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A SHARED MISSION FOR UNIVERSAL SOCIAL PROTECTION

Concept Note

In the early 21st century, we are proud to endorse the consensus that has emerged – that social protection is a primary development priority. Well-designed and implemented social protection systems can powerfully shape countries, enhance human capital and productivity, eradicate poverty, reduce inequalities and contribute to building social peace. They are an essential part of National Development Strategies to achieve inclusive growth and sustainable development with equitable social outcomes.

Universal coverage and access to social protection are central to ending poverty and boosting shared prosperity, the World Bank's twin goals by 2030. Universal social protection coverage is at the core of the ILO's mandate, guided by ILO social security standards including the Social Protection Floors Recommendation, No. 202, adopted by 185 states in 2012. Many countries have embarked in expanding social protection coverage and are reporting significant progress.

Since the 2000s, universality has re-entered the development agenda. First it was education: universal primary education became a Millennium Development Goal in 2000. Then it was health: in December 2013, the World Bank and WHO committed to universal health coverage. Now it is time for universal social protection.

For the World Bank and the ILO, universal social protection refers to the integrated set of policies designed to ensure income security and support to all people across the life cycle – paying particular attention to the poor and the vulnerable. Anyone who needs social protection should be able to access it.

Universal social protection includes adequate cash transfers for all who need it, especially: children; benefits/support for people of working age in case of maternity, disability, work injury or for those without jobs; and pensions for all older persons. This protection can be provided through social insurance, tax-funded social benefits, social assistance services, public works programs and other schemes guaranteeing basic income security.

Why support universal social protection?

There is considerable rigorous scientific evidence that well-designed and implemented social protection systems can be the foundation for sustained social and economic development –for individuals, communities, nations and societies.



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- It prevents and reduces poverty, promotes social inclusion and dignity of vulnerable populations;
- It contributes to economic growth: raising incomes increases consumption, savings and investment at the household level, and raises domestic demand at the macro level;
- It promotes human development: cash transfers facilitate access to nutrition and education, thus resulting in better health outcomes, higher school enrolment rates, reduced school drop-out rates, and a decline in child labor;
- It increases productivity and employability by enhancing human capital and productive assets, ;
- It protects individuals and families against the losses due to shocks, whether they be pandemics, natural disasters, or economic downturns;
- It builds political stability and social peace, reducing inequalities, social tensions and violent conflict; social protection ensure greater social cohesion and participation;
- It is a human right that everyone, as a member of society, should enjoy, including children, mothers, persons with disabilities, workers, older persons, migrants, indigenous peoples and minorities.

Universal Social Protection Coverage Today

Today, nearly 30 low and middle-income countries have universal or nearly universal social protection programs. Over 100 others are scaling-up social protection and fast-tracking expansion of benefits to new population groups. Universal social protection is most commonly achieved for old-age pensions. Universal social protection for children is also a reality in some countries. Further, universality of protection has been endorsed by international statements by the African Union, ASEAN, the European Commission, G20, OECD and the United Nations.

Paths to universal social protection

There are many paths towards universal social protection. Both the ILO and the World Bank fully recognize:

- national ownership of development processes towards universalism
- the choice of countries to aim for gradual and progressive realization or immediate universal coverage
- the heterogeneity in the design and implementation of universal schemes.

Countries have a wide set of options to achieve universal social protection coverage. Generally, universality is achieved by combining contributory and non-contributory schemes. For instance, the People's Republic of China has achieved nearly universal pensions by complementing social insurance with social pensions in rural areas. Other countries like Bolivia provide tax-financed universal benefits to all older persons. Some



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countries choose gradual and progressive realization and others opt for immediate universal coverage.

Financing social protection

Countries have used many options to finance universal social protection coverage, such as:

- Re-allocating public expenditures;
- Increasing tax revenues, including revenue generated from taxation of natural resources;
- Using the reductions of debt or debt servicing;
- Expanding social security coverage and contributory revenues.

The variety of universal social protection programs needs to be sustainable and equitable, taking into account the contributory capacity of different population groups. Better enforcement of tax and contribution obligations ensures a broader and sufficiently progressive revenue base can accelerate progress towards universal social protection coverage. Enforcement of social security revenue collection may result in higher tax collections, particularly in countries with young demographic pyramids. Higher tax revenues can in turn support the promotion of statutory programs. For those poor and unable to contribute, governments have to identify sustainable sources of fiscal revenue.

