



# Ensuring Adequate Social Protection Systems

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**G-24 TECHNICAL GROUP MEETING**

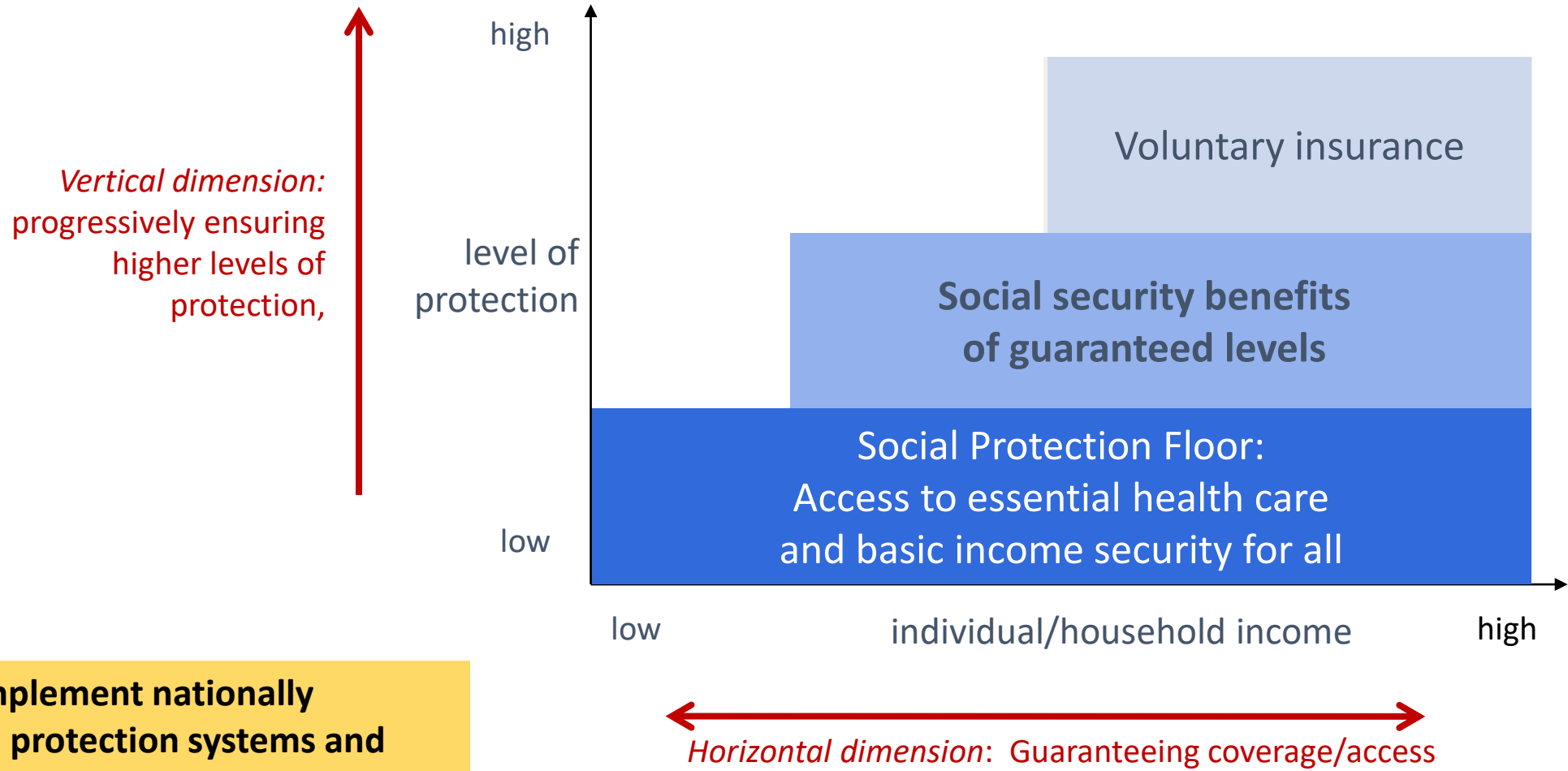
**Lima, Peru**

**March 14-15, 2019**

# Key messages

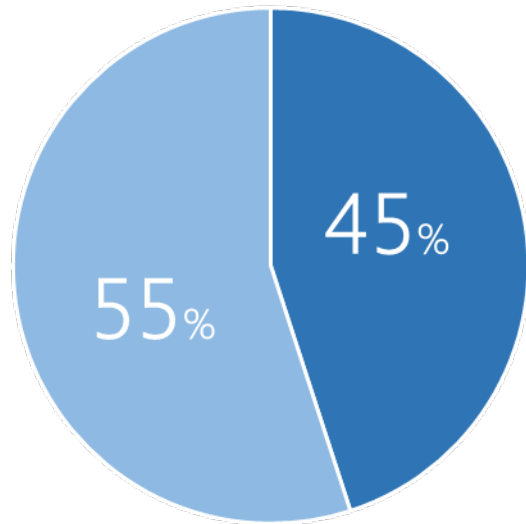
1. Need for a comprehensive approach to social protection systems, for achieving **universal coverage**.
2. There are **significant gaps in coverage and investment** in social protection.
3. Social protection floors **are affordable** for most of countries.
4. **Fiscal space for financing social protection exists** even in low-income countries. It is important that countries understand the options for fiscal space creation.
5. The search for new fiscal space options must go **beyond traditional strategies**.

# The ILO two-dimensional strategy for the extension of social protection (ILO Recom. 202, 2012)



**Target SDG 1.3: Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable**

# Social security is a universal human right, but...



Only **45%**  
of the world population is covered  
by at least one social protection  
benefit (SDG indicator 1.3.1)



