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Conseil consultatif sur la cohérence  
des politiques en faveur du développement

## Opinion of the Advisory Council on Policy Coherence for Development

# The UN Global Social Protection Fund

### Introduction

01. This opinion was ratified by the Advisory Council on Policy Coherence for Development on 25 October 2021. The original opinion is drafted in Dutch.
02. The essential role of social protection in addressing the health and socio-economic crisis caused by the pandemic generated renewed political momentum in international fora for an international financing mechanism for the expansion of social protection, the Global Social Protection Fund (GSPF). The GSPF is also the subject of a current political debate in Belgium, with a proposal for resolution to be discussed in the Chamber of Representatives in the near future<sup>1</sup>. The present opinion sets out how and under what conditions an ILO-led GSPF can contribute to the SDGs, as a tool to prevent and reduce poverty, inequality, social exclusion and social insecurity, to promote equal opportunities, and gender and racial equality, and to support the transition from informal to formal and decent employment. This lays the foundation for people's resilience in the face of future shocks.
03. The UN GSPF is a prime vehicle for policy coherence for development as it seeks to contribute to stronger policy links between different policy areas for the realisation of universal human rights, including the right to decent work, social protection, health and food security. Also, because it wants to make the commitment to social protection more effective through a better coordinated multilateral approach. It greatly reduces the risk of duplication of effort by different donors in bilateral cooperation, and there is better coordination between the various standards that are now imposed by donors with different perspectives on social security.
04. Belgium has an important heritage of commitment and expertise in social protection, in close cooperation with the International Labour Organisation (ILO). That is why this opinion focuses on the role that Belgium can play in the realisation of the UN GSPF under the leadership of the ILO. This commitment requires policy coherence between different Belgian federal public services. FPS Employment represents Belgium in the ILO. Furthermore, there is also the FPS Social Security

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<sup>1</sup> Proposal for Resolution in Federal Parliament 'on supporting the establishment of a global social protection fund' (17 December 2020) Doc 1705/001 Tabled by a.o. Ben Achour (PS), Wouter De Vriendt (Groen), Els Van Hoof (CD&V), Vicky Reynaert (SP.A), Séverine de Laveleye (Ecolo).

that has the expertise in-house and participates in the international expertise networks. Finally, there is the FPS Foreign Affairs and Development Cooperation which will have to make the financial resources available for the GSPF and which is strengthening social protection as a priority in its own bilateral cooperation. Belgian development cooperation focuses mainly on countries in a fragile situation where social protection is all the more important<sup>2</sup>. From the point of view of policy coherence, it is also important to note that stronger social protection systems are the ones that increase the resilience of countries to crises caused by climate change, natural disasters, epidemic diseases, food crises or economic shocks.

## Description of the issue at hand

### **Right to Social Protection: not for the vast majority of the world's population**

05. Social protection is a human right enshrined in the Universal Declaration of Human Rights, articles 22 and 25, and in the International Covenant on Economic, Social and Cultural Rights, article 9. Convention No 102 (1952) of the International Labour Organisation (ILO) concerning minimum standards of social security (further referred to as ILO Convention 102), ratified by Belgium in 1959 provides that social security is the right to income protection in case of a) lack of income from work due to illness, disability, work accident, unemployment, old age, death of a family member b) access to otherwise unaffordable health care c) inadequate income support for dependent children and adults. The commitment to ensure basic income support and access to health care throughout the life cycle was reiterated in more recent years in ILO Recommendation 202 (2012) on National Social Protection Floors and Recommendation 204 (2015) on the Transition from the Informal to the Formal Economy.
06. Despite this recognition of social protection as a human right, it remains an unrealised right in law and in fact for the vast majority of the world's population. In legal terms, first of all because of the low ratification rate of ILO Convention 102<sup>3</sup>. Many ratifications are still partial (for some branches of social security). Putting it in practice is at least as important. Only 46.9% of the world's population enjoys at least one branch of social protection. There are large differences in coverage between the different branches of social protection. While<sup>4</sup> 77% do receive some form of pension in old age, only about 1 in 4 children (26%) enjoy income support or child allowance and less than 1 in 5 unemployed (18%) enjoy unemployment benefit. The global figures also mask large regional differences. In Africa, 17.4% of the population enjoys at least one branch of social protection, in Asia and the Pacific 44%, in the Americas 64% and in Europe and Central Asia 83.9%. Different groups of the population such as women, young people, persons with disabilities, migrants, domestic workers, small-scale farmers and farm labourers and informal and precarious workers are the least covered by social security.

