

## Key Messages and Summary

### Roundtable Discussion on Social Protection in Development Cooperation

Held 6 June 2012, 14.00 – 17.00, European Parliament, Paul-Henri Spaak 3C050

Hosted by MEPs Veronique De Keyser and Charles Goerens

#### **Key Messages and Conclusions**

- Now is the appropriate time to engage in discussions around social protection when there is a **developing international consensus** around its importance for inclusive growth, equity and poverty reduction and heightened relevance in face of crises.
- Social protection must be viewed and **designed systemically**, as opposed to in an ad-hoc manner. Programming should be **integrated and multi-sectoral**.
- Systemic development should be from the **bottom up**, with a focus on **building national capacities, infrastructure and ensuring access to services**.
- Interventions and programmes should be **inclusive**, focusing on equitable resource distribution, and with attention to **employment access**.
- Must ensure that social protection **insulates against shocks and strengthens resilience** not only for those already in **poverty**, but for those at risk of **falling back into poverty**.
- **Children must be a focus of investment**, not only because such interventions provide the **highest returns on investment**, but because there is a **very narrow window of opportunity** in which to positively influence their lives and abilities to contribute to society.
- Building **fiscal space in national budgets** for investments in social policy, including social protection, is also a key priority, and is feasible for every country. The costs of inaction far outweigh the costs of building social protection systems.
- Must also prioritize building both **political will** and **social will** for social protection; success will depend on **buy-in from political elites** and **support from grassroots** for social protection expenditures to realize their rights.
- Social protection systems should be **nationally-led and owned**, meaning that there is no “one size fits all” blueprint for systems. Instead they should be **diverse and country-specific**.
- Europe has a **responsibility to invest in social protection**, including through a **European Parliamentary resolution** on the issue.

### **Opening – Véronique De Keyser, Member of European Parliament**

- Integrated, inclusive social protection systems must be put on Parliament's agenda. We have responsibilities in developing countries to support social protection development in terms of financing and also political dialogue. European Parliament would like to see further efforts, and for promises in this area to be kept.
- Social protection plays important role as barrier against natural inequalities and fragilities caused by different factors.
- Child vulnerabilities occur not only in developing countries but in Europe as well. For instance, Europe 2020 agenda talks about child poverty threats against children.
- Social protection systems are very broad, encompassing access to health, education, family support services, and services to most vulnerable, including children.
- However, must be wary of imposing a "European model" – must instead provide support to empower partner countries through help and advice.
- Affirmed that she and MEP Goerens will engage in advocacy with colleagues and cooperate with the European Commission on this issue.

### **Presentation – Kristian Schmidt, European Commission, DG DEVCO**

- Communication on Social Protection in Development Cooperation expected to be adopted by the Commission in late August/early September, with Council Conclusions hopefully in October.
- Summary of consultations on the Communication:
  - Took place around the world, including Addis Ababa, Casablanca, Bangkok and within Europe, as well as on-line. Solidified social protection as a relevant and important topic.
  - Most replies to the on-line questionnaire came from high income countries and European NGOs with Delegations finding difficulties in getting replies from NGOs in other countries.
  - Overall results found support for national policies and ownership as key; projection of EU values but importance of not imposing an EU model; support for EU engagement to build capacities of partners, but not in long-term funding.
  - Partnership countries sensitive to 'jobless growth' and increasing inequity, especially given Arab Spring and worldwide instability.
- Overview of forthcoming Communication:
  - Commission intends for a strong focus on inclusiveness and equity.
  - Chapter 1: Explanation of why social protection should be part of development cooperation.
  - Chapter 2: Define social protection (broad definition, including capacity of people to escape from and avoid falling into poverty through income security and access to services) and what it can do.
  - Chapter 3: Social protection in the EU, including its place at heart of EU social models. Commission aware of fact that EU struggles to maintain its own systems, and will be realistic in terms of affordability.
  - Chapter 4: Differences between Middle and Low Income Countries. In MICs the challenges are to broaden coverage and to improve efficiency. In LICs funding and

institutional capacity are the main constraints. The common challenge: sustainable financing, extending coverage, building capacity.

- Chapter 5: Future direction and specific goals. The goal of EU development cooperation in supporting social protection is to improve equity and efficiency in provision, while supporting inclusion and social cohesion.
- Major points of emphasis: social protection at centre of political dialogue; universal access; national programmatic support; generation of domestic revenues; strong message about the social contract (connection between delivery of services and payment of taxes); institution building; political will; technical cooperation; civil society and ability growth and development; gender dimension.

