

## **STRENGTHENING FINANCING FOR SOCIAL PROTECTION FLOORS** **Implementation of a SocDevJustice Project, 2016-17**

Gemma Adaba and Barry Herman

In February 2016, SocDevJustice began a project to help build international discussion and support for strengthening the sustainable and assured financing of social protection floors (SPFs). The project sought to build on the work of the International Labour Organization (ILO) on the inclusion of social protection as one of the cross-cutting policy foci of sustainable development. In fact, the ILO initiative was adopted at the Third International Conference on Financing for Development (FfD) in Addis Ababa in July 2015,<sup>1</sup> and was reflected in the recommendation given in the 2030 Agenda for Sustainable Development to provide social protection as part of the policy package to eradicate poverty, eliminate gender inequality, and reduce inequality overall.<sup>2</sup> Gemma Adaba and Barry Herman, the authors of this note, accepted to be co-directors of the project and in March 2016 we began to invite a number of internationally recognized experts to help design and carry out the project. This note is our report on the activities of the project, its results as of end-June 2017, and envisaged next steps.

### **Principal results thus far**

The project has aimed to help build international awareness and endorsement—and thus ultimately additional domestic and international policy action—for strengthening the financing of social protection, including SPFs, especially in developing countries. We believe that through the technical support that we provided to the United Nations Secretariat and through advocacy in 2016-17, including in cooperation with the ILO Office in New York, we helped raise the visibility among representatives of Member States of the UN of financing challenges in the provision of social protection.

Whatever our small contribution, the outcome was quite a big success as it led to an agreement by all UN Member States to hold an intergovernmental discussion under the FfD umbrella in 2018 of social protection financing. The agreement to do this formed part of a paragraph in the negotiated outcome of the UN's Economic and Social Council Forum on Financing for Development Follow-up in May 2017 (see E/FFDF/2017/3). The relevant

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<sup>1</sup> Paragraph 12 of the Addis Ababa Action Agenda, as endorsed by the General Assembly in resolution 69/313.

<sup>2</sup> These objectives are set out in SDG 1.3 (poverty), SDG 5.4 (gender inequality), and SDG 10.4 (inequality), as per General Assembly resolution 70/1.

paragraph of the outcome document reads as follows:<sup>3</sup>

*7. We recognize that increased long-term oriented investments need to be complemented by measures to assist the poor and vulnerable people. We emphasize the importance of ensuring that social protection systems and measures for all, including floors, are consistent with national development strategies, and are well designed, efficiently operated, responsive to shocks, and sustainable in the long term. We will expand peer learning and experience-sharing among countries and regions in finding the right financing mixes that match countries' respective needs, capacities and national circumstances and encourage support for capacity-building to help countries, according to their needs, to design and implement nationally appropriate social protection systems and measures consistent with national development strategies... We invite the Inter-Agency Task Force, within its mandate and existing resources and as part of its 2018 report, in consultation with the Social Protection Inter-Agency Cooperation Board, to prepare an inventory of domestic and international financial instruments and funding modalities, and existing quick-disbursing international facilities and the requirements for accessing them, to be discussed at the 2018 session of the Economic and Social Council forum on financing for development follow-up.*

As may be seen, the key “deliverables” in this paragraph include a promise to expand “peer learning” among countries, an invitation to the Inter-Agency Task Force (IATF)<sup>4</sup> to undertake further study of instruments and funding modalities for financing social protection in good and bad times, and a decision to discuss the outcome of that study at the FfD Follow-up Forum’s 2018 session, which will be held 23-26 April 2018 in New York.

In short, a certain amount of international political momentum has been created around policy matters in financing social protection. In practice, this pertains, on the one hand, to the design of effective, efficient and fair tax and public revenue systems that will provide a growing stream of fiscal resources over time to match the financing needs for universal and adequate social protection systems. To a degree, the promise to engage in additional peer-to-peer learning and experience-sharing speaks to this need. On the other hand, the agreed text also recognizes that the world is economically volatile and that countries remain

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<sup>3</sup> Not included in the quoted paragraph is a sentence inserted by negotiators referring to investment in effective health, education, energy, water and sanitation systems; although not pertaining to social protection per se, it seemed negotiators could not find a more appropriate place to insert it.

<sup>4</sup> IATF is a cooperative effort of over 50 UN and other international agencies (such as World Trade Organization, Organization for Economic Cooperation and Development and the Financial Stability Board) tasked by the 2015 FfD Conference to monitor implementation of the Addis Agenda and the means of implementation of the 2030 Agenda for Sustainable Development, including its sustainable development goals and recommend “corrective action” to the FfD Forum as appropriate. The IATF is led by the UN Department of Economic and Social Affairs, in close cooperation with other key institutional stakeholders in FfD, including the International Monetary Fund, the United Nations Conference on Trade and Development, the United Nations Development Programme and the World Bank. It reports annually to the FfD Follow-up forum (see <http://www.un.org/esa/ffd/ffd-follow-up/inter-agency-task-force.html>).

vulnerable to natural disasters and pandemics, all of which require timely expansion of international financial cooperation to support the maintenance of SPFs. Indeed, the Bretton Woods institutions have been working to expand (or introduce new) loan facilities that could quickly disburse funds to address different types of “shocks”. They have also been exploring ways to reduce external sovereign debt servicing during difficult times to free fiscal resources to maintain social protection and other essential public services.<sup>5</sup> Both domestic and international prongs of this new international interest will need to be nurtured.