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<sup>2</sup> WB list of fragile states: <https://thedocs.worldbank.org/en/doc/bb52765f38156924d682486726f422d4-0090082021/original/FCList-FY22.pdf>

<sup>3</sup> Despite a recent momentum with several new ratifications, there are only 59 ratifications so far. See [https://www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO:11300:P11300\\_INSTRUMENT\\_ID:312247](https://www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO:11300:P11300_INSTRUMENT_ID:312247).

<sup>4</sup> Figures from ILO. World Social Report. 2020-2022. Genève, 2021, p. 40

## **National floors as a first step towards universal social protection**

07. In 2012, following the report of Michelle Bachelet on *Social Protection Floors for a fair and inclusive globalisation*, the ILO adopted Recommendation 202 for national social protection floors. These floors are a kind of minimum social protection package for all, to be defined at national level, through a national consultation, with social dialogue and broader dialogue with the civil society involved in social protection, based on the identification of gaps and thresholds in social protection. These floors include a) access to essential health care and b) basic income security for children, to a nationally defined minimum level c) basic income security for people of working age who do not have sufficient personal income (due to illness, maternity leave, disability, unemployment) d) basic income security for older people, to a nationally defined minimum level. These floors lay the foundations for the right to social protection, which must then be systematically expanded into fully-fledged social security systems, in accordance with ILO Convention 102. Recommendation 202 should also be read together with ILO Recommendation 204 (2015) on the Transition from the Informal to the Formal Economy. After all, one of the main challenges for the realisation of the right to social protection is the extension of this right to enterprises and workers in the informal economy.

## **Social Protection and Development Agenda**

08. With Recommendations 202 and 204, the ILO succeeded in putting social protection on the development agenda. Thus, also in 2012, the European Commission published its Communication on Social Protection in EU Development Cooperation, a thematic priority from then on. In the Development Agenda 2030 of the United Nations (2015), the national social protection floors were retained as SDG 1.3, leverage for poverty reduction. Social protection is seen by the UN as an essential pillar for achieving SDG2. Reference is also made to the importance of Social Protection in SDG 3 for achieving *universal health coverage*. SDG 5 on gender equality and SDG 10 on inequality also mention social protection. Social protection is an economic investment and not just a cost, with a role as a social and economic stabiliser in economic crises and a basic prerequisite for building and transforming a resilient economy. Social protection is thus crucial to achieving SDG 8 for sustained, sustainable and inclusive economic growth and decent work for all.

## **International solidarity for the right to social protection**

09. The Resolution of the International Labour Conference last June on social security<sup>5</sup> recalls that the sustainable and adequate financing of social security systems is first and foremost the duty of the state and that this is best done through a combination of financial means, with social contributions and taxes, and through the correct and adequate allocation of resources in the state budget. The most recent ILO publications estimate the gap between current spending on social protection and what is needed to achieve national social protection floors in low-income countries (with a combined population of 711 million inhabitants) at about \$78 billion<sup>6</sup>. The ILO uses the World Bank's limited definition of low-income countries for this purpose. This also

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<sup>5</sup> Resolution concerning the second recurrent discussion on social protection (social security), 19 June 2021.

<sup>6</sup> F. Dúran-Valverde et al. **Measuring Financing Gaps in Social Protection for Achieving SDG Target 1.3: Global estimates and Strategies for Developing Countries**. ILO, 2019. The low-income countries are 32 countries with a per capita GNP of no more than \$1,026. ILO uses the World Bank's World Development Indicators for its definition of low-income countries.

excludes, for example, countries on the UN's list of Least Developed Countries. For the 32 countries that are on the list, the \$78 billion is equivalent to 15.9% of their GNP, too high a sum for low-income countries to finance their basic social protection needs, even with better and stronger own financing. This is all the more poignant for states in fragile situations.<sup>7</sup> For OECD countries, 78 billion is less than half of their Official Development Assistance (ODA) reported to OECD - DAC and only 0.15% of their Combined GNP. Despite the declarations of commitment to social protection in development made by several key players such as the European Union and the World Bank, the share of ODA allocated to social protection remains minimal. In 2019, only 2.26 billion went to social protection out of a total reported to OECD DAC of about 192 billion.

