



## **A Global Fund for Social Protection**

### **A proposal for the Conference on Financing for Development**

**Addis Ababa, July 2015**

#### **1. Concept**

The central idea of this proposal is to create a Global Fund for Social Protection (GFSP) as a solidarity based financing mechanism to help countries design, implement and, to a limited extent, finance national floors of social protection. Social Protection Floors (SPFs) are direct and fast-acting poverty relief mechanisms that can save millions of lives and alleviate misery in further millions of cases.

#### **2. Background**

In June 2012 the global community of nations decided that all countries should ensure that all people have access to at least a floor of social protection. The 184 members of the International Labour Organisation have adopted the ILO recommendation No. 202 on National Floors of Social Protection. According to R.202 national social protection floors should comprise at least the following four social security guarantees:

- access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability accessibility, acceptability and quality;
- basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
- basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
- basic income security, at least at a nationally defined minimum level, for older persons.

The instrument is extremely flexible on the national means of implementation. The term “guarantees” that the focus is on the outcome rather than on specific types of benefits or types of schemes. However, it clearly formulates a protection objective: “these guarantees should ensure that all in need have access to essential health care and basic income security which together secure effective access to goods and services defined as necessary at the national level.” The Recommendation also puts the floors of protection into the context of wider social security extension strategies that countries are required to adopt.

From the beginning the SPF has been supported by the Global Coalition for Social Protection Floors of about 90 NGOs and Trade Union Federations. It has been endorsed at different occasions by the UN, most

recently in February 2015 by the UN Committee on Economic, Social and Cultural Rights<sup>1</sup>. It is also mentioned as a target in the draft SDG One and Ten suggested by the Open Working Group on SDGs.

**What is missing at this stage is a dedicated financing facility that enables the global community of nations to systematically, consistently and sustainably support national efforts to reduce poverty, insecurity and inequality through social protection. This gap could be filled by a Fund dedicated to social protection.** Already in October 2012 the UN rapporteurs for the Right to Food and Human Rights jointly called for a Global Fund for Social Protection<sup>2</sup>. A world solidarity fund does already exist under the auspices of the UN but has remained largely unused by donors<sup>3</sup>.

### 3. Mandate

The Global Fund for Social Protection (GFSP) should support countries that need financial support to introduce or complete national social protection floors. While generally the financing of national social protection systems has to come from national resources, there are countries where the support for the set-up of national SPFs and transitional financing or co-financing of the international community may be needed on an emergency basis<sup>4</sup>. Thus, the core function of the GFSP should be to help countries to develop the analytical and administrative capacity for operating effectively and efficiently national social protection floors. Hence, the Mandate of the Fund should be twofold:

- a) provide technical support for national efforts to plan and design national SPFs and the training of national planning and administrative staff,
- b) co-finance of SPF transfers in exceptional cases<sup>5</sup>.

### 4. Management and Administration

The GFSP – while not a vertical but rather a multidimensional fund covering health and income security - could be governed by a board consisting of representatives from multiple stakeholders similar to the one of the Global Fund to Fight AIDS, Tuberculosis and Malaria, the UN, the ILO (as the principal promoter of the SPF), donor and recipient governments and civil society. The Chairperson could be elected for one or

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<sup>1</sup> See UN E/C.12/54/R.3, Economic and Social Council, Committee on Economic, Social and Cultural Rights,

<sup>2</sup> De Schutter, O., and Sepulveda, M. 2012. A Global Fund for Social Protection (GFSP), Executive Summary October 2012

<sup>3</sup> Formally, a similar but largely unknown fund does already in the UN. In 2002 the UN established a World Solidarity Fund (WSF) for social protection by [resolution 57/265](#) of the General Assembly. Its “objective is to eradicate poverty and promote human and social development in developing countries, in particular among the poorest segments of their populations”. The UN Commitment to the Fund was explicitly confirmed by the outcome document of the Conference of Financing for Development in Monterrey and in Doha. Unfortunately the fund has remained nearly empty so far.

<sup>4</sup> R.2012 states in Article 12. “National social protection floors should be financed by national resources. Members whose economic and fiscal capacities are insufficient to implement the guarantees may seek international cooperation and support that complement their own efforts.”

<sup>5</sup> Exceptional cases could, for example, be cases of low income countries who would need more than 10% of their GDP to complete their SPFs. According to calculations of the Global Coalition for SPFs this would mean that at present no more than 10 countries would be eligible for support.

two terms. The financial management could be ensured by UNDP. Technical co-operation could be implemented by a dedicated team of UNDP and ILO staff. Financial and technical supervision could be provided by development banks. The impact monitoring could be ensured by the Social Protection Interagency Co-operation Board (SPIAC-B) and civil society.