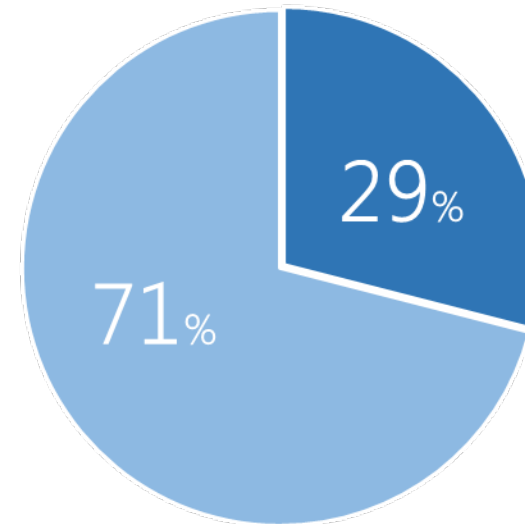
SDG indicator 1.3.1

**4 billion people**  
(55%) are still unprotected

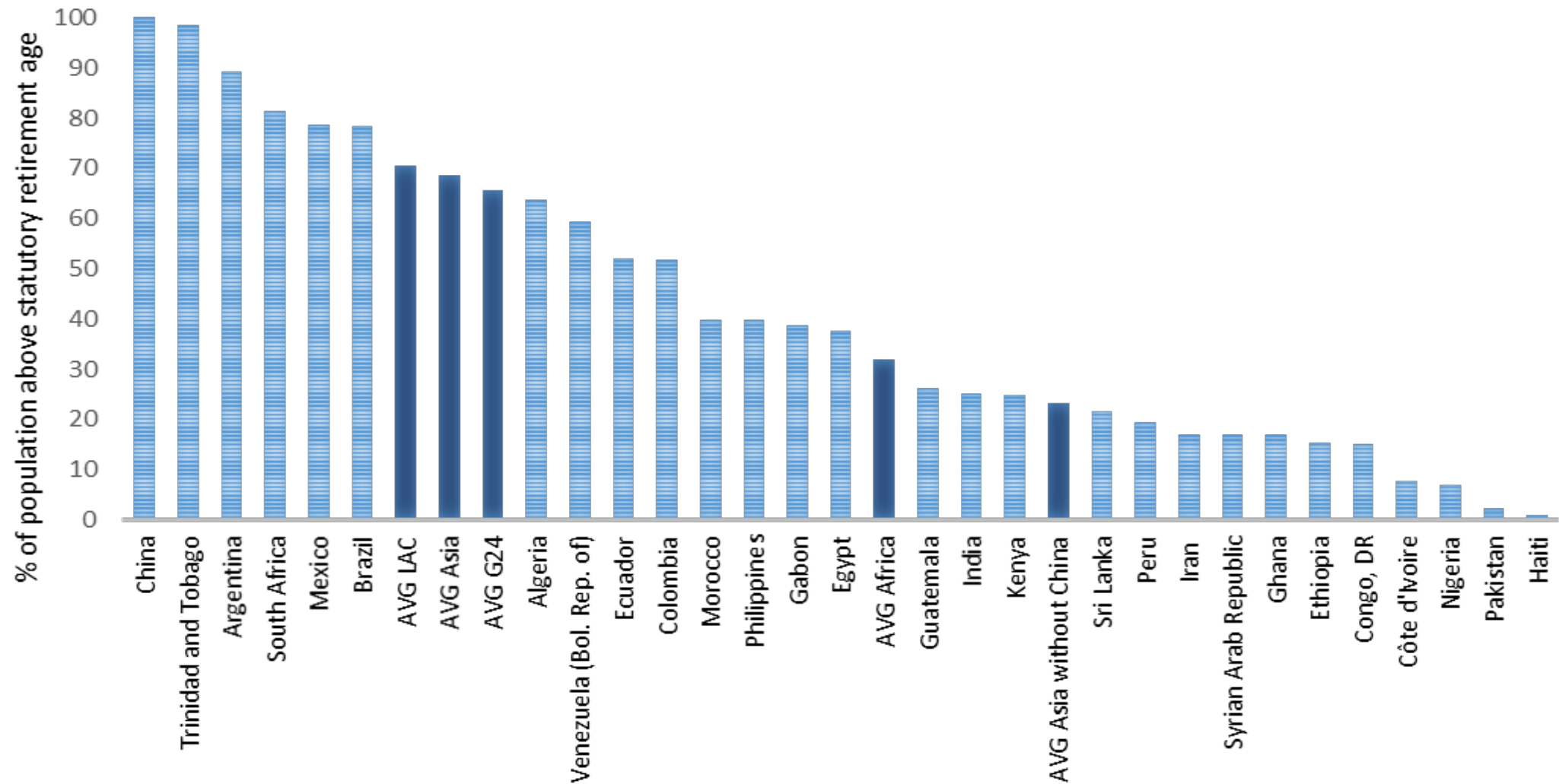
If we consider all areas of social protection from child benefits to old-age pensions

Only **29%**  
of the global population has access  
to **comprehensive** social protection

