community of practice in collaboration with SPIAC-B and USP2030 members.

61. Resources that would be channelled through the global fund social protection could be administered by a multi-partner trust fund. The trust fund would be a purely administrative agent that disburses funds to the recipient countries (or international country teams for the provision of technical assistance) as decided by the Board and communicated through the secretariat. The Multi-Partner Trust Fund Office could play that role.

62. The structure of the global fund for social protection should also include an independent accountability unit, independent of the Board, the secretariat and the multi-partner trust fund. The independent accountability unit should contribute to the qualitative improvement of the global fund’s activities and to the identification of any adverse developments. It would be mainly responsible for the monitoring and evaluation of the implementation of the policies of the global fund, but could also investigate allegations of fraud, corruption and other integrity issues. Furthermore, it could deal with requests from donors, recipient countries or other Board members seeking a review of Board decisions.

B. Country-level coordination

63. The effectiveness of the global fund’s support will largely depend on the quality of country-level coordination in the area of social protection. While such coordination already exists under various denominations (such as “sector working groups” or “United Nations joint teams on social protection”), it would be important to ensure that all relevant actors working on social protection issues, including financing, are part of the teams and coordinate their financial and technical support following a common road map.

64. International country teams would support the preparation of country proposals submitted to the global fund and provide technical assistance on social protection and public finance management in a coordinated manner with their national counterparts, including ministries of finance, planning, labour, social affairs, and health; and government agencies, including social security institutions, social protection programmes, and statistics offices. They would also facilitate national dialogues on social protection and public finance management involving governments, social partners and civil society organizations. They would monitor progress made in terms of extension of fiscal space and social protection (in

[79] The term “tripartite+” refers to an entity that comprises representatives of various government ministries, together with employers and workers.

[80] This could be delegated to the independent Global Tripartite Advisory Committee of the Flagship programme.

terms of coverage, comprehensiveness and adequacy of benefits) and report back to the secretariat.

65. Of course, donors willing to support the establishment and implementation of national social protection floors could continue to channel their support directly to the relevant national administrations or through national funds for social protection, although going through the global fund would allow for better coordination and more efficient use of resources in a timelier manner, for instance, in the case of a shock. In all cases, internationally provided resources, as well as existing technical assistance, should be taken into account for the funding allocations of the global fund. All financing partners should commit to follow the common road map, so as to ensure that their financial support to national social protection systems is aligned with the guidelines and principles followed by the global fund.

IX. Conclusions and recommendations

66. **In the present report, the establishment of a global fund for social protection is envisioned as a means (a) to make up for the funding shortfall experienced by low-income countries seeking to guarantee social protection floors for their population, and (b) to encourage those countries to establish standing, rights-based social protection systems in line with international standards, without having to fear that sudden shocks will result in a financial burden jeopardizing their affordability. The report also includes a way forward, based on a careful consideration of the positions expressed by stakeholders in the preparatory consultations.**

67. **The Special Rapporteur invites all States, as well as international agencies whose mandates include social protection, unions and civil society organizations, to contribute to making this idea a reality. The initial steps could be taken by the members of the USP2030 initiative, working in collaboration with the ILO Global Flagship Programme on Building Social Protection Floors for All, and the Multi-Partner Trust Fund Office, to operationalize this new international mechanism. Ten years after the Social Protection Floor Advisory Group recommended the universalization of social protection floors, the global fund for social protection is an idea whose time has come.**