## **5. Financial considerations and potential impact**

### *Estimated adequate financial volume*

To enable the emergency co-financing of transfers and the financing of technical co-operation and massive capacity building initiatives the desirable annual volume of the GFSP would on the order of US \$10 to 15 billion. The fund could be started on a limited basis with a smaller initial budget.

The Global Coalition for SPF is presently developing a global SPF index which measures national SPF gaps as a percentage of national GDPs. According to preliminary estimates there are presently only about ten countries in the developing world which would have to spend more than 10% of their GDP to close their SPF gap. If the GFSP were to help on a transitional basis to close the SPF gap in these countries by covering 50% of the SPF costs, then the estimated global annual cost would be on the order of US \$10 billion<sup>6</sup>. Supporting only the poorest six countries with 50% of the cost of the floor would amount to roughly 2 US\$ billion. Once the first generation of supported countries graduates out of financial assistance the next generation of poor countries could be brought in- and so on.

### *Financing*

The fund could be financed from a combination of different sources. Some options are:

- a) Development Aid of industrialised countries.
- b) Earmarked global, international or national sources. A mechanism for global financing (or the re-financing of national investments) could be national, regional or global financial transaction taxes. A fraction of the estimated revenues of a global, European or US Financial Transaction Tax could easily fund a GFSP of initially around 20 US \$ billion<sup>7</sup>. Other innovative sources of financing could be explored (e.g. a global social lottery etc.).

In addition donations of charitable organisations, enterprises or regular solidarity contributions from individuals in form of voluntary add-ons to their national social security contributions could be accepted.

## **6. Potential impact**

The emergency co-financing of the SPF in the ten poorest countries would help to pull about 120 million people out of abject poverty and social insecurity. If one assumes that normally financial assistance should

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<sup>6</sup> Including benefit cost for social assistance schemes which would close the US\$ 1.25 poverty gap, the health access gap and the administrative cost to ensure the benefits programmes.

<sup>7</sup> In its Proposal for a Council Initiative on a common system of financial transaction tax and amending Directive 2008/7/EC the European Commission estimated in November 2011 that " ... the revenues of the tax could be 57 EUR billion on a yearly basis in the whole EU. " The Center for American Progress calculates that even a tiny tax on financial transactions would lead to annual revenues of about 50 billion US\$ on the US alone ( see [www.americanprogress.org/issues/economy/news/2013/02/25/54503/5-reasons-the-world-is-catching-on-to-the-financial-transaction-tax/](http://www.americanprogress.org/issues/economy/news/2013/02/25/54503/5-reasons-the-world-is-catching-on-to-the-financial-transaction-tax/)). Estimates for a global financial transaction tax generally amount to a multiple of these figures.

not last longer than five years per country then about 300 million people could benefit from financial support within the next 15 to 20 years. Technical assistance in further countries which would lead to the set-up or completion of nationally financed social protection floors within a medium term timeframe will reduce poverty by many more millions of people.

Geneva, 14 April 2015

*This statement has been endorsed by the following members of the **Global Coalition for Social Protection Floors***

Africa Platform for Social Protection (APSP)

Brot für die Welt / Bread for the World

Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento (CIPPEC)

Community Law Centre (CLC)

Congregation of Our Lady of Charity of the Good Shepherd

Development Research and Training (DRT)

Dominican Leadership Conference

European Anti Poverty Network (EAPN)

European Association of Schools of Social Work (EASSW)

Free Trade Union Development Centre , Sri Lanka (FTUDC)

Friedrich Ebert Stiftung (FES)

Gambia Future Hands on Disabled People (GFHODP)

Global Social Justice

Helpage International

International Association of Schools of Social Work (IASSW)

International Council on Social Welfare (ICSW)

International Network for the Prevention of Elder Abuse, (INPEA)

International Presentation Association

International Trade Union Confederation (ITUC)

JusticeMakers Bangladesh

Lebanese Union of Organizations for Persons with Disability (LCDP)

Medical Mission Sisters

Network for Transformative Social Protection (NTSP)

Programme on Women's Economic, Social and Cultural Rights (PWESCR)

Sisters of Notre Dame de Namur

Soroptimist International

SOLIDAR

Trickle Up

UNANIMA International

World Federalist Movement