#### **Presentation – Isabel Ortiz, UNICEF**

- Rationale for social protection: Persistence of inequality and exclusion, which will continue as populations are still vulnerable to shocks in the future.
- Social protection always affordable even in poorest countries; different processes exist to open up fiscal space, eg natural resources and taxation.
- UNICEF engaged in over 124 interventions on social protection in 93 countries (MICs and LICs and fragile states), with role primarily in providing technical assistance in design and implementation of programmes with national partners, including opening fiscal space. Engages in international advocacy to promote social protection floor, and forge alliances within countries.
- UNICEF's approach is rights-based, guided by the Convention on the Rights of the Child. Guided by three principles: Progressive realization of universal access; integrated, multi-sectoral nationally-owned systems; and inclusive systems (gender, ethnicity, HIV status, disability). Also emphasize participation and accountability – need rights awareness by citizens.
- Must invest in children now because of aging world population, but also because investing in children provides high returns in investment. Children have window of opportunity/vulnerability when they're young which, if missed, has large consequences.
- Cash transfers are a staple of social protection; but must also consider a broader set of instruments to tackle both economic and social vulnerabilities (and their interaction), such as social insurance, user fee abolition, exemptions, vouchers subsidies, support services and legislation. International aid is not the solution to social protection question, but can be a temporary measure to kick off programs.
- Drew attention to the social protection costing tool developed by UNICEF and the ILO, to help countries assess feasibility and financial space.
- Future goals for UNICEF include expansion of coverage, policy dialogue with governments for expansion and fiscal space, and how to address vulnerability at all levels.

#### **Presentation – Arup Banerji, World Bank**

- Stressed the importance of seizing the opportunity to advance social protection at time where is international convergence.

- World Bank lending and grants for social protection currently constitutes 20% of total, up from 2% in early 1990s. Bank wants to focus on making social protection policies more effective by making them systemic, inclusive, responsive and productive.
- Three major impacts of social protection: Increased gender equality, better nutrition (especially to children in first 1000 days, which provides high value for money), and access to education and health.
- Investment in social protection is good economics: Wealth of evidence now shows why protection of poor and vulnerable is smart for micro- and macro- economic reasons. At household level, allows people to take productive risks and preserves human capital during shocks; also works at community level and national level.
- Systemic development of social protection must be tailored to countries (each country's social compact), knowledge-driven, and collaborative across partners and sectors. Social protection consists in a number of programmes which must have coherence in sharing sub-systems. Right now subsystems not shared, resulting in waste of resources.
- Requires investment in "nuts and bolts" of social protection systems.
- Employment policies are intrinsic part of social protection – need to build skills and productivity to eliminate dependence.
- Social protection programmes need to be: flexible to shocks; able to identify the newly poor and not just reach those already identified; tailored to countries; rooted in social context of country; and knowledge-based, including through facilitation of South-South learning (Europe has potential to facilitate transfer of knowledge around the world).
- No one agency can succeed in providing social protection; all must work together and overcome minor differences to achieve coherence.

#### **Presentation – Christine Bockstal, International Labour Organization**

- Social Protection Floor Initiative: SPFs designed to reach every person in every country. 90% of population of world does not have social protection, and existing systems are weak.
- No general solution for implementation and design of social protection – must be country-led and unique. Priorities and methods must be identified at national level. Must also maintain discussions with civil society to understand individual country contexts, priorities, and appropriate scheduling.
- ILO working to produce worldwide strategy with guarantees for basic health care and revenue security. Once these achieved, can work towards higher levels of protection. One item ILO insists on is guarantees should be given to all people in country, especially children, including in regards to other international conventions.
- Giving funding not enough – social protection requires building infrastructure and training skilled staff, and offering not only services but access to services. However, cannot only be treated as technical issue, as political will is also crucial.
- The virtuous cycle of social protection: Social protection investment gives many advantages, eg. children's access to school, training and health. This facilitates productive employment, which taxes are drawn from, which helps develop an even higher level of social protection.
- International Labour Conference 2011 put forth need to discuss a Recommendation and Guidebook. After broad consultations, Recommendation has been developed. Key ideas include universality; non-discrimination; progressive implementation; balance between

interests of financiers and beneficiaries; appropriate character; diversity in working methods and approaches; good financial management and practises; involving social partners in consultations; accountability of state. Recommendation will be approved 15 June, and process to implement will be based on national dialogue.

- Access to labour market and labour guarantees also very important component, not only access to health and education.

#### **Discussant – J. Allister McGregor, Institute of Development Studies**

- Must seize and utilize the plethora of international knowledge which has developed in this area. However be careful not to view social protection as panacea in development – must open up global political debate with emphasis on openness and diversity in thinking.
- Must acknowledge and act upon social protection initiatives immediately. The 3 global crises are not over, and children especially need social protection now. Therefore be wary of spending too long debating exactly how to do social protection, but also learn by doing.
- Agreed with presenters that systemic approach with strong capacity building and national ownership is key to success.
- Must ensure inclusiveness not only of populations who are already marginalized, but those at risk of marginalization.
- Are two kinds of sustainability in social protection: financial (opening of fiscal space) and political (not only about political will, but the willingness of general population to invest in social protection programmes).
- Political evolution must be tied to financial evolution and also to social evolution: Social protection is about peoples' relationships to each other in communities, nation states and global level. Success will require social and political buy-in.

