



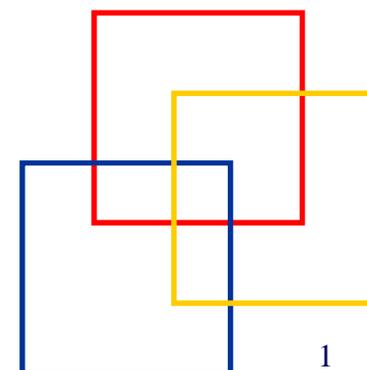
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# How to finance, deliver and govern social security for all...

Tripartite Meeting of Experts on Strategies for the Extension  
of Social Security Coverage  
Geneva, 2-4 September 2009

Michael Cichon  
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The ILO Campaign on Social Security and Coverage for All

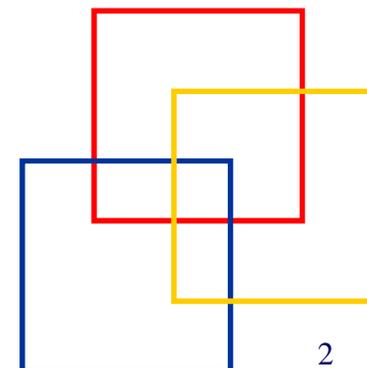




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## Structure of the presentation

- **One: Social security is an economic necessity**
- **Two: Social security is fiscally affordable**
- **Three: Financing strategies**
- **Four: Delivery and governance issues**

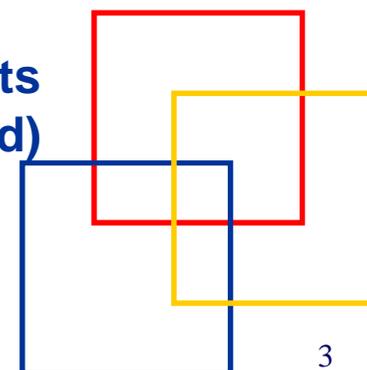