The Vision: Universal social protection to ensure that no one is left behind

The World Bank and the ILO share a vision of a world where anyone who needs social protection can access it at any time.

The vision states that both institutions recognize that universal social protection is a goal that we strive to help countries deliver. Achieving universality would facilitate the delivery of the World Bank's corporate goals of reducing poverty and increasing shared prosperity and the ILO's mandate of promoting decent work and social protection for all. This shared mission would drive the development agenda to ensure lasting peace, prosperity and progress.

The Objective: Increase the number of countries adopting Universal Social Protection

The ILO and the World Bank's shared objective is: "To increase the number of countries that can provide universal social protection, supporting countries to design and implement universal and sustainable social protection systems."

The objective recognizes the aspirational elements of the ILO and the World Bank's

shared vision, and that the means of achieving the vision is through either the progressive or immediate realization of social protection, as well as through ensuring that there is no retrogression on progress achieved.

The objective recognizes that if countries develop comprehensive systems providing universal protection across the life cycle, and there is sufficient evidence that social protection systems are affordable, efficient, effective and equitable, then more countries will adopt these systems as part of their national development strategies. It also recognizes that there are large synergies and advantages if the ILO and World Bank collectively support the development of universal social protection systems in countries, with a focus on sustainable domestic financing.

Universal Social Protection Coverage in the Post 2015 Development Agenda

Beginning in 2016, the United Nations will begin pursuit of an ambitious new development agenda: the Sustainable Development Goals (SDGs). Today, the world continues to face prevalent and persistent poverty in many places while global inequalities are on the rise. As Member States identify priorities and ultimately adopt a post-2015 plan, they set the course of international development efforts for the next fifteen years to come. It is, therefore, imperative to get it right.

Social protection and, in particular, universal social protection are reflected in the SDGs, a set of negotiated goals and targets to be submitted to Member States in September 2015 at the UN Summit to adopt the final agenda. The document identifies a strong role for social protection in combatting poverty and reducing inequalities, and calls for universal approaches to social protection provision while accelerating efforts for the poor and vulnerable. Social protection systems, including social protection floors, figure prominently among the set of SDGs:

Goal 1. End poverty in all its forms everywhere

1.3 Implement nationally appropriate social protection systems and measure for all, including floors, and by 2030 achieve substantial coverage of the poor and vulnerable

Social protection policies feature elsewhere in goals to achieve gender equality and to reduce income inequality both between and within countries. The vision shared by the ILO and the World Bank reinforces the agenda's universal aspirations to be applicable to all countries regardless of income level.

The Third Financing for Development Conference to be held in Addis Ababa in July 2015 is expected to bring meaningful commitments for implement nationally appropriate social protection systems and measure for all, including floors, and by 2030 achieve



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substantial coverage of the poor and vulnerable. It is essential that world leaders agree on financing mechanisms for universal social protection.

Timebound Actions

The World Bank and the ILO declare that they will work together to achieve this shared vision until the Sustainable Development Goals are realized.

In the short term, the ILO and the World Bank will:

- **Launch the initiative** (June 30) with a high-level statement calling the attention of world leaders to the importance of universal social protection policies, as well as financing mechanisms. This statement will also articulate the shared vision of the two organizations, and outline tangible activities to advance universal social protection both in the lead-up to and following adoption of the post-2015 development agenda.
- **Document country experiences on universal social protection coverage:** Succinct case studies presenting how countries achieved universal social protection coverage, and extracting good practices relevant for other countries.
- **Financing universal social protection:** Analyze the financing implications of universal social protection together with the generation of evidence about ways this can be innovatively resourced and other topics important to generate political will such as the investment case and socio-economic benefits of providing universal social protection.
- **Monitoring framework for universal social protection in the post-2015 agenda:** as part of the ongoing collaboration on social protection statistics (meeting of experts scheduled for October 2015).
- **Global conference on universal social protection for inclusive and sustainable growth:** High-level public event (2016), presenting the country case studies, the joint framework for monitoring progress, and launching a Global Observatory for Universal Social Protection for public monitoring and reporting on agreed targets.

In the medium term (1-15 years), the World Bank and the ILO will use their individual and collective resources and influence to support countries in their move towards providing universal coverage. This will include joint support to countries in their efforts to harmonize social protection policies, programs and administration systems, expanding fiscal space for universal social protection, addressing bottlenecks and adequately integrating universal social protection into their national development strategies.