### **Global Social Protection Fund for sustainable and coordinated international financing of universal social protection**

10. The idea of an international financing mechanism for national social protection floors in low-income countries was already launched in the discussions leading up to the 2015 UN Conference for the Global Development Agenda 2030, with its 17 development targets. The Bachelet Report (2011) asked donor countries for 'multi annual financial support for the strengthening of nationally defined and determined social protection floors in low income countries within their own budgetary frameworks and respecting their ownership'. The Global Social Protection Fund is thus a new international financing mechanism for national social protection floors in low-income countries<sup>8</sup>.

### Recommendations

11. **Belgium should speak up and take a leading role in the global and public debate in favour of a UN Global Social Protection Fund, a new international financing mechanism for national social protection floors in low-income countries**
  - i. with an initiative and actions by Belgium **within the UN from the Group of Friends of Decent Work**
  - ii. proposing initiatives in relation to the Fund within the **ILO Governing Body** to be included in the plan to follow up the conclusions of the 2021 ILO conference
  - iii. with a plea from Belgium within the European Union to support a GSPF considering the coordinating role that the EU also assumes with regard to international cooperation. European International Cooperation has also developed a certain expertise in supporting social protection in partner countries, in cooperation with the Member States.”
  - iv. By also speaking out in favour of the GSPF in other relevant international organisations including the World Bank, IMF, WHO, WFP, FAO, CFS.
12. **Belgium should help to shape the debate on the GSPF**
  - i. for a UN - GSPF under ILO leadership that achieves the expansion of sustainable universal, global, adequate and inclusive social security systems, in accordance with the ILO social

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<sup>7</sup> <https://epod.cid.harvard.edu/article/social-protection-fragile-states>

<sup>8</sup> Whether a Global Social Protection Fund should provide support exclusively to low-income countries or could, for example, also provide capacity-building to (lower) middle-income countries is currently under debate

- security standards, and achieves first and foremost Convention 102 and Recommendations 20 and 204
- ii. for a Fund based on democratic ownership of the low-income countries concerned, as well as for access to funding subject to own commitment of capacity and funding and political will for social protection, with respect for the human rights approach and principles, including the participation of the social partners and relevant civil society actors in the formulation, planning, implementation, monitoring and evaluation of national social protection floors, the transparency and non-discrimination of measures, their enshrinement in legal rules and the accountability of governments, and the empowerment of beneficiaries.
  - iii. The UN - GSPF is financed on the basis of structural public funding, with funding primarily from investments, for stronger social, labour and fiscal administrations and inspections for income generation for social security, including digitalisation. Also for investments for new projects of extension of social security to new branches and to target groups that are so far insufficiently covered by social security.

**13. Belgium should contribute to the establishment of the UN GSPF under the leadership of the ILO**

- i. with enhanced use of its expertise, both governmental and non-governmental
- ii. through additional and enhanced multilateral funding directly to the GSPF, as well as through funding in bilateral partner programmes with a specific focus on expanding social protection, and continued support to the non-governmental actors for decent work and social protection.

### Justification of the main recommendations

14. **Re Par. 11** There are a number of public forums where Belgium can support and steer the initiative in favour of a GSPF, either in the EU context or not. Internationally, there is renewed political momentum around the proposal for a Global Social Protection Fund. The proposal was put forward in 2020 and 2021 in a number of important international forums such as the World Economic Forum, the World Social Forum, the UN Commission for Social Development, the UN High Level Political Forum for the follow-up to Agenda 2030 and in the G20. In his General Report for the United Nations' General Assembly, the Secretary General also refers to the importance of the UN GSPF for a new social contract for sustainable development. **Belgium can support the General Secretary's commitment by developing an event and initiative for the Global Social Protection Fund, as the French government did last year, from within the "group of friends of Decent Work", of which our country is co-chair.**

The **ILO International Labour Conference on 19 June adopted** a resolution, in consensus between employers, workers and governments, tasking the International Labour Office for the first time to<sup>9</sup> *"explore options for mobilising international financing for social protection (.....) and initiate and engage in discussions on concrete proposals for a new international financing mechanism, such as a Global Social Protection Fund, which could complement and support domestic resource*

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<sup>9</sup> Resolution concerning the second recurrent discussion on social protection (social security), 19 June 2021, par. 21, c.