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## **One: ...in addition to a social necessity social security is an economic necessity...**

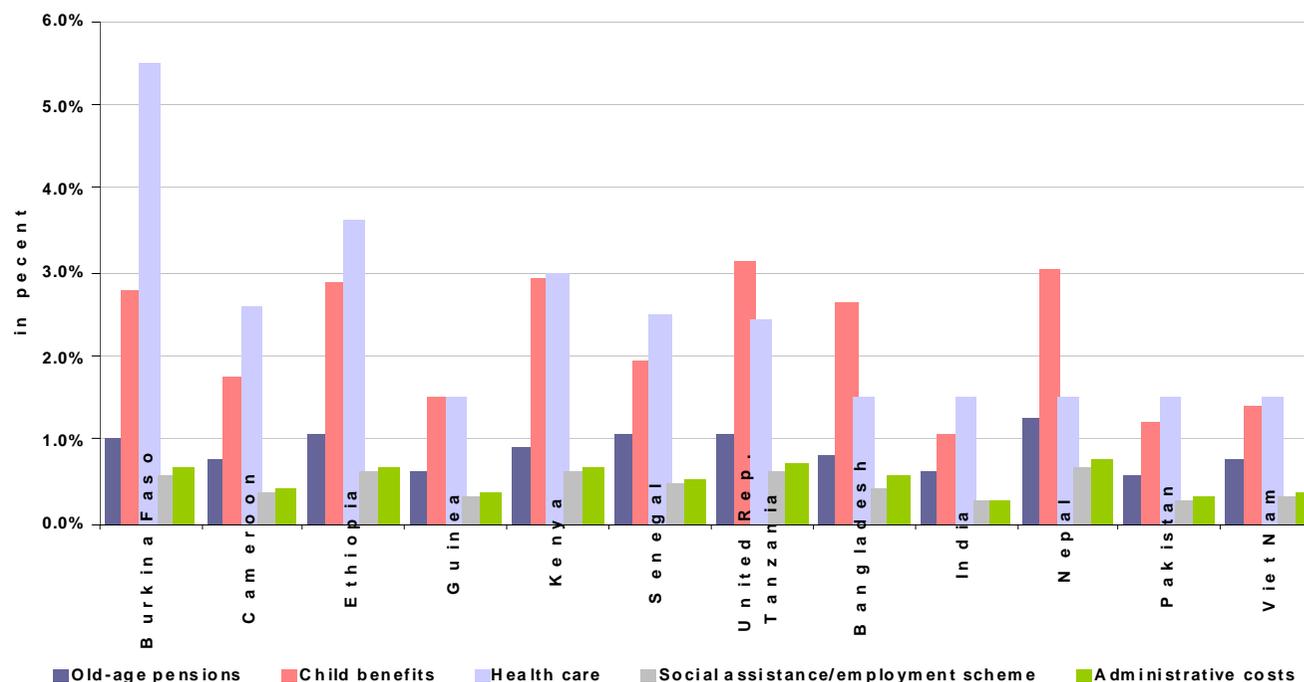
- **Economies cannot develop and grow without a productive workforce. In order to unlock a country's full growth potential one has to fight social exclusion, ignorance, unemployability...through social transfers**
- **Access to social health protection and education improves productivity levels and has a positive impact on growth (we have ample research evidence...)**
- **The famous trade-off between productivity and equity is a myth...**
- **Investments on social security and economic development coincided in OECD countries**
- **Cash transfers in developing countries have multiplier effects on local markets (stimulate local production inter alia of food)**
- **Stabilise domestic demand in times of crises**



