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World Bank, IMF and Universal Social Protection following COVID-19:
The Good, the Bad and the Unclear

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Today’s webinar

In this webinar, representatives from different CSOs, unions and workers’ organisations will share their perspectives on whether, and if so, how, IFIs have changed their position on social protection in the wake of the COVID-19 pandemic.

Based on newly published evidence, we will discuss what is new regarding IFI’s engagement on social protection, what counts as progress, and what are areas where IFIs may continue to fall short on realising the right to social protection for all.

See more at the webinar page.
Speakers

Lena Simet
Senior Researcher on Poverty and Inequality, HRW

Tavengwa Nhongo, PhD
Executive Director, APSP

Daisy Sibun
Social Policy Specialist, Development Pathways

Evelyn Astor
Economic and Social Policy Advisor, ITUC

Florian Juergens-Grant
Project Manager, WIEGO

Ghislaine Saizonou Broohm
Coordinator of the Department of Equality and Social Protection, ITUC Africa

Rachel Moussié
Director of Programmes, WIEGO
Share your questions to the speakers!

type them in the **Q&A** box

Please state your name/organisation, and if your question is directed to a specific speaker.

Also, you are invited to interact with us on Twitter using

#SPorgWebinar
Lena Simet
Senior Researcher on Poverty and Inequality, HRW

Lena is a senior researcher and advocate on poverty and inequality at Human Rights Watch. Her research focuses on social protection, labour rights in non-standard forms of employment, and how austerity-driven budget cuts and the privatisation of basic essential services can undermine human rights. Lena is the author of the book “Cities and Economic Inequality in Latin America.”

Is the World Bank’s Approach to Social Protection in Line with Human Rights?
The Human Right to Social Security

Universal Declaration of Human Rights (1948)

“Everyone, as a member of society, has the right to social security.” (Article 22)

“Everyone has the right to an adequate standard of living for the health and well-being of himself and his family.” (Article 25)

International Covenant on Economic, Social, and Cultural Rights (1966)

“The States Parties to the present Covenant recognize the right of everyone to social security, including social insurance.” (Article 9)

CESCR General Comment 19 interprets this right to encompass nine areas of support: health care; sickness; old age; unemployment; employment injury; family and child support; maternity; disability; and survivors and orphans following the death of a breadwinner.

ILO Recommendation 202 (2012)

Calls on member states to establish social protection floors, based on the “principle of universality,” that guarantee access to health care and provide basic income security for children; those unable to work due to sickness, disability, or unemployment; and older persons.
The Good

A strong commitment to Universal Social Protection.
Emphasis remains on “prioritizing the poorest”

**Poverty Targeted Social Protection:** means-tested based on income or wealth.

“Proxy means testing” uses identifiable household characteristics to assess economic situation (e.g. spending, income, assets, family size)

Social registries

**Universal Social Protection:** unconditional transfers that protect the financial security of every individual, when they require it during key life cycle and labor market contingencies (e.g. childhood, unemployment, old age, etc.)
What’s wrong with poverty targeting?

- Expensive
- Inaccurate (Exclusion/inclusion errors; shifting status)
- Exclusionary by design or in practice
- “missing middle”
- Corruption-prone
- Poorer quality services, lower transfers
- Incentivizes dishonesty
- Disincentivizes work
- Stigma
- Socially divisive
- Lack political support leading to cuts and underfunding

... Fail to meaningfully reduce poverty and inequality and fall short on protecting human rights.
The Unclear

➢ How to move from poverty targeting to USP? What are the next steps?
➢ What are the World Bank’s long term financial commitments towards USP, including in times of recession and crisis?
➢ The World Bank calls for greater collaboration; how can civil society organizations get involved?
International Financial Institutions and Social Protection:
Perspectives from the Global Labour Movement

Evelyn Astor
Economic and Social Policy Advisor, ITUC

Evelyn is an Advisor on Economic and Social Policy at the ITUC where she works on issues around fair wages, access to social protection, and fiscal space. She serves on a number of boards and advisory committees, including the Tripartite Advisory Committee of the ILO’s Global Flagship Programme for Social Protection Floors, the steering committee of the Global Partnership for Universal Social Protection, and the board of the Ethical Trading Initiative. Prior to joining the ITUC, she worked on social policies for several years at the European Commission, as well as with a number of civil society organisations.
Context...
IMF Strategic Framework on Social Spending

- Safeguarding social spending for the ‘most vulnerable’
- Enhancing cooperation with international development institutions
- But in practice:
  - 120 countries recently advised by IMF to target social protection
  - 47 countries advised to reduce employers’ social security contributions

Excerpt from the report of the IMF 2022 country visit to Mongolia:

Any additional support to mitigate economic hardship should therefore be temporary and targeted toward vulnerable households. Permanent changes in fiscal policies should be avoided as they will undermine necessary fiscal consolidation...The large hikes in minimum pensions and minimum wages in real terms, is likely to be inflationary and therefore, counterproductive.
The World Bank’s Social Protection and Jobs

✓ Extending social protection floors
✓ Covering the informal economy
✓ Strengthening financing for social protection
X Targeting the poor and vulnerable, rather than promoting universal systems
X Questioning publicly organised social security
X Promoting voluntary and private schemes
X Opposing employer contributions to social protection
For more details...