*mobilization efforts in order to achieve universal social protection.”* Following up on that resolution, the ILO Governing Body should draw up an action plan at its session of 1-11 November 2021. **Belgium can advocate for the adoption of initiatives for the fund in this action plan.** The UN Special Rapporteur on Extreme Poverty and Human Rights, Professor Olivier De Schutter, took an important step forward in the debate with his recent report to the Human Rights Council,<sup>10</sup> in session this June, with regard to ‘*The Global Fund for Social Protection: International Solidarity in the Service of Poverty Eradication*’.

15. **Re Par 12 i** The GSPF finds its raison d'être primarily in the very limited international funding for social protection to date. Moreover, such donor funding for social protection is often temporary and fragmented (e.g. funding of 1 branch of social security, such as income support for children). As such, it does not contribute significantly to sustainable universal, global, adequate and inclusive social security systems. The UN GSPF increases the efficiency of the commitment to social protection, because it greatly reduces the risk of duplication of effort by different donors in bilateral cooperation. It also allows for better coordination between the various standards that donors now are now using from their own perspectives on social security. In addition, the fund allows for longer-term and larger funding packages to be generated and strengthens the positive impact of development programmes.

The GSPF must not become a vertical fund like some already existing international funds that focus narrowly on a very specific objective and therefore often operate in silo. A GSPF must have a broad horizontal comprehensive and systemic nature, targeting a comprehensive range of needs and requirements that are part of social protection. This is unique because such a fund and approach do not exist today.

16. **Re Par 12 i (continued)** Who is best placed within the UN institutions to take a leading role in the management and implementation of the GSPF? The Council is of the opinion that with their specific mandate on social protection, the ILO and its secretariat, the International Labour Office, are best placed for the following reasons:

- i. The ILO and its secretariat stand for a rights-based approach, enshrined in national legislation as a transposition of international labour conventions. And the ILO also has tools and services available to assist Member States to implement these legal frameworks in their national contexts.
- ii. The ILO is a tripartite institution, consisting of governments and employers' and workers' organisations. The most robust social security systems are built on this tripartite participation. In which companies also share responsibility for social security.
- iii. The ILO has a more ambitious vision of social protection than other international institutions, such as the World Bank, which has a more limited 'social safety net' approach. The ILO vision is in line with ILO standards on social security, first and foremost Convention 102 and Recommendations 202 and 204. The ILO is best placed to ensure coherence with the Sustainable Development Goals and with development policies.

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<sup>10</sup> Human Rights Council, 47th session, 21 June tot 9 July 2021 , Report of the Special Rapporteur on extreme poverty and human rights ' Global Fund for Social Protection: International Solidarity in the Service of Poverty Eradication'. Doc A/HRC/47/36 (22 April 2021).

- iv. The ILO gives a stronger place and voice to the less developed countries than some other institutions in its decision-making. This is also related to its tripartite structure, with employee and employer groups with global composition and internal regional balances.
  - v. The ILO has the necessary expertise and experience to govern the GSPF. The ILO can ensure that not a new bureaucracy is built but that we can build on existing programmes. The ILO's flagship programme 'Building Social Protection for All' is already assisting 78 countries to introduce and implement national social protection floors. The flagship programme is already working with other UN agencies and donors on this and coordinates the cooperation. The programme currently has a total budget of about EUR 64 million.
17. **Re Par 12 ii** The Resolution adopted by the International Labour Conference in June 2021 on Social Protection reaffirms that it is the State that must guarantee to its citizens the right to social security that is global (encompassing the 9 branches of social security and over the entire life cycle), universal (i. e. all workers and enterprises in the formal and informal economy) inclusive (including migrants and refugees, attention to disabled persons, gender-sensitive...), adequate (sufficiently high for income protection...), based on solidarity and collective financing. The State should also ensure that social partners in social dialogue, including collective bargaining, participate in the formulation, monitoring and evaluation of social protection policies and governance and legislative framework.
- In recent years, the ILO has assisted Member States with the implementation of national social protection floors and their financing. Possibilities for financing national social protection floors include a) strengthening tax revenues, especially in countries where the tax/GNP ratio is low, especially by increasing income and wealth taxes and by combating tax fraud b) strengthening social contributions revenues by extending social security to workers and enterprises in the informal economy c) allocation of other and additional resources in the state budget, e.g. fossil fuel subsidies d) borrowing and debt restructuring.
- Access to UN GSPF funding for the low-income country is therefore first and foremost conditional on political will and the availability of the low-income country's own capacities and financial resources for social protection. This ensures national ownership of the programme. The UN International Country Team led by ILO assists the country in question with the preparation of the national proposals for financing social protection floors. Once the programme is accepted, the UN Country Team led by ILO is responsible for its implementation with all relevant ministries (social security, labour, health, etc.) and agencies (social security institutions), as well as with the national social partners and civil society.
18. **Re Par 12 iii** The UN GSPF under the direction of ILO should not be used to cover current costs in social security, but rather for investments. Investments can be used for stronger social, labour and tax administrations and inspections for income enhancement for social security, including digitalisation. However, investments can also be used for new projects of extension of social security to new branches and to target groups that are so far insufficiently covered by social security.
- Support from the GSPF can consist of funding, but also of capacity building, i.e. technical assistance. The GSPF can also find its added value because it can take on roles that traditional