### **Project activities in 2016-17**

During the first four months of the project, we initiated informal discussions with potential expert advisors and friends of the initiative, while conceptualizing and receiving much valuable feedback on early drafts of the project proposal. We finalized our proposal, and were successful in recruiting our panel of experts. We began engaging in efforts to seek foundation funding in June 2016. Despite encouraging discussions with a number of foundation personnel, no actual funding was forthcoming. The final concept note with the proposal for the initiative is available for download on our website at <http://socdevjustice.org/Social-Protection/SocDevJustice-Project-Proposal/> and remains valid as the basis for fund-seeking, should any opportunities arise in the near future.

A valuable aspect of the exercise during those months was that we discovered that there was considerable interest in the idea of promoting sustainable financing of social protection and in the need to assure such financing during periods of economic or natural shocks. In this regard, we were invited to speak at a session of the Civil Society Policy Forum at the Spring Meetings of the International Monetary Fund (IMF) and the World Bank in Washington on 13 April 2016, and to make a presentation at a “side event” on 19 April 2016 organized by the Permanent Mission of Belgium to the UN and ILO during the inaugural session of the FfD Forum. (These contributions are available for download from our website at <http://socdevjustice.org/Home/> ).

We were also able to assist the UN’s FfD Office when it decided to organize an IATF expert group meeting jointly with ILO on financing SPFs, taking as its mandate the 2015 Addis Ababa agreement to bring the topic within the intergovernmental FfD process. The meeting was held in the morning and afternoon of 30 November in New York. Twenty-seven staff members from thirteen agencies participated in the meeting, including through video and audio hook up from Addis Ababa, Bangkok, Washington DC, Rome and Geneva. They were joined by several of our advisors, (Isabel Ortiz, Anis Chowdhury, Michael Cichon, Eva Hanfstaengl, and Katja Hujo [via video]), along with two additional experts from The New School, Professors Teresa Ghilarducci and Sakiko Fukuda-Parr. Gemma Adaba prepared a background paper on our behalf for the meeting,<sup>6</sup> while

<sup>5</sup> For more detail, see Barry Herman, “Social Protection Floors in the Financing for Development Agenda,” FfDO Working Paper Series II.A/2 (March 2017), available at [http://www.un.org/esa/ffd/wp-content/uploads/2017/03/II.A.2-Social-protection-floors-in-FFD\\_FfDO-working-paper.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2017/03/II.A.2-Social-protection-floors-in-FFD_FfDO-working-paper.pdf).

<sup>6</sup> Available at [http://www.un.org/esa/ffd/wp-content/uploads/2017/03/II.A.1-Financing-SPFs\\_FfDO-working-paper.pdf](http://www.un.org/esa/ffd/wp-content/uploads/2017/03/II.A.1-Financing-SPFs_FfDO-working-paper.pdf)

presentations were made by Isabel Ortiz (ILO Director of Social Protection), Anis Chowdhury and Michael Cichon.<sup>7</sup> The meeting's lively discussions were encouraging, and provided the impetus for an evolving consensus among the participating international agencies that the issue of financing social protection warranted new domestic and international policy actions.<sup>8</sup>

At the request of the co-chairs of the expert group meeting, Barry Herman prepared an analytical policy paper drawing on the discussions at the meeting and other materials, emphasizing requirements for sustainably financing SPFs in the long run, and protecting social protection outlays and services during economic cycles and natural shocks.<sup>9</sup> The paper circulated among delegations as well as agencies, as it was a focus of discussion at one of the breakout sessions at a retreat at Glen Cove, Long Island on 12-13 January 2017, organized by the Friedrich Ebert Stiftung and the South Centre. Forty-seven delegates from 34 countries from North and South participated in the retreat, including some individuals from capitals. The retreat had been organized to inform delegations about the preparations of the 2017 IATF report, its online annex, and work undertaken in its substantive workstreams. Indeed, the proposal for the "inventory" of financial instruments and funding modalities that is contained in the FfD outcome document referred to above was made during that retreat.<sup>10</sup>

The FfD Office and ILO organized a further meeting on 3 February 2017 at UN Headquarters to brief delegations and the UN community on the work of the social protection workstream and its expert group meeting in particular. This meeting took the form of a side event during the annual meeting of the Commission on Social Development in order to bring the discussion to a social-policy focused audience to complement the financial one in FfD. Barry Herman presented policy ideas from his aforementioned paper.<sup>11</sup>

The 2017 IATF report was launched at the FfD Forum and contained a significant section on financing social protection. Complementing the report is an online annex which provides information and data for monitoring progress on the actions and commitments of the AAAA and the targets of the SDGs, particularly the means-of-implementation targets.<sup>12</sup> In addition, at the FfD meeting itself, the issue of financing social protection floors was further highlighted at a side event held on 22 May, organized by the German

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<sup>7</sup> Presentations are available for download from the social protection page of our website at <http://www.socdevjustice.org/Social-Protection/>.

