

## Resource Update on Social Protection Financing 2018-2022

### RESEARCH

#### Social Protection and Fiscal Space

[Financing social assistance in lower-income countries post-Covid-19: An exploration of realistic options.](#) Evans, M., Manuel, M., McNabb, K., Kamninga, T. and Manea, S. 2023. ODI Working Paper.

- Given the financing constraints in low-income countries, the authors explore potential approaches of addressing them, including rebalancing domestic and donor spending in favour of social assistance, and reducing costs by adopting simple categorical targeting approaches when developing social floors.

[Creating fiscal and policy space:](#) A pragmatic two-pronged global implementation strategy for universal social protection. Michael Cichon and Hajo Lanz. 2022.

- The authors propose a cost-effective and practical global plan to achieve universal social protection. This includes two key elements: (a) creating a new global standard for universal social protection, or social protection floors, to expand the policy options for social protection at the country level; and (b) providing targeted assistance to temporarily extend national fiscal space for social protection in poor countries through the establishment of a Global Fund for Social Protection or a comparable financing facility.

[Investing more in universal social protection: Filling the financing gap through domestic resource mobilization and international support and coordination.](#) Bierbaum, M., Schmitt, V. 2022. ILO

- This paper focuses on social protection financing options via increased tax revenues, reallocation and fiscal efficiency and debt restructuring. A recording of a companion paper on universal social protection can found [here](#).

[Investing better in universal social protection. Applying international social security standards in social protection policy and financing.](#) Bierbaum, M., Schmitt, V. 2022.

- This companion paper outlines how the guidance provided by [Recommendation No. 202](#) contributes to building nationally owned social protection systems that comprehensively

and adequately protect the population and leave no one behind, are financially sustainable and socially just and rely on sound management and good governance.

[COVID-19 and Shrinking Finance for Social Spending.](#) UNICEF 2022.

- This policy brief examines how recent trends are impacting on the financing available for and directed to, social spending in low- and middle-income countries in different regions, using secondary analysis of public expenditure data collected by international organizations. Given the rising debt burden and revenue constraints, the brief calls for systematic reforms in tax collection, strengthened governance to implement the reforms, leveraging Special Drawing Rights (SDRs) allocated by the IMF and formalization of the informal economy to increase social security contributions for the informal workers.

[A global fund for social protection:](#) Views from selected low-income countries. Charles Lwanga-Ntale 2022.

- The study aims to enrich the discourse on the practical aspects of the Global Fund on Social Protection by supplementing current understandings of feasible financial and administrative solutions. Findings from this study point to several broad areas of interest, including the political economy, systems and structures, technical and financial capacity to implement, and accountability.

[Governance principles for a global fund for social protection.](#) Markus Kaltenborn, Laura Kreft 2022.

- Aligned with the 2030 Agenda for Sustainable Development, global aid for creating and funding social protection floors should be established under partnership-based framework. The authors contend that if a new international financing mechanism is established for this objective, it should be structured to ensure that governments retain complete control over their social protection systems. Additionally, it is crucial that recipient countries, as well as civil society stakeholders, are included in the decision-making process of the new mechanism, and that effective accountability measures are implemented.

[Financing social protection:](#) Domestic and external options in low-income countries Marcus Manuel 2022.

- ODI estimates reveal that low-income countries have a limited potential to increase their total level of tax revenue. This analysis reinforces the case made in the past to seek additional external funding to support countries who cannot afford universal social

protection. This would correct the current imbalance in donor support across the social sector and complement donor investment in other sectors, given the positive impact of cash towards greater access to education, water, sanitation, and hygiene services.

[Official development assistance financing for social protection: lessons from the Covid-19 response](#). McCord, A., Cherrier, C., Both, N., Bastagli, F. 2021. ODI.

- This working paper examines trends in overseas development assistance (ODA), overall and for the social protection sector, with a focus on developments since the onset of the COVID-19 crisis. It discusses implications for both short-term crisis response and recovery, and the financial sustainability and strengthening of social protection systems in the longer term.