bilateral, short-term and fragmented development cooperation cannot develop. For UN Special Rapporteur on Extreme Poverty and Human Rights, Olivier De Schutter, the UN GSPF also plays a role as a 'reinsurer' by reducing the risks in the cost of social security systems in case of crises in low-income countries, for example due to climate change, natural disasters, epidemic diseases, food crises or economic shocks as a consequence of a global financial crisis or a sudden loss of export earnings or sharp price increases of import products. Part of the funds of the GSPF can be dedicated to a reserve fund, to absorb these shocks.

The basis of the GSPF is structural public funding, based on the same principles of financing sustainable universal, global, adequate and inclusive social security systems, in line with ILO standards.

**19. Re Par 13** Belgium brings an important capacity of expertise and commitment to social protection in the development agenda to the public and international debate on the GSPF. With the 2013 Development Cooperation Act, Social Protection as a pillar of the Decent Work Agenda was recognised as a thematic priority for Belgian Development Cooperation. With the resolution of May 2016<sup>11</sup>, the Belgian Parliament once again expresses its explicit support for social protection in development cooperation. In the policy statement of the Minister of Development Cooperation, decent work including sustainable and inclusive social protection systems was retained as one of the priorities for development cooperation. The commitment to social protection is also strong in non-governmental cooperation, with 9 non-governmental players united in the Platform for Coordinating Decent Work implementing a joint programme on Decent Work and Social Protection since 2014. This programme also includes support for the building of mutual health organisations in West and Central Africa. Since 2018, a network of all Belgian governmental and non-governmental actors in development cooperation involved in social protection issues has been operational<sup>12</sup>. There is a clear consensus among the actors that Belgian development cooperation should try to implement the ILO standards-based vision on social security through its programmes. In doing so, they place great emphasis on social dialogue and the participation of civil society, including the health insurance fund companies, in social protection. In the past, Belgium's support to these community initiatives in social protection in Africa was through financing of the ILO programme 'STEP'<sup>13</sup>. Today, Belgium supports specific social protection extension programmes in Senegal, Burkina Faso and Central Africa as part of its bilateral programmes with partner countries.

Belgium is also strongly committed to active participation in expertise networks for social protection, in particular SOCIEUX+ (EU Expertise on Social Protection, Labour and Employment), BELINCOSOC (Belgian International Cooperation on Social Protection) and SPIAC-B. **Belgium can increase its funding for social protection in development cooperation through increased funding for social protection as a priority in bilateral partnership programmes and**

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<sup>11</sup>Chamber of Representatives. Resolution on the inclusion and enshrinement of the right to social protection in Belgian International Policy. 4 May 2016. Doc 54 1174/010.

<sup>12</sup> Belgian Dialogue on Universal Social Protection. See working paper 'Pistes de réflexion du dialogue belge sur la protection sociale (2018) Mettre en place et renforcer la protection sociale dans les pays en développement. Note de synthèse des lignes directrices qui font consensus au niveau des acteurs belges concernées par la protection sociale.'

<sup>13</sup> STEP, Stratégies et Techniques contre l'exclusion sociale et la pauvreté, programme d'extension de la sécurité sociale dans le domaine de la santé et les approches intégrées de lutte contre la pauvreté au niveau local et activités clefs d'extension du système de sécurité sociale sur base communautaire (avec notamment mutuelles de santé) en Afrique.

**through direct funding of the UN Global Social Protection Fund to be set up multilaterally under the auspices of the ILO. Belgium can strengthen its expertise in the various networks.**