<sup>8</sup> The report of the meeting may be found at <http://www.un.org/esa/ffd/wp-content/uploads/2017/02/Summary-of-the-IATF-Expert-group-meeting-on-financing-social-protection-floors-final.pdf>

<sup>9</sup> The paper benefited especially from comments from the FfD Office, IMF and ILO.

<sup>10</sup> The proponent cannot be identified as the retreat was held under Chatham House rule. The informal summary of the retreat has not been posted.

<sup>11</sup> A report on the side event can be found at <http://www.un.org/esa/ffd/wp-content/uploads/2017/01/Final-summary-of-CSocD-side-event-financing-social-protection-floors.pdf>.

<sup>12</sup> See pp. 23-27 of the report, available at <https://developmentfinance.un.org/financing-development-progress-and-prospects-2017>. See also a first pass at the IATF online monitoring page on social protection at <https://developmentfinance.un.org/delivering-social-protection-and-essential-public-services>.

Federal Ministry for Economic Cooperation and Development, the Permanent Mission of Argentina to the UN, ILO, Brot für die Welt, and SocDevJustice. The meeting attracted considerable interest, in part owing to the high level of government speakers and the fact that financing social protection had firmly entered into the work of FfD. Gemma Adaba moderated the discussion.<sup>13</sup>

### **Next steps**

We believe that through the initiative on financing social protection floors, SocDevJustice and partners have contributed in some measure over the past year, to putting the issue more firmly on the international policy agenda. However, sustained policy advances will require more detailed analysis and policy development as well as broader multi-stakeholder dialogues and consensus-building around policy proposals and needed actions, ultimately lending support to advocacy initiatives in-country as well as internationally.

We have already taken some steps to boost advocacy and more are planned. Thus, Barry Herman made a presentation at a meeting of locally based NGOs at Brot für die Welt in Berlin on 16 June on promoting sustainable and appropriate financing of social protection in good times and bad (meeting report forthcoming). He also presented our work at a breakout session of the Civil 20 Summit that took place 18-20 June in Hamburg, in advance of the Group of 20 (G20) Summit in July.

Moreover, an opportunity for further advocacy within the G20 process may have arisen. As Argentina will host the 2018 G20 Summit and as Argentina's UN ambassador had spoken at the May side event about Argentina's social protection programmes, it is possible that the Government of Argentina may be amenable to placing the financing of social protection on the G20 agenda (which would also entail having it discussed in one of the G20 working groups that prepare the G20 policy positions). In addition, a core member of the main international network of civil society organizations advocating for SPFs, the Global Coalition for SPFs (GCSPF),<sup>14</sup> is also interested in pursuing on behalf of the GCSPF whether Argentina might include the financing of SPFs in the G20 agenda. It is uncertain, as of the date of writing, whether this will be approved by Argentina, let alone by the other members of the G20 as the handover of the chair of the G20 does not take place until October.

In addition, both of us have joined the "core group" of the GCSPF on behalf of SocDevJustice. Our primary activities, as we see them at the present moment (and following our participation in an informal meeting of the core group in New York on 13 July), is to help the GCSPF with two tasks. One is preparation of materials as part of a GCSPF finance sub-committee initiative, for use by civil society and labour organizations in developing countries for their work in promoting social dialogue and advocating for SPFs with their governments. The second task is helping the GCSPF in its lobbying work

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<sup>13</sup> A report—and photo—from the side event is contained on pages 118-120 in the volume on the 2017 Forum issued by the FfD Secretariat, available at <http://www.un.org/esa/ffd/wp-content/uploads/2017/07/2017-ECOSOC-forum-on-Financing-for-development-follow-up.pdf>.

<sup>14</sup> See <http://www.socialprotectionfloorscoalition.org/>.

at international level (e.g., with the Argentine presidency of the G20, at the UN and perhaps at the Bretton Woods institutions).

While the discussion of future work thus far pertains to the activities of the co-directors of the project, we have not discussed what role and active involvement might be taken up by our advisors, going forward. The support and substantive inputs provided by our advisors thus far have been valuable in maintaining the focus and work of the initiative. We are grateful for that support and wish to thank them most sincerely. Looking forward, we would very much like to maintain the group and continue to seek their advice and assistance.