[Financing social protection through the COVID-19 pandemic and beyond](#). ILO, World Bank and OECD, 2021.

- This paper proposes leveraging the G20 Developing Working Group for supporting national capacities to increase domestic revenues and advocating for additional international efforts and coordination to meet short and longer-term financing gaps, including the role of Integrated National Financing Frameworks (INFFs) as a modality for financing policy priorities.

[What are future financing options for shock responsive social protection?](#) Longhurst, D., Evans, S., Connolly, D., Lung, F., McCord, A., Allan, S., Plichta 2021. A technical primer, Social Protection Approaches to COVID-19 Expert Advice Service (SPACE), DAI

- This paper lays out the financing options for shock-responsive social protection including “money-in” and “money-out” instruments, as well as ex-ante (e.g., triggered contingent finance, parametric risk transfer instruments, cat bonds, etc.) and ex-post options.

[Crisis and Disaster Preparedness through a Global Fund for Social Protection](#)

Kaltenborn, Markus; Wiebe, Nicola 2021

- The authors advocate for the Global Fund for Social Protection, stating that this fund can guarantee essential protection in countries that are financially unable to do so. Furthermore, the fund could assist countries that rely on international aid in times of crises and for global disaster prevention.

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[Where is the Money Coming From? Ten Stylized Facts on Financing Social Protection Responses to COVID-19](#). Almenfi, Mohamed; Breton, Melvin; Dale, Pamela; Gentilini, Ugo; Pick, Alexander; Richardson, Dominic. 2020. World Bank Group

- Drawing from 31 countries, this paper lays out 10 stylized facts on financing sources, including domestic, external, and combinations. A range of strategies are pursued, including setting up special funds (e.g., Mauritania), public-private partnerships (e.g., Uzbekistan), reprioritization (e.g., South Africa), reductions in other services (e.g., Ukraine) and a generalized increase in deficit financing.

[Financing gaps in social protection: Global estimates and strategies for developing countries in light of the COVID-19 crisis and beyond](#). Durán-Valverde, F., Pacheco-Jiménez, J., Muzaffar, T., Elizondo-Barboza, H. 2020. ILO

- The paper provides a list of fiscal space options for filling these financing gaps in developing countries during the crisis and beyond using domestic and external resources, paying particular attention to options for raising revenues from social security contributions and taxation and official development assistance (ODA).

[The social contract and the role of universal social security in building trust in government](#). Stephen Kidd, Gunnel Axelsson Nycander, Anh Tran, and Madeleine Cretney 2020. Development Pathways Working Paper

- This paper argues that poverty-targeted social benefits undermine trust in governments, as targeting is widely perceived by citizens as arbitrary and unfair. Building on the historical experiences in Europe post World War II, paper suggests that universal benefits promote greater trust, a stronger social contract, higher government revenues and further investment in quality universal public services.

[Social protection floors as an investment in the future](#) Markus Kaltenborn; 2020.

- This paper presents the political and international legal framework around which the debate on extension and financing of universal social protection takes place.

[Financing the end of extreme poverty](#) Marcus Manuel, Harsh Desai, Emma Samman and Martin Evans 2018; [Financing the end of extreme poverty - 2019 update](#). Marcus Manuel, Stephanie Manea, Emma Samman and Martin Evans 2019; [Financing the reduction of extreme poverty post-Covid-19](#) Marcus Manuel, Liam Carson, Emma Samman and Martin Evans 2020

- These three papers set out country-level estimates for the costings for health and social protection. They also compare these with assessments of each countries' tax potential to identify which countries are in most need of external support to provide Universal Health Coverage and Universal Social Protection. The papers also explore options for increasing and reallocating aid flows to meet these gaps.

