



Global Coalition for **SOCIAL PROTECTION FLOORS**

25th of October 2017

Dear Ms. Lagarde,
Dear Executive Directors,

Following the recent publication of the Independent Evaluation Office's (IEO) [evaluation report](#) on 'The IMF and Social Protection,' the Global Coalition for Social Protection Floors (GCSPFs) – a global network of over 90 civil society and trade union organisations, representing millions of people worldwide - wishes **to express its concerns on the findings of the evaluation report and the International Monetary Fund's (IMF) approach towards social protection** more widely, as it diverges strongly from the internationally-agreed agenda on social protection.

The objective of universal, rights-based, social protection is enshrined in numerous international laws and agreements, including the Universal Declaration of Human Rights (Art 25a), ILO Convention 102 on Social Security and Recommendation 202 on Social Protection Floors, and most recently the UN Sustainable Development Goals (Target 1.3). It is also an agreed objective of the Global Partnership on Universal Social Protection, bringing together the World Bank, ILO, OECD, African Union, IADB, and numerous other international organisations, national governments, lending institutions and civil society organisations to promote the expansion of social protection to all.

Therefore, we are particularly concerned with the **report's affirmation that the IMF's approach towards social protection has been principally oriented around the desire to reduce social protection coverage and contain expenditure, rather than ensuring adequate levels of protection for all**. As regards old-age pensions, for instance, the report explains that the IMF has not been interested in 'social issues such as the extent of pension coverage in the population or the adequacy of the pension replacement rate' but rather in 'macro-critical issues associated with existing pension systems, such as fiscal sustainability and the short-term expenditure burden'. Similarly, the report states that the IMF's approach towards reforming social protection to strictly target social safety nets to the poorest has been motivated by a desire to 'provide value for money and be affordable'.

In keeping with the normative framework established in ILO Recommendation 202 (2012) on social protection floors, we affirm that the key objective of social protection is the universal provision of economic and social security through basic guarantees on income and essential social services throughout the life course. While we consider long-term budgetary sustainability

to be important in order to safeguard social protection systems for future generations, a definition of affordability based solely on considerations of fiscal cost and expenditure burdens will only compromise the adequate financing of social protection systems and their effective functioning. **Therefore, policies aimed at macroeconomic growth and stability should be consistent with this framework, thereby safeguarding individuals from the myriad risks inherent in market economies.**

We also would like to stress that **the IMF's focus on budgetary cost-savings appears to overlook the fact that adequate, comprehensive and universally accessible social protection has been proven to have important economic benefits.** During the financial and economic crisis 2008/2009 evidence showed that social protection served as an important economic stabiliser to create and maintain sustainable market economies through aggregate demand. Moreover, numerous studies confirm the importance of social protection in supporting educational attainment and skill development, and promoting access to quality employment and reducing informal work. **Nevertheless, the IMF appears to view social protection as merely a cost that must be contained and not an investment in human capital, economic growth and sustainable development.**

While the IEO report leaves out any evaluation of whether the IMF's approach to social protection reform has had any negative impacts on beneficiaries or on national development overall, several studies have highlighted the negative social impacts of the IMF's policies. The targeting mechanisms promoted by the IMF, usually by proxy means test (PMT), have been shown to typically exclude 50 per cent or more of those that should be eligible by virtue of income level, according to research published by the ILO and Development Pathways¹. The evidence base clearly shows that PMTs are unfit for purpose where the goal is universal social protection coverage. A recent report² from the UN Independent Expert on Human Rights and Public Debt has moreover highlighted how IMF programme conditionalities on social protection have contributed to increased poverty and financial insecurity, greater income inequality, higher levels of informality and increased gender inequalities. The reforms have also at times been associated with greater civil and political unrest, as recently demonstrated in Romania and Greece. **An approach to social protection that leaves a high proportion of low-income people without any assistance, and which contributes to such negative social and political impacts, must be immediately reconsidered.**

We also note with concern that the report affirms that over **70 per cent of the surveyed IMF staff working on social protection reported having minimal to no interaction with the ILO,** despite the existence of binding ILO standards in this area as well as the more developed

¹ ILO and Development Pathways (2017) [Exclusion by design: an assessment of the effectiveness of the proxy means test poverty targeting methodology](#)

² UN Human Rights Council (2017) [Report of the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights](#)

technical expertise of the ILO in this field. While the recommendations of the report suggest that the IMF engage actively in inter-institutional cooperation on social protection and find ways to work constructively with development partners, it also does not specifically call for work with the ILO, who has the principal mandate for addressing this issue. We stress that such joint cooperation would be important going forward.

With regard to the development of a clear strategic framework on social protection, setting out the scope and objectives of the IMF's involvement, we wish to stress that **such a strategic framework must be clearly aligned with the wider international agenda on social protection and the SDGs specifically. As the IMF is committed, within the scope of its mandate, to the global partnership for sustainable development and declares officially that it supports its member countries in the pursuit of the SDGs, it appears unreasonable to embark on a social protection strategy that is counter-productive to the attainment of the SDGs and poverty reduction in general.** Moreover, as concerns the financing of social protection, we would encourage the IMF to deepen its role in the eradication of tax fraud and evasion at the national and international levels, and to recommend to member countries a better implementation of taxation policies, and the introduction of new sources of revenue.