- ITUC (2022) Response to the World Bank’s Social Protection and Jobs Compass
- ITUC (2019) Response to the IMF’s Framework on Social Spending
Tavengwa Nhongo, PhD
Executive Director, APSP

Tavengwa is the currently Executive Director of Africa Platform for Social Protection, which brings together national social protection platforms in over 37 countries of Africa. He has worked on ageing as development practitioner, researcher and advocate for over 20 years. Has contributed to the human rights and development policy agenda with regional and international bodies, including the African Union, United Nations and national governments across Africa. He is an advisor to the African Union on ageing, human rights and social protection and a core group member of the Global Coalition of Social Protection Floors.

Ensuring the Right to Social Protection in Africa
Social Protection is a right

• Social protection is a human right
• It is enshrined in many international, continental, regional and national instruments.
• Starting from the Universal Declaration of Human Rights (1948) which established the right of everyone to social security and to an adequate standard of living, to many United Nations and African Union charters, policies and protocols
• There is a clear, increasing recognition that social protection is a right
• As a multilateral institution, the World Bank is bound by the application of international treaties and the rights, both individual and collective, that are declared in them
The growth of Social Protection in Africa

• Since the 2004 Ouagadougou Declaration, the AU and its partners have been working to raise awareness and knowledge regarding social protection as an important mechanism to fight poverty
• A lot of awareness raising has taken place, leading to the development of many new social protection programmes and the expansion of those already in existence
• Recent reviews indicate that nearly every Member State of the AU has one social protection programme or another going on
• These differ in terms of size and scope, from bigger national programmes to smaller, donor led and funded programmes and to some pilot programmes
Growth of the understanding of the right to...
Problems

• Even though governments have understood the need for SP there are challenges ...
• International (AU, UN) instruments that promote rights are not readily being ratified
• Africa has low spending and coverage on social protection, with East Africa the lowest spending and reach with only 11% coverage overall
  • 2.6% of persons with disability and 0.7 per cent of the unemployed reached by benefits; the exception is Lesotho with over 6% spending
• National constitutions and laws can restrict reach of social protection to the few defined as ‘the poor, poorest of the poor, the vulnerable.’
• This is not universal SP, leads to omissions and lack of belief in social protection
• Institutions have to be built and be trusted to deliver; siloed programmes in different Ministries must intersect; all institutions (World Bank, development partners, donors, NGO’s, etc.) should be supporting national visions and not impose their own
• There are too many small programmes, donor led, donor funded and short term.
• Unfortunately, these are wasting resources that can be channeled towards bigger and sustainable programmes.
Prospects

- Evidence of more programmes being introduced with governments increasingly taking ownership on SP in Africa to build up their own systems based on the minimum package/SP Floor guarantees than to implement donor wishes.
- Lesotho is an example of determined national will to put in place life course SP programmes, in accordance with international standards, national capabilities and national systems; it has gone ahead despite World Bank advice to scale back and reduce SP spending.
- Political commitment is increasing. But it is increasing because governments are getting confident about what programmes can deliver, about sustainability – thanks to the work of all stakeholders working on SP.
- There are low hanging fruits that can be taken advantage of – various protocols knocking on the government doors for signing and ratification – all of them pushing for rights.
- Covid-19 has pushed the envelope on the need for SP. This is an opportunity.
- But discussions need to be had around generating revenue for governments from a number of sources – internally, externally – dealing with taxation, illicit financial flows, corruption and general mismanagement.
Final words

Advice and resource from international institutions is important, but not to derail gains that have already been made

Thank you for listening
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Daisy Sibun
Social Policy Specialist, Development Pathways

Daisy is a Social Policy Specialist at Development Pathways. She specialises in the analysis and design of inclusive social protection systems, with a particular interest in the political economy of social protection. Daisy has experience working closely with a range of governments, development partners and non-government agencies to support them in building effective social protection floors.

Can a leopard change its spots?

A critical analysis of the World Bank’s ‘progressive universalism’ approach to social protection
‘Progressive universalism’ is different to ‘progressive realisation’

- ‘Progressive realisation’:
  - A cornerstone of a human rights framework (applied to the full realisation of all rights recognised within the International Covenant on Economic, Social and Cultural Rights (ICESCR)), and included within the ILO’s R202
  - Reasons that countries should build and extend systems gradually over time in line with their fiscal constraints but allocating the maximum resources possible.