## **Social Protection Financing and Informal Economy**

### [Charting a Course Towards Universal Social Protection: Resilience, Equity, and Opportunity for All](#), World Bank 2022

- This document argues that payroll taxes are the main method used to fund contributory insurance, but as countries seek to expand coverage, few have room to increase them. Because the state can rely on employers to observe wages and collect contributions, policymakers see the payroll tax as a relatively secure revenue source. Workers see the link between their contributions and their eventual benefits as an acquired right. Both these factors create a powerful force for stability. However, there are some disadvantages to payroll taxes. One is the risk of making labor more expensive relative to capital. Another is the unbreakable link that they create between the provision of social insurance benefits and the nature of the worker's engagement in the labor market. This inherently limits the potential to cover informal sector workers.

### [Investments in social protection and their impacts on economic growth: tax financing options](#) ITUC 2022

- The report focuses on the different tax financing options that states have at their disposal to extend social protection fiscal space. It finds that progressive taxation generates positive social and economic outcomes, in terms of GDP growth, employment, and reduction of income inequality. The analysis is carried out in Bangladesh, Colombia, Costa Rica, Georgia, Ghana, India, Rwanda, and Serbia.

### [Social Protection for the Informal Economy: Operational Lessons for Developing Countries in Africa and Beyond](#). Guven, Melis U.; Jain, Himanshi; Joubert, Clement Jean Edouard. 2021 World Bank Group.

- This paper provides an overview of social protection instruments for different groups in informal economy and proposes innovative instruments to encourage the "missed middle" of social protection to save and build resilience to future shocks.

[Are Unfounded Assumptions About the Informal Economy Undermining Universal Social Protection?](#) Juergens-Grant, Florian, Alfery, Laura 2021. WIEGO Blog

- The authors challenge some of the influential assumptions about the informal economy that act as a barrier to universal social protection.

[Financing the extension of social insurance to informal economy workers: The role of remittances.](#) Kolev, Alexandre and La, Justina 2021. OECD

- This paper argues that remittances could play a part in minimizing the potential risks of informal work for middle-class informal households who may not be eligible to social assistance. The authors suggest that middle-class informal workers may have a solvent demand for social insurance so that, if informality-robust social insurance schemes were made available to them, remittances could potentially be channeled to finance the extension of social insurance to the informal economy.

[Investments in social protection and their impacts on economic growth](#) ITUC 2021

- This study showcases how social protection investments generate positive returns in terms of employment opportunities and overall economic growth, as well as reduction of poverty and income inequalities.

[The Global Informal Workforce: Priorities for Inclusive Growth:](#) International Monetary Fund 2021

- The book covers interactions between informal economy, labor and product markets, gender equality, fiscal institutions and outcomes, social protection, and financial inclusion. Informality is a widespread and persistent phenomenon that affects how fast economies can grow, develop, and provide decent economic opportunities for their populations. The COVID-19 pandemic has helped to uncover the vulnerabilities of the informal workforce.

[Taxing the Informal Economy is Not a Silver Bullet for Financing Development – or the COVID-19 Recovery:](#) ICTD/WIEGO 2021

- The paper argues that attempts to tax the informal economy have typically resulted in only limited revenue, with the cost of collection often being higher than revenue raised. A push to tax the informal economy risks shifting fiscal burdens onto some of the most vulnerable groups, thus undermining public perceptions of tax fairness, and proposes recommendations on financing development and recovery.

[Designing Fiscal Redistribution: The Role of Universal and Targeted Transfers.](#) Coady, David and Le, Nghia-Piotr 2020. IMF Working Paper

- This paper reviews trade-offs in targeting benefits and costs and interprets them within the literature of optimal taxation. They conclude that the greater the reliance on universal transfers, the higher the premium attached to financing transfers through progressive income taxation and efficient consumption taxation.

[Tackling vulnerability in the informal economy.](#) OECD and ILO 2019

- This paper proposes new ways in which social policy, together with other measures to raise productivity and labor income, can address informality at large, reduce the vulnerability of those working in the informal economy and can become pillars of decent work, inclusive development, and social justice.