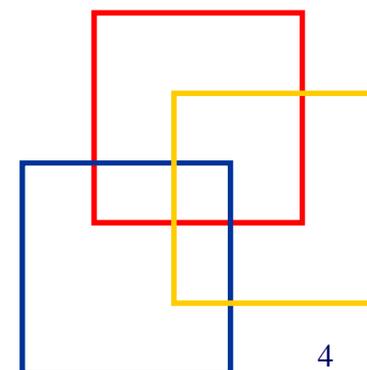


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# Two:... a basic social protection package is affordable: Total cost of all basic benefit package components

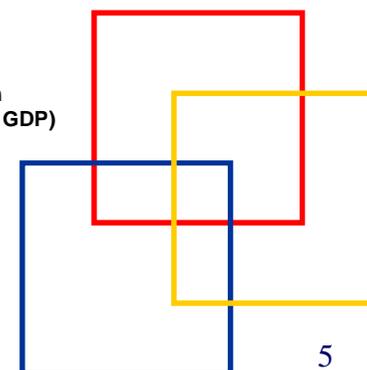
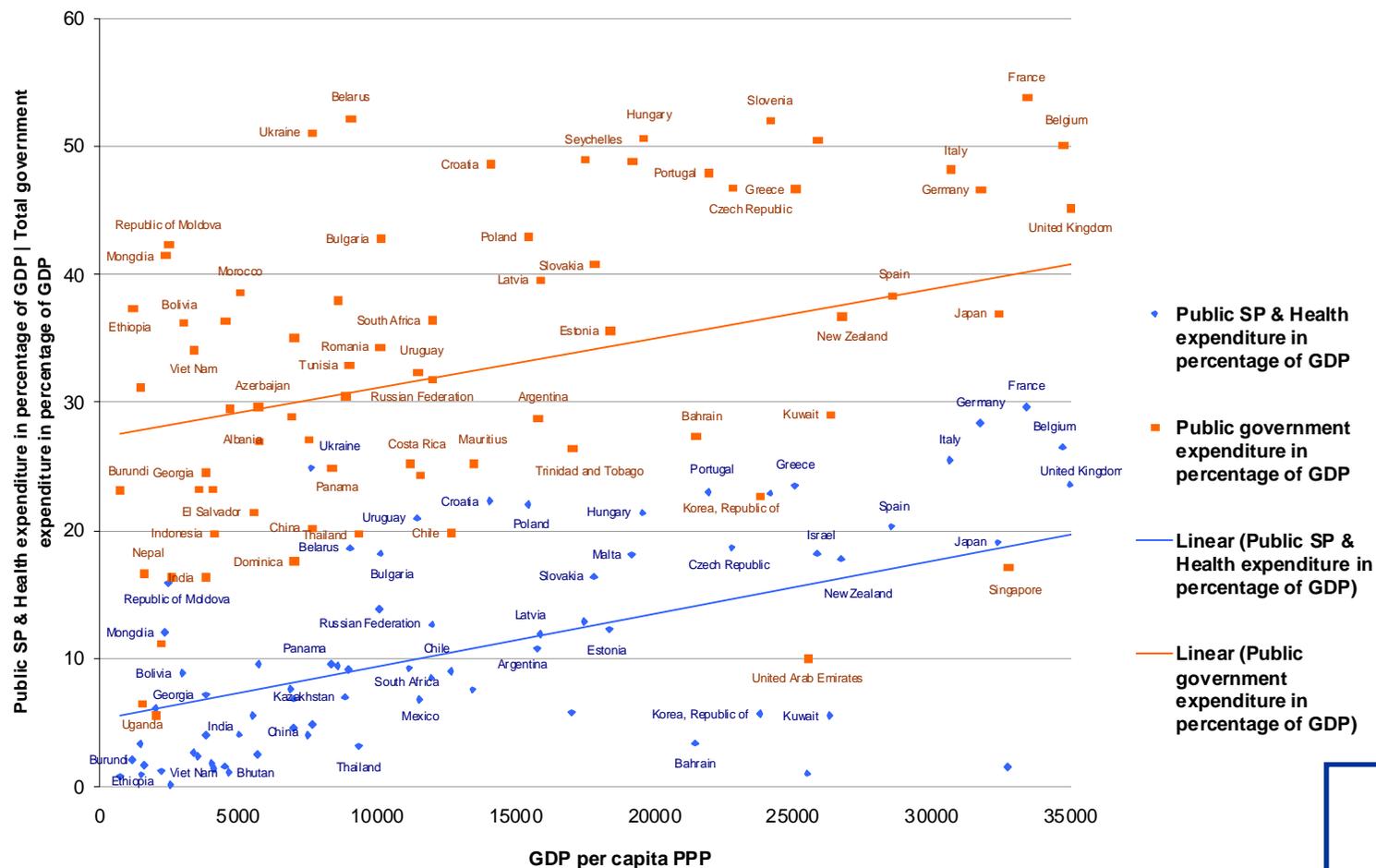