**5.2 billion people**  
(71%) are not, or only partially, protected

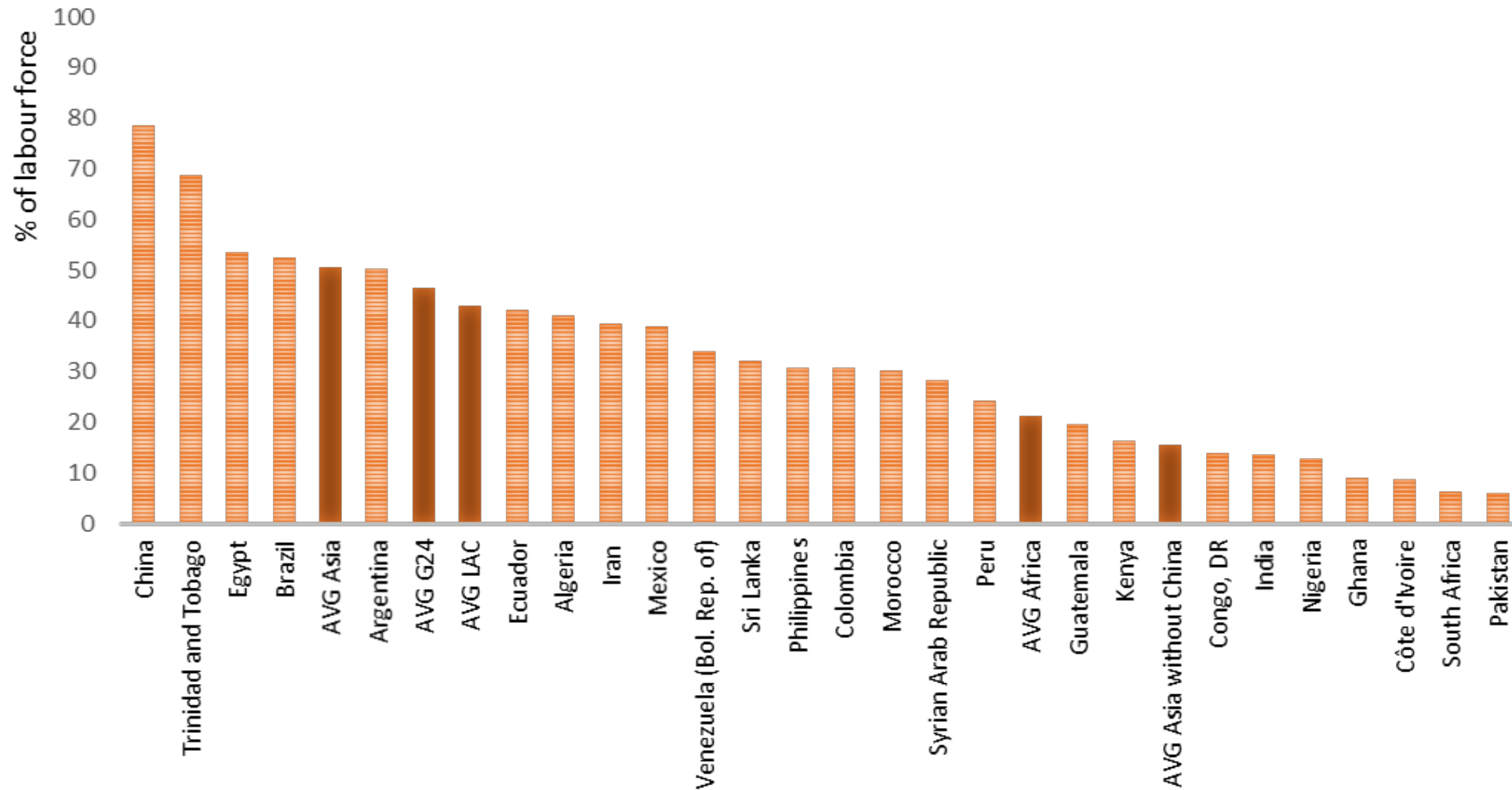


# Percentage of elderly receiving an old-age benefit in G24 countries, latest available year



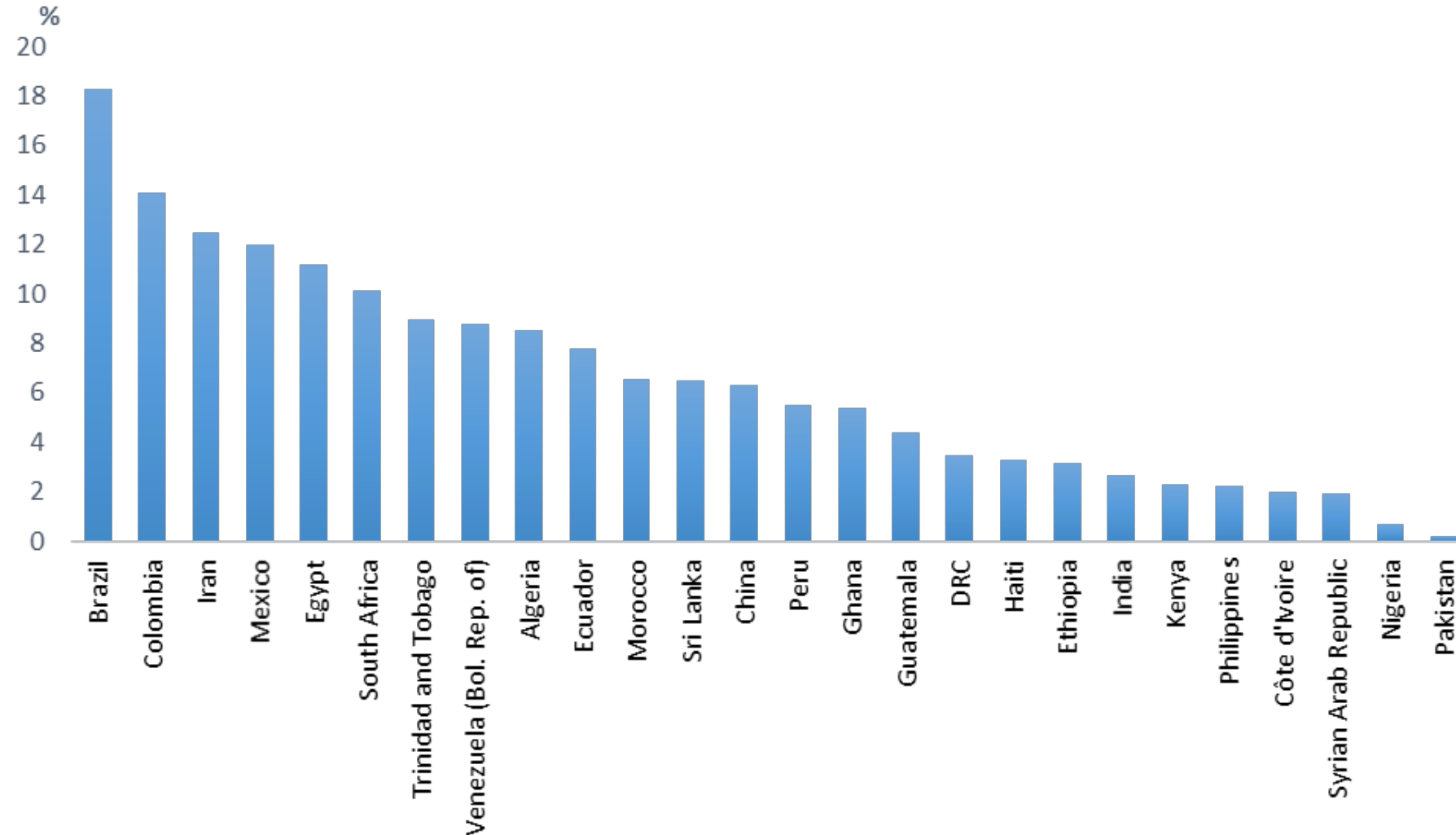
Source : ILO estimates based on nation data compiled through Social Security Inquiry questionnaire 2016-2018, ILOSTAT, OECD SOCR and UNWPP. Estimates are weighted by number of elderly population. Country-specific data are available through World Social Protection Database: <https://www.social-protection.org/gimi/ShowWiki.action?id=594>