[Extending Social Protection to Informal Workers.](#) WEIGO 2019

- The authors argue that extending social protection to informal workers is one way to support the transition from the informal to the formal economy and recommend a gendered and multidimensional approach.

[Adequacy and sustainability of pension systems in the context of demographic ageing](#) ITUC 2019

- This report reviews several measures taken with the intention of improving the sustainability of pension systems and evaluates their effectiveness. It finds that many measures had negative distributional effects, significantly compromising the function of pension systems to provide a secure replacement income for retired people.

[Protecting All: Risk Sharing for a Diverse and Diversifying World of Work:](#) World Bank 2019

- The paper posits that the maintenance of an industrial-era, employment-based, contributory social insurance model results in limitations that impede the economy's growth potential. The authors suggest more intensive use of value added tax (VAT), among other traditional and novel revenue instruments. VAT and other levies on consumption can have regressive and impoverishing effects on households, particularly in places where there are no compensating transfers or where those transfers fall short. However, the true impact of these instruments can only be considered as part of a



comprehensive assessment of the net effect on households of the entire public transfer and tax system.

[World Development Report. The Changing Nature of Work.](#) Chapter 6. World Bank Group 2019

- Bismarckian social insurance model of earnings-based contributions is premised on steady wage employment, clear definitions of employers and employees, and a fixed point of retirement. It relies on levying a dedicated tax on wages. In rich countries, this scheme was effective in increasing coverage as workers were steadily absorbed into factories, then into jobs in formal services firms. But this contributory approach is not a good fit for developing countries, where formal and stable employment are not common. Indeed, because eligibility is based on making mandatory contributions, this form of social insurance excludes informal workers, who account for more than two-thirds of the workforce in developing countries and 1 in 10 in India and many countries in Sub-Saharan Africa. This model is also increasingly unsuitable for the changing nature of work in which traditional employer-employee relationships are no longer the norm. The traditional financing model of social insurance often makes employing workers more expensive. The report argues that rethinking this model is a priority.

[Tax Justice and the Informal Economy: A Review of the Debates](#) : WIEGO 2019

- This working paper offers a broad overview of how informal workers are currently taxed, why there is growing interest in taxing these workers and their enterprises, and whether and how informal workers (particularly the self-employed in the informal sector) should be included in the tax net. It reviews the main motivations for increased taxation—from revenue generation to building the social contract—and looks at some recent experiences of informal sector taxation in developing countries. Multiple taxation, tax harassment, and (regressive or flat) presumptive taxation are explored in detail.

## **COUNTRY AND REGIONAL ANALYSIS AND CASE STUDIES**

[Extension of social protection coverage to workers in the informal economy in Sudan.](#) Bergthaller, Martina 2022., ILO

- This paper analyses how social protection could be extended to workers in the informal economy, by overcoming existing supply and demand-side challenge and provides a



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comprehensive analysis of the existing social protection schemes, their design, and their delivery mechanisms.

## [Disaster risk financing and social protection in the Philippines.](#) UNICEF 2022

- This policy brief discusses what hinders and enables financing for shock responsive social protection.

## [Expanding social protection and closing financing gaps: a selection of country case studies](#) ITUC 2022

- This report contributes to the ongoing debates on the establishment of universal social protection through an analysis of eight specific country cases: Bangladesh, Gabon, Honduras, Mongolia, Senegal, and Somalia. It reviews these countries' social protection coverage and financing gaps and discusses the Official Development Assistance contributions (ODA) towards social protection.

## [Global solidarity funding for social protection:](#) A brief for the case of Nepal and Uganda. Zina Nimeh, Giulio Bordon, Mitja Del Bono, Guido Heins 2022

- Using two country examples of Nepal and Uganda, the study shows how different simulated benefit packages can contribute to reducing poverty and inequality. The authors argue that through supporting Social Protection Floors and initiatives, a global solidarity fund would have extremely positive effects for people living in vulnerable situations. Financial sustainability in times of crisis is crucial and global solidarity is possible at a relatively low cost. For a global solidarity fund's impact to be effective, it must operate from its inception on the principle of national ownership.