With regard to the recommendation that the IMF provide tailored advice for particular country situations, especially for countries where social protection is judged to be a macro-critical priority, we wish to emphasise again that **any advice given by the IMF on social protection must be aligned and clearly coordinated with those international institutions that have greater expertise on social protection and hold a direct mandate to address these issues, in particular the ILO. Furthermore, we stress that the expertise and participation of civil society organizations and trade unions in social protection reforms at the country level is crucial for the success and acceptance of such reforms.**

In short, the Global Coalition urges the International Monetary Fund to consider the concerns raised here in developing the IMF strategy on social protection, and to respect the primary mandate of the ILO and other relevant international actors on social protection.

We welcome the IEO report's recommendation for the IMF's Executive Board to review its work in this area as an important opportunity for the IMF to change its current approach on social protection and to ensure henceforth that IMF **programmes are coherent with the internationally-agreed objective of universal, rights-based social protection, as enshrined in the SDGs and laid-out by the ILO Recommendation 202.**

Given the on the ground expertise of our members, **we would like to express our availability to assist in the IMF's development of a new social protection strategy.**

Sincerely,

Global Coalition for Social Protection Floors

List of member organisations:

Asia Monitor Resource Centre (AMRC) and Global Network Asia
Congregation of Our Lady of Charity of the Good Shepherd
Development Research and Training (DRT)
Friends of the Disabled Association (FDA)
Global Social Justice
Institute of the Blessed Virgin Mary
International Network for the Prevention of Elder Abuse (INPEA)
International Presentation Association
JusticeMakers Bangladesh
National Union of Organizations on Intellectual Disability
Phenix Center for Economic & Informatics Studies
Social Watch
Studies in Poverty and Inequality Institute (SPII)
VIVAT International
World Solidarity - Wereldsolidariteit - Solidarité Mondiale
Dullah Omar Institute, University of the Western Cape, South Africa
International Movement ATD Fourth World
Passionists International
Programme on Women's Economic, Social and Cultural Rights (PWESCR)
Asia-Europe People's Forum - Secretariat for Asia
International Council on Social Welfare (ICSW)
Society of Catholic Medical Missionaries
Social Justice in Global Development
South Asia Alliance for Poverty Eradication (SAAPE)
WIEGO
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ActionAid International

Advocacy etc.
Consultancy and Training for NGOs
Africa Platform for Social Protection (APSP)
Amel Association International
Association Points Cœur
B.I.R.S.A. Mines Monitoring Centre
Brot für die Welt
Cambodian Women Movement Organisation (CWMO) and Global Network Cambodia
Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento (CIPPEC)
Chipembere Community Development Organization
Church of Sweden
CNCD-11.11.11
Community Legal Education Center (CLEC) and Global Network Cambodia
Concern Worldwide
Concern Worldwide UK
Congregation of The Mission
Corporación Solidaridad y Desarrollo - SODEM
Daughters of Charity
Democracy and Workers Rights Centre (DWRC) and Global Network Arab Countries
Development Initiatives
Dominican Leadership Conference
European Anti Poverty Network (EAPN)
Franciscans International
Free Trade Union Development Center
Friedrich-Ebert-Stiftung (FES)
Gambia Future Hands On Disable People
General Confederation of Trade Unions (GCTU)
HelpAge International
International Alliance of Women (IAW)

International Association of Schools of Social Work (IASSW)
International Disability Alliance (IDA)
International Federation of Social Workers (IFSW)
International Kolping Society (IKS)
International Trade Union Confederation (ITUC)
Labour and Economic Development Research Institute (LEDRI) and Global Network Zimbabwe
Labour and Education Foundation (LEF) and Global Network Pakistan
Labour Education and Research Network (LEARN) and Global Network Asia
Labour Research Service and Global Network Africa
Labour Resource and Research Institute (LARRI) Global Network Namibia
Lanka Net
Loretto Community
Marianists International
Modern University for Business and Science (MUBS)
National Union of Bank Employees (NUBE)
Network for Transformative Social Protection (NTSP)-Asia
NGO Forum for Health
Oxfam
Platform for Social Protection
Programa Laboral de Desarrollo (PLADES) and Global Network Latin America
Proyecto de Derechos Económicos, Sociales y Culturales (PRODESC)
Psychological Research & Development Council-India (PRDC India)
Salesian Missions
Samadeepa Development Center
Save the Children
Service and Research Institute on Family and Children (SERFAC)
Sisters of Notre Dame de Namur
Solidar
The Grail

Trade Union Right Centre (TURC)

Trickle Up

UK Child Poverty Action Group

UNANIMA International

Union Générale Tunisienne du Travail

Workers Education Association Zambia WEAZ and Global Network Zambia

World Federalist Movement

Youth For Action

Individual members:

Daniel Horn (UK)

Michael Cichon (Germany)