# Percentage of active contributors to social security in total labour force in G24 countries, latest available year



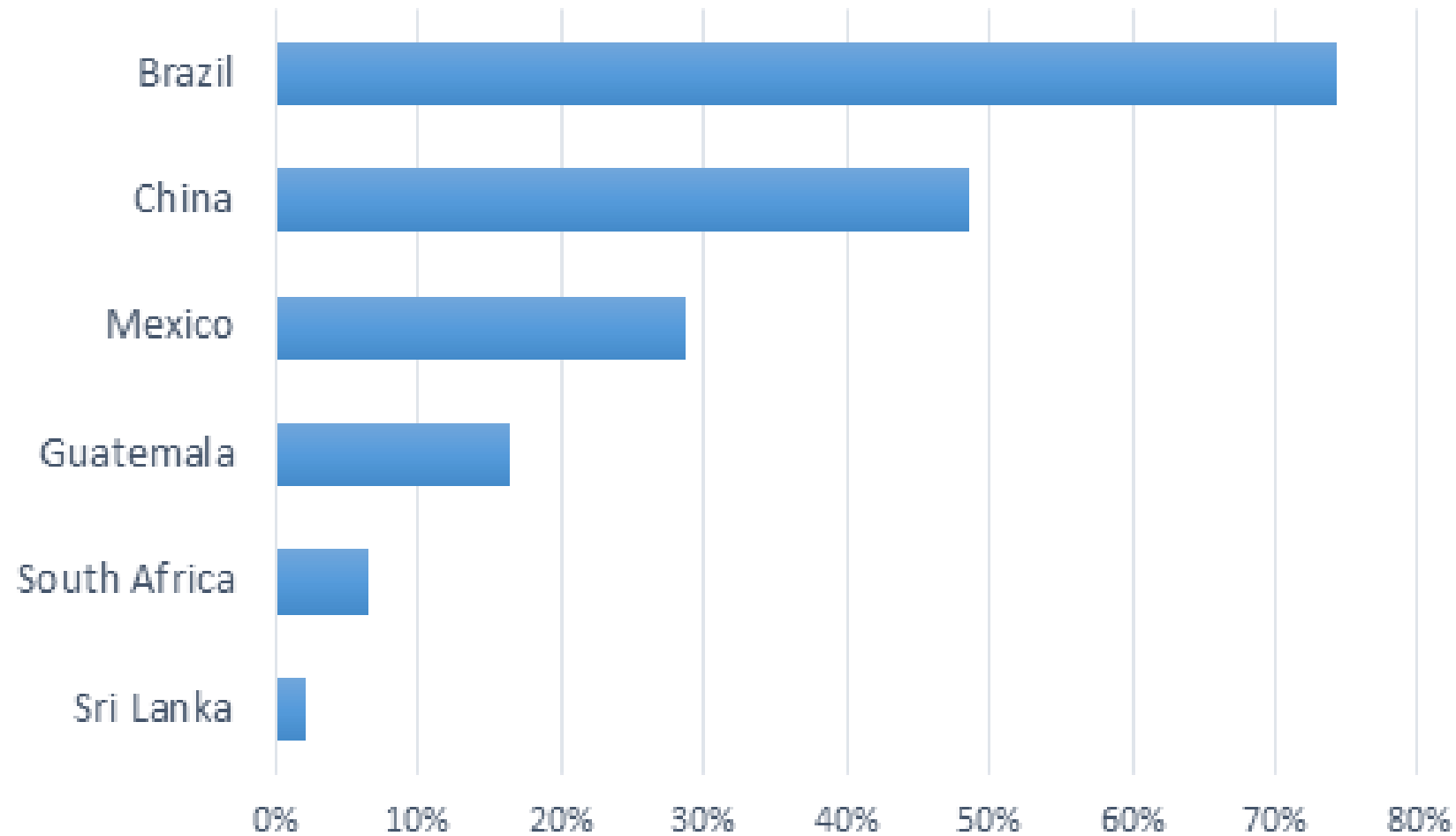
Source : ILO estimates based on nation data compiled through Social Security Inquiry questionnaire 2016-2018, ILOSTAT, OECD SOCR and UNWPP. Estimates are weighted by labour force. Country-specific data are available through World Social Protection Database: <https://www.social-protection.org/gimi/ShowWiki.action?id=594>

# Public social protection expenditure (excl. health) as percentage of GDP, latest available year



Source : ILO estimates based on nation data compiled through Social Security Inquiry questionnaire 2016-2018, ILOSTAT, OECD SOCR and IMF. Country-specific data are available through World Social Protection Database: <https://www.social-protection.org/gimi/ShowWiki.action?id=594>