## [Tight Tax Net, Loose Safety Net: Taxation and Social Protection in Accra's Informal Sector,](#) WIEGO 2022

- This paper contributes novel evidence on the extent to which informal workers in Accra have access to social protection and benefitted from COVID-19 relief programmes, exploring the tax burden, as well the degree to which they might be able to make additional contributions through taxes or contributions to social protection schemes. Three key findings emerge. First, most informal sector operators in Accra are not covered by social protection, except for the National Health Insurance Scheme (NHIS). Second, in contrast to several claims, the paper finds that informal sector operators in Accra do pay a range of taxes, permits, levies and fees. Especially for informal sector operators at the lower end of the income spectrum, the ratio of taxes to earnings is substantially higher than for

formal workers. Third, informal sector tax burdens are highly regressive, with a disproportionate burden falling on the lowest earning segments of the informal sector. The evidence therefore suggests that for substantial proportions of the informal sector there is little room for further taxation or contributions.

### [Informality and Social Protection in African Countries: A Forward-looking Assessment.](#) UNDP 2021

- This paper, jointly with ILO and WIEGO, offers several insightful lessons, such as the ways in which states can co-finance worker contributions, facilitate access to schemes, manage compliance and incentives, and build trust. There a set of case studies featuring Ghana (National Health Insurance), Togo (sector-based mutual schemes), Kenya (Mbao Pension), Zambia (National Pension), Rwanda (Ejo Heza Long Term Savings), Tanzania (National Social Security Fund) and Tunisia (new digital platform).

### [Financement de la Protection Sociale au Sénégal: Analyse de l'espace budgétaire, des options de financement et des impacts des investissements en Protection sociale.](#) SP-PFM Programme 2021

- This paper analyses the different financing options for social protection in Senegal and evaluates the resources that can be mobilized to create fiscal space. It also analyses the return on investments in social protection examining the expected impacts of different programmes to extend social protection on poverty, inequality, and revenue increase.

### [Cartographie des capacités contributives des travailleurs de l'économie informelle assujettis au régime général de sécurité sociale.](#) SP-PFM Programme 2021

- This paper maps the contributory capacities of informal economy workers, subject to the general social security scheme.

### [Commentaires du BIT au sujet du régime de pensions proposé par la CNSS à l'intention des travailleurs non-salariés du Togo.](#) SP-PFM Programme 2021

- This technical note comments on the pension scheme proposed by the National Social Security Fund for self-employed workers in Togo.

### [Un seguro social por desempleo para el Perú: Valuación actuarial.](#) SP-PFM Programme 2021

- This report focuses on the unemployment social insurance for Peru.

[El Acceso A La Seguridad Social Para Los Trabajadores De La Economía Informal En La Republica Dominicana](#), WSM en América Latina y el Caribe - Capitalización de buenas prácticas 2021

- This study focuses how one of the members of INSP!R in the Dominican republic managed to cover informal workers with a solidarity based social insurance.

[Fiscal space for financing social protection in Albania](#). ILO 2021

- Based on good country practices around the world, the report identifies possible options to create fiscal space as well as corresponding resource availability in Albania.

[Social Protection Responses to Covid-19: Informal Workers and Dialogue for Social Protection](#). WIEGO 2020a.

- Using examples from South Africa and Argentina, this brief focuses on how informal worker organizations can foster productive dialogue spaces for engagement with the government around the social protection needs of informal economy workers in response to COVID-19.

## TOOLS AND GUIDANCE

[Joint Statement – Principles for Financing Universal Social Protection](#). USP2030

- Universal social protection is an essential means to prevent and reduce poverty and inequality and is at core of the social contract that connects the state with the society, contributing to more inclusive, equitable, stable, and peaceful societies. With the ongoing economic effects of COVID-19, the unfolding cost of living crisis, and the ever-growing impacts of climate breakdown the need for social protection has never been greater. And yet large and entrenched coverage gaps remain, with a lack of available and accessible financing a major bottleneck in achieving universal social protection. In light of this challenge, the USP2030 working group on financing has jointly agreed on key principles to guide the international and national financing of social protection.