#### **Discussant - Nuria Molina, Save the Children - UK**

- Although crises have spiked, they are not over. Forthcoming Save the Children study models worst-case economic scenario where 33 million more people fall into hunger, and posits that social protection programmes could not only prevent poverty but also lift 23 million people OUT of it, at a cost of around 1.5% of GDP.
- Systems need to be in place to respond to crises in meaningful way; NGOs are key actors to fill gaps, but systemic development must be paramount.
- In terms of funding, two thirds of developing countries capped social protection spending during the crisis, and all are preparing to cut social spending.
- However, costs of social protection are small compared to costs of inaction: The hunger and nutrition crisis means one in four children around the world are stunted, resulting in developing countries losing 2-3% of potential GDP.
- Advocates a two-pronged approach, with countries engaging in progressive taxation, but ODA also distributed across countries (in order to address the inequalities in the "lottery of life").
- Actions must consider political will, as well as coverage, inequality, and appropriate size of programme design. Approaches should be multisectoral and integrated with multi-year funding commitments.

## Questions and Discussion

1. How to best incorporate the social protection agenda into the post-MDGs in a meaningful way.
  - UNICEF: MDGs not necessarily an agenda, but set of international priorities. However, many efforts ongoing to incorporate social protection into new MDGs.
2. How each agency intends to support older people within social protection schemes.
  - World Bank: Will support old age pensions, as well as other tools designed by countries out of a variety of options for old age security.
  - UNICEF: Supports social transfers and reduction of ultra-contracting of targeted transfers, which has happened in second part of financial crisis, as well as intergenerational approach.
  - Commission: Support for social pensions, as well as promotion of insurance schemes. Commission also highlighted its bold message (as compared to characterization as “bland”), with the reiteration even in times of crisis of support for social protection. Communication will also highlight awareness of potential issues in terms of ties to electoral cycles and political interference.
3. How to ensure space for people to demand their rights, so that social protection does not remain an international-level debate.
  - World Bank: Is need for buy-in amongst entire population, including both elites and grassroots, and understanding that services delivered actually get results. Must ensure democratic availability of data and evidence. Cited the examples of Latin America and Mexico in particular.
4. Other questions included concerns around coherence between policies (eg. trade policies potentially harming social protection systems); links between existing EU policies (eg. global health) and the upcoming social protection Communication; how to ensure financial commitments of 20% for social policies actually kept; how to address social protection in fragile states; how to address complexity in the delivery of social protection; how to activate the labour market to ensure job availability; issue of measures to be taken against fiscal havens; and the Commission’s proposed approach to gender equality.
  - Commission: Communication will be 11 pages, and will focus on systemic development and integration of existing policies and programmes. Commission will also provide a clear definition of what will fall under the “20% guarantee” of spending on social issues, which will allow for better monitoring. Identified that complexity is difficult to manage in states with weak institutional support, and that the Communication will address and recognize these challenges. Highlighted the need for the use of civil society as a watchdog in terms of quality and delivery of services by domestic politicians. Tax transparency issues dealt with by existing EU Communication on tax and development, which will be referenced in the Communication. In regards to gender equality, Communication will highlight its importance, but will build on existing approaches.
  - ILO: In terms of fragile states, is necessity of dialogue with all stakeholders to identify priorities and fiscal space.
  - Save the Children – UK: Emphasized need to open up labour markets and to ensure policies for adequate minimum wages.

### **Conclusions - Charles Goerens, Member of European Parliament**

- Are divergent approaches of citizens and states in times of financial crisis: citizens over-save while states spend more. Highlights the issue of complexity in social protection.
- A critical mass of arguments for social protection exist, but some institutions act in very different ways (eg. the IMF, which opposed external and internal solidarities). Role of institutional stakeholders is to ensure coherence in policies.
- Social protection spending should not be seen as money lost, but money invested. Citizens need to be able to take risks in order to invest in times of crisis, which they cannot do without basic insurance and stability.
- Idea of opportunities for all: Those who make the most progress are those with economic as well as human development. Systems can be developed, but must come from the countries themselves and will differ from state to state (as in Europe).
- In Sub-Saharan Africa, very few have access to social security. Such countries require knowledge and capacity building through funding in order to launch a new dynamic.
- Introduced a new element: the brain drain, and the need to ensure that each country develops a capable work force and institutions which stay in that country to contribute to its development.
- Europe remains one of largest actors with strong values. Commission and Parliament need to organize intellectual consensus around social protection. This consensus will make it easier to act at national and European levels, and avoid past mistakes.
- If the international community cannot stimulate social protection in countries which need it, must be prepared to face consequences that children will not go to school, people will not eat. It therefore must face its responsibilities.