# Social contributions as % of social protection expenditure, latest available year

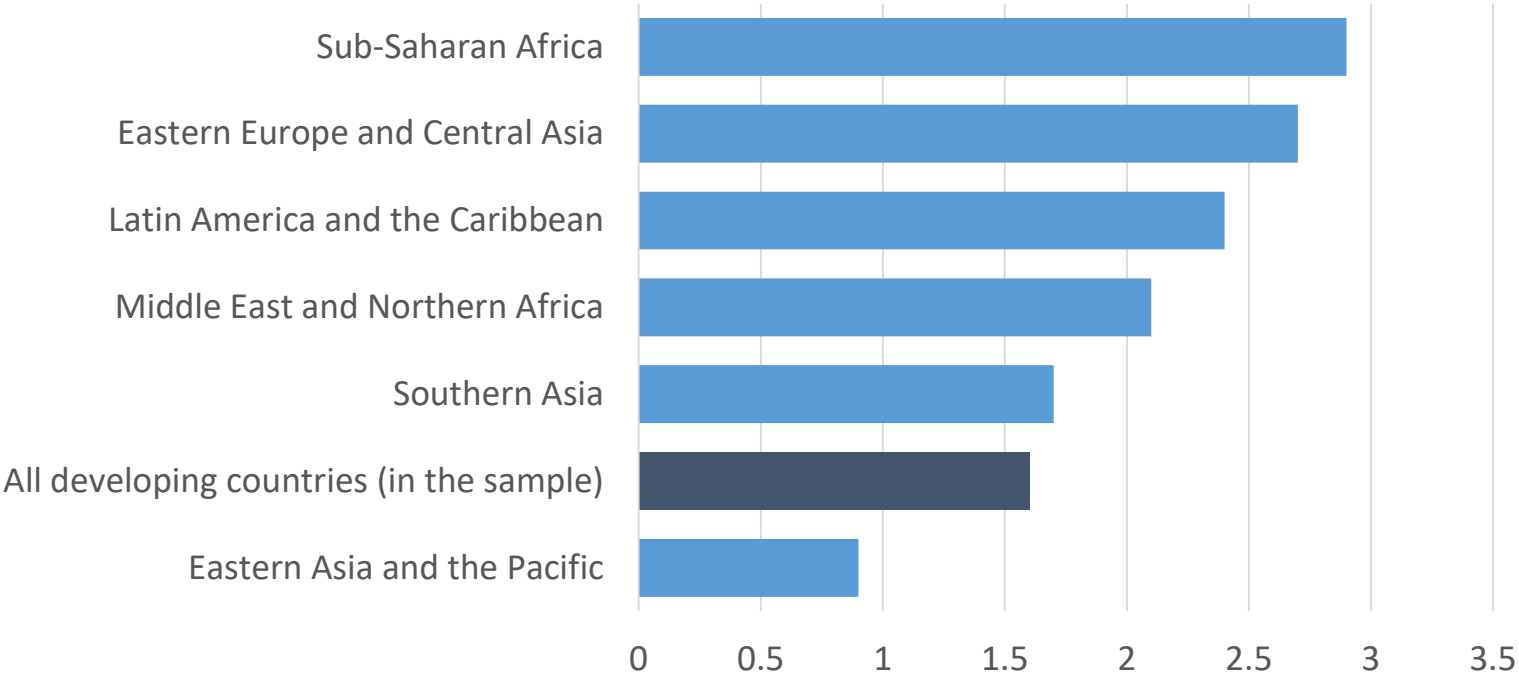


Source : ILO estimates based on nation data compiled through Social Security Inquiry questionnaire 2016-2018, ILOSTAT, OECD SOCR and IMF. Country-specific data are available through World Social Protection Database: <https://www.social-protection.org/gimi/ShowWiki.action?id=594>