- ‘Progressive universalism’:
  - The term is used by the Bank to argue for “a focus on reaching the poorest and most vulnerable first”, with a view to eventually arriving at universal social protection coverage, but without a clear strategy of how to bridge the gap between these two radically different approaches
  - In reality, the concept of ‘progressive universalism’ appears to be used to justify business as usual
Progressive universalism promotes a failed approach and is not in line with the progressive realisation of the right to social protection

- In particular, there are five key reasons why poverty targeting is a failed approach:
  - Widespread low incomes and the dynamic nature of vulnerability mean that a static group of ‘the poor’ does not exist.
  - Poverty targeting cannot be done accurately and always generates high rates of exclusion.
  - The political economy of targeting means programmes are often lack the popular political support to expand over time and can even die out.
  - There is strong evidence to suggest that poverty targeting can undermine trust in governments and exacerbate the risk of unrest.
  - Poverty targeting can undermine the rights and dignity of individuals.
Singularly recommending poverty targeting is not an effective way to achieve universal access to social protection.

- Poverty-targeted schemes can play a *small part* within universal systems, but are an ineffective primary means of building social protection floors & realising the right to social protection for all.
Poverty targeting is often promoted at the expense of supporting govts to introduce/strengthen flagship lifecycle programmes

- The World Bank has recommended targeting a number of universal pensions, for example in:
  - Nepal
  - Thailand
  - Kenya
  - Mauritius
  - Namibia

- The Bank have also recommended targeting a number of universal child benefits (UCBs) that national governments have already implemented or plan to implement, for example in:
  - Kyrgyzstan
  - Morocco
  - Mongolia
The Bank’s ‘progressive universalism’ is also inconsistent with a rights-based approach.
Why does this matter?

• Language matters: there are **critical policy implications** for the use and misuse of important rights-based terminologies.

• By equating the two approaches as essentially the same, there is a danger that both the **evidence around the ineffectiveness of means testing** and the **principles at the heart of the universal social protection agenda** are not kept in clear view to policymakers.

• Being unified behind **a common and transparent universal social protection agenda** is more urgent than ever.
Ghislaine Saizonou Broohm
Coordinator of the Department of Equality and Social Protection, ITUC Africa
Ghislaine is ITUC-Africa’s Program Coordinator with responsibility for gender equality, social protection and the social and solidarity economy. She has served the trade union movement for more than 21 years, working to promote social protection and gender equality as key pillars of decent work. She is a doctoral candidate in sociology with a postgraduate degree in sociology of development and philosophy, and a master’s degree in project management.

Florian Juergens-Grant
Project Manager, WIEGO
Florian is a social protection specialist working for Women in Informal Employment: Globalizing and Organizing (WIEGO). He focuses on the design, implementation and evaluation of social protection policies and programmes. Before joining WIEGO, Florian worked on social protection at HelpAge International and the International Labour Organization (ILO).

Are IFIs supporting or hindering an inclusive economic recovery?
“Tax evasion, which is often at the core of informality, erodes government revenue bases”

“People operating in the informal economy evade their obligations to the state by not paying taxes”

Informal workers make up a “shadow economy” where they “try to remain undetected” and choose “informality as cheating” to avoid taxes

IMF, The Global Informal Workforce: Priorities for Inclusive Growth, 2021
In reality, most informal workers’ pay a significant share of their incomes in taxes...

- Vast majority (66%) of informal workers pay at least one type of tax, fee, license or payment
  - Burden on the poorest is high, paying on average 9% of their gross earnings
  - Average annual earnings for quintile 1 are only GH¢2,221
  - Much closer to the poverty line of GH¢1,760 than to the lowest income tax threshold of GH¢4,380
- Structure of payments is highly regressive
  - Among women, the lowest quintile pays 7 times more than the highest, relative to their earnings
  - For men, the lowest quintile pays more than 3 times the top quintile as a share of their earnings

WIEGO/ITCD (forthcoming). Tight tax net, loose safety net: Taxation and social protection in Accra’s informal sector
... and are highly exposed to post-COVID efforts to increase tax revenues

- In May 2022, Ghana introduced a 1.5% tax on mobile money transactions
  - Explicitly framed around the ‘enormous potential’ for tax revenue in the informal economy
- E-levy is highly regressive
  - Levy accounts for 8% and 6% of monthly earnings for men and women in the lowest quintile
  - Among the top quintile the levy is less than 1% of earnings

... while receiving little social protection or COVID-19 relief

- Less than 1% of informal workers received any government cash transfers (LEAP or Nkosuo)
- Only 1.4% accessed the government’s main relief programme for SMMEs (CAPBuSS)

- Focus on informality in new World Bank SP strategy - word ‘informal’ in a third of all pages
- Dismissive of social insurance schemes
- Social assistance ‘if shocks occur’
- Promotion of voluntary savings schemes as central solution for informal workers
We want to hear from you!

Questions & Answers
Thank you for joining!

Make sure to answer our survey, available after this session, and join us for the next webinars!

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