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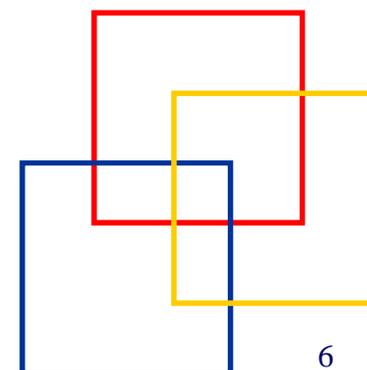
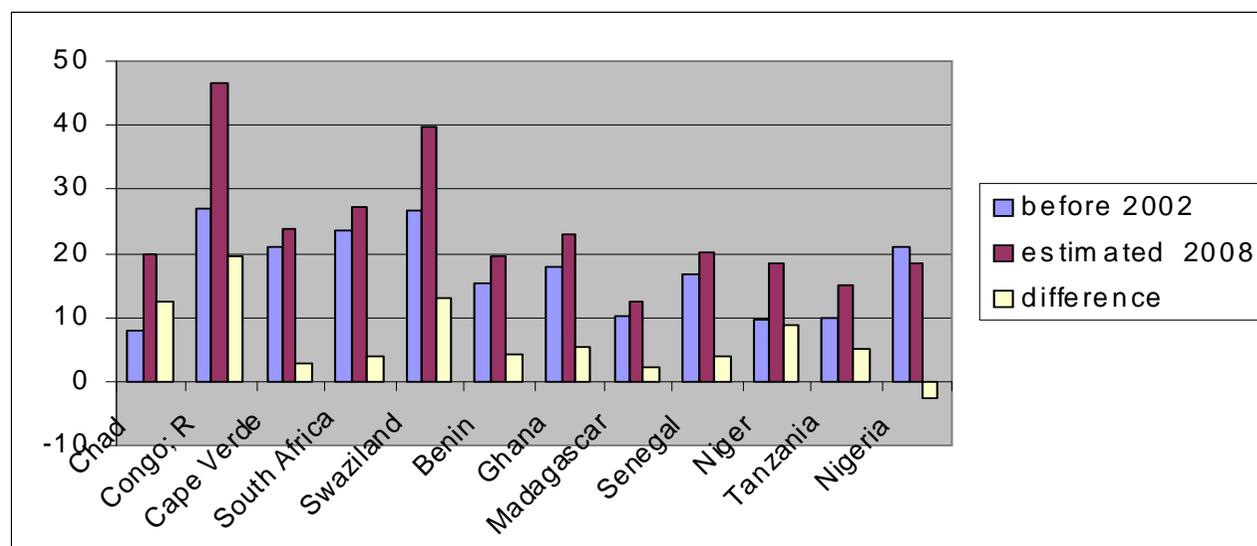
# Point Three: Financing strategies: Lack of fiscal space? The good news – part I





## Three: Good news part II: Growing fiscal space

- Sub-Saharan African countries increased on average domestic revenue from 15% to 19% of GDP between 1997 and 2006
- ...and after Monterrey domestic resources increased (source OECD and ECA)...

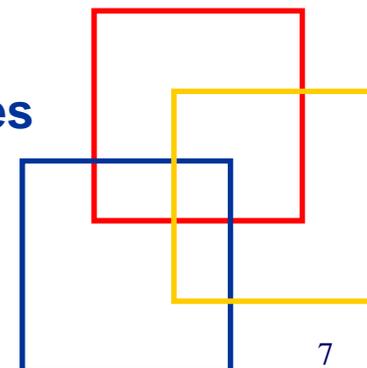




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## Three: Financing strategies

- **Domestic resource mobilisation**
  - Increase the efficiency of tax collection
  - Reduce waste
  - Broaden tax base
  - Reduce tax evasion and avoidance
  - Introduce self-financing insurance systems (largely health care)
  - Increase overall tax rates
- **International resources (transitional financing)**
  - Modified social security oriented budget support?
  - Project financing to build national delivery capacity
  - International financing of health care goods and services

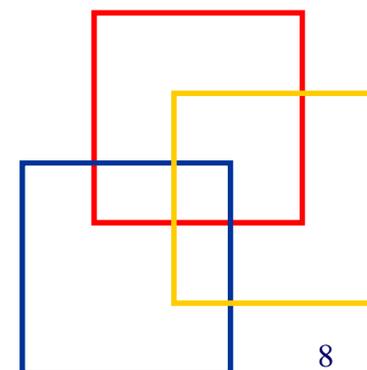




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## Four: Delivery issues

- There are very few countries where essential public services cannot be delivered (see universal pensions in Namibia, Nepal and universal HC in Thailand) but
  - it may need investments in logistical infrastructure
  - Investment increased efficiency of public services
  - Efficient use of private sector delivery systems (e.g. pensions in Namibia)
  - Innovative use of modern technology (cell phones...)
  - Pragmatic delivery decisions are needed with respect to
    - Universal vs targeted options
    - Conditional vs unconditional transfers





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## Four: Governance issues

- **International: International instruments are useful in making national policy cases...**
- **National: Social dialogue processes are needed to obtain national consensus on**
  - **Benefit priorities and sequencing**
  - **Benefit design (conditions, benefit levels)**
- **National: Stakeholder participation necessary to monitor/supervise the effectiveness and efficiency of benefit delivery**