# Social protection is affordable for most of countries

**Cost of Social Protection Floors cash transfers in % of GDP**



Source : ILO estimates based on nation data compiled through Social Security Inquiry questionnaire 2016-2018, ILOSTAT, OECD SOCR and IMF. Country-specific data are available through World Social Protection Database: <https://www.social-protection.org/gimi/ShowWiki.action?id=594>



# Policy responses for creating **fiscal space**

1. Increasing revenues from social security contributions (e.g. Argentina, Brazil, Tunisia, Uruguay, others)
2. Re-allocating public expenditures (e.g. Ghana, Indonesia, Thailand)
3. Increasing tax revenues (e.g. Bolivia, Brazil, Mongolia, Zambia)
4. Fighting illicit financial flows
5. Lobbying for increased aid and transfers (ODA social protection)
6. Tapping into fiscal and foreign exchange reserves
7. Restructuring/managing debt (e.g. Ecuador, Iceland, Iraq, other)
8. Adopting a more accommodative macroeconomic framework (e.g. tolerance to some inflation, fiscal deficit).

These different alternatives must be discussed in national dialogue

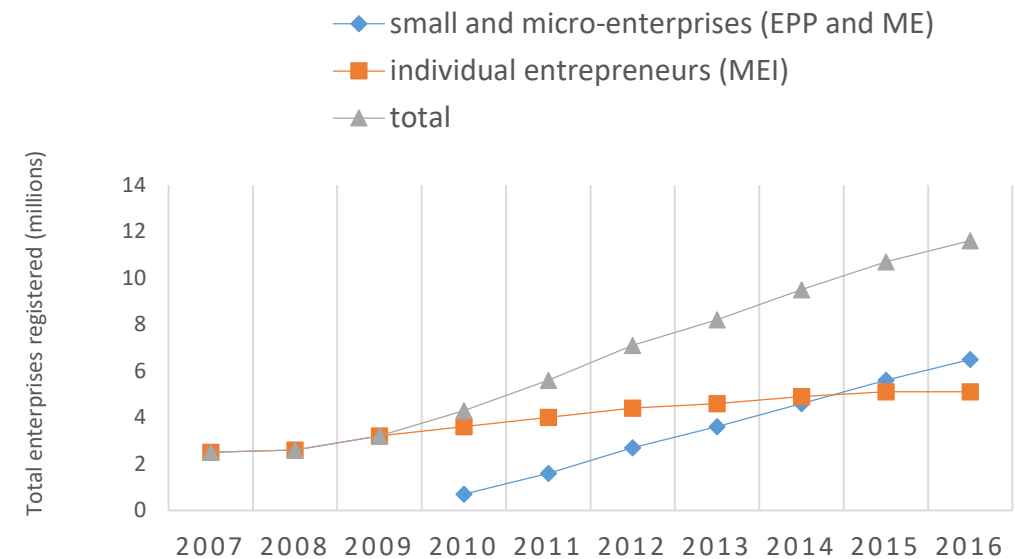
# Example: Bolivia. Renegotiation of hydrocarbon tax revenues

- Re-nationalization of hydrocarbons decreed in 2006. The state fully recovers ownership, possession or control of natural resources in hydrocarbons.
- The nationalization law establishes a new scheme which radically changes the redeployment of the value of production of hydrocarbons: 82% of revenues to the State and 18% for private companies.
- A significant part of the new resources have been invested in the social sector: education, health, universal pensions, children protection.
- Bolivia is a success story in the creation of fiscal space for financing universal social protection.

# Example: Monotax Brazil. Protecting self-employed workers and formalizing micro-enterprises

- Simples (Supersimples) is a Monotax (unified/simplified tax collection/payments system) scheme for small contributors in Brazil, unifying several taxes and social security contributions in a unique tax payment.
- Micro-entrepreneurs who join are automatically entitled to the benefits of the contributory social security system.
- It has proven to be an effective tool to formalize micro and small enterprises, as well as to extend social security coverage to self-employed workers. Also Argentina and Uruguay have successfully implemented similar schemes.

Enterprises registered at Simples  
(millions, cumulative)





International  
Labour  
Office

# Thank you !

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