[UNICEF Global Public Finance Toolkit](#) UNICEF 2022.

- This is a handy resource guide to support UNICEF staff and development partners select, adapt, and apply public financial analysis tools to achieve better results for children. It brings together 14 common public financial analysis tools that UNICEF uses in its work with governments and partners to improve public spending and investment in essential

services for children. The toolkit explains how to use the different analytical tools, including how to select the most appropriate tool and adapt it for specific contexts and needs.

[Extending Social Security to Self-Employed Workers: Lessons from International Experience.](#) ILO 2021.

- This publication is to provide policymakers, workers' and employers' organizations and other stakeholders with a practical tool to help them in developing viable policy options to address the many challenges of extending social protection to workers in the informal economy and facilitating transitions to formality. It aims to address and remove the barriers that prevent workers in some forms of employment from being protected and to encourage transitions from the informal to the formal economy. This guidebook will be particularly relevant for national dialogues on social protection policies and strategies.

[Fiscal Space for Social Protection: A Handbook for Assessing Financing Options.](#) Ortiz, Isabel, Anis Chowdhury, Fabio Durán-Valverde, Taneem Muzaffar, and Stefan Urban 2019. ILO

- This handbook provides practical guidance, elaborated with case studies for governments, on how to create additional fiscal space for a universal social protection system, focusing on women, children, and vulnerable groups.

## WEBINARS AND TRAININGS

- Women in Informal Employment: Globalizing and Organizing (WIEGO) has a series of [Podcasts on Informal Economy](#)
- International Centre for Tax and Development (ICTD) has produced several case studies and videos on [tax and informality](#)
- EU Funded Social Protection-Public Finance Management Programme has a [webinar series](#) which showcase country experiences and contribute to the international debate on innovative solutions to increase financing and improve Public Finance Management for strengthening national social protection systems.

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- [Global conference on financing social protection](#) (ITUC, 2018). The conference brought together over 100 participants from trade unions, civil society, academia, think tanks, international organizations, and governments to identify the main challenges to social protection financing, and to explore the solutions available at the national and international levels. A [report of the conference](#) is available online.
- [Meeting on Financing Universal Social Protection: Opportunities for Action at the National and International Levels](#) (ITUC, WSM 2023). This meeting brought together over 60 representatives from trade unions and civil society organizations to discuss priorities and campaign strategies for financing universal social protection at the domestic, regional, and international levels – considering recent developments in relation to social protection financing since the 2018 Global Conference.
- [Financing gender-responsive social protection](#) (ODI, FCDO 2019). The webinar discussed the effects on gender equality and women's outcomes resulting from (a) the available choices for attaining sufficient levels of social protection funding, including both contributory and non-contributory measures, (b) alternative financing tools for social protection, and (c) challenges that relate to existing gender inequalities in the workplace and implicit/explicit gender bias in current tax and expenditure policies.
- EU-Funded Social Protection-Public Finance Management Programme has a [training course](#) to introduce social protection and public finance practitioners to the underlying concepts required to understand the available financing options for social protection, and to improve public finance management (PFM).

## About the USP2030 Financing Working Group

USP2030 is a global partnership for universal social protection to achieve the sustainable development goals. The USP2030 Working Group on Financing was established to facilitate dialogue and the development of shared policy priorities among a diverse range of actors working in social protection financing. This responds to the increased need to address the financing gap to achieve universal social protection. In line with this increased need and focus on financing, the Working Group, open to all partners of USP2030, brings together diverse perspectives to share knowledge and experience, reach and share areas of consensus, and bring focus to areas where continued dialogue is needed. If you are interested in joining the USP2030 partnership or the financing working group please contact [financing@usp2030.org](mailto:financing@usp2030.org)