



Governing Body

309th Session, Geneva, November 2010

GB.309/PFA/5/4

Programme, Financial and Administrative Committee

PFA

FOR DECISION

FIFTH ITEM ON THE AGENDA

Evaluations

Independent evaluation of the ILO's strategy to extend the coverage of social security

Overview

Issues covered

This report summarizes the findings, conclusions, lessons learned and recommendations from the above evaluation. The final section contains the Office's response to the report's recommendations.

Policy implications

None.

Financial implications

None.

Decision required

Paragraph 20.

References to other Governing Body documents and ILO instruments

None.

Introduction

1. The independent evaluation of the ILO's strategy to extend the coverage of social security during the period 2005–09 is based on the analysis of key reports and programme documentation, a portfolio review organized by country, project documentation, and interviews with ILO staff, constituents and United Nations (UN) system colleagues. Eleven case studies were undertaken covering Bosnia and Herzegovina, Chile, Cyprus, Ghana, Jordan, Lao People's Democratic Republic, Mozambique, Nepal, Senegal, Thailand and Zambia.
2. The evaluation addressed seven questions as follows:
 - (1) To what extent is the design of the ILO strategy to extend the coverage of social security relevant to the global policy dialogue and the situation facing member States' governments and social partners, and those lacking adequate social protection?
 - (2) How has the ILO's social security strategy design and implementation been effective in helping to extend various forms of social protection to all; to improve governance, financing, and administration of social security; and to support determination of national strategies for working towards social security for all?
 - (3) To what extent has the ILO's strategy been coherent and complementary (in its design and implementation) with regard to the vertical and horizontal elements of the approach to social security extension?
 - (4) To what extent have resources been used efficiently, and has the programme been appropriately and adequately resourced?
 - (5) How has ILO external coordination (with constituents, UN partners, international financial institutions and internal coordination (between sectors, technical departments, regions and subregions) promoted the adoption of integrated approaches to social security?
 - (6) To what extent have ILO actions had impact in the form of increased capacity, necessary tools and policy improvements needed to work towards social security for all?
 - (7) To what extent have ILO interventions been designed and implemented in ways that have maximized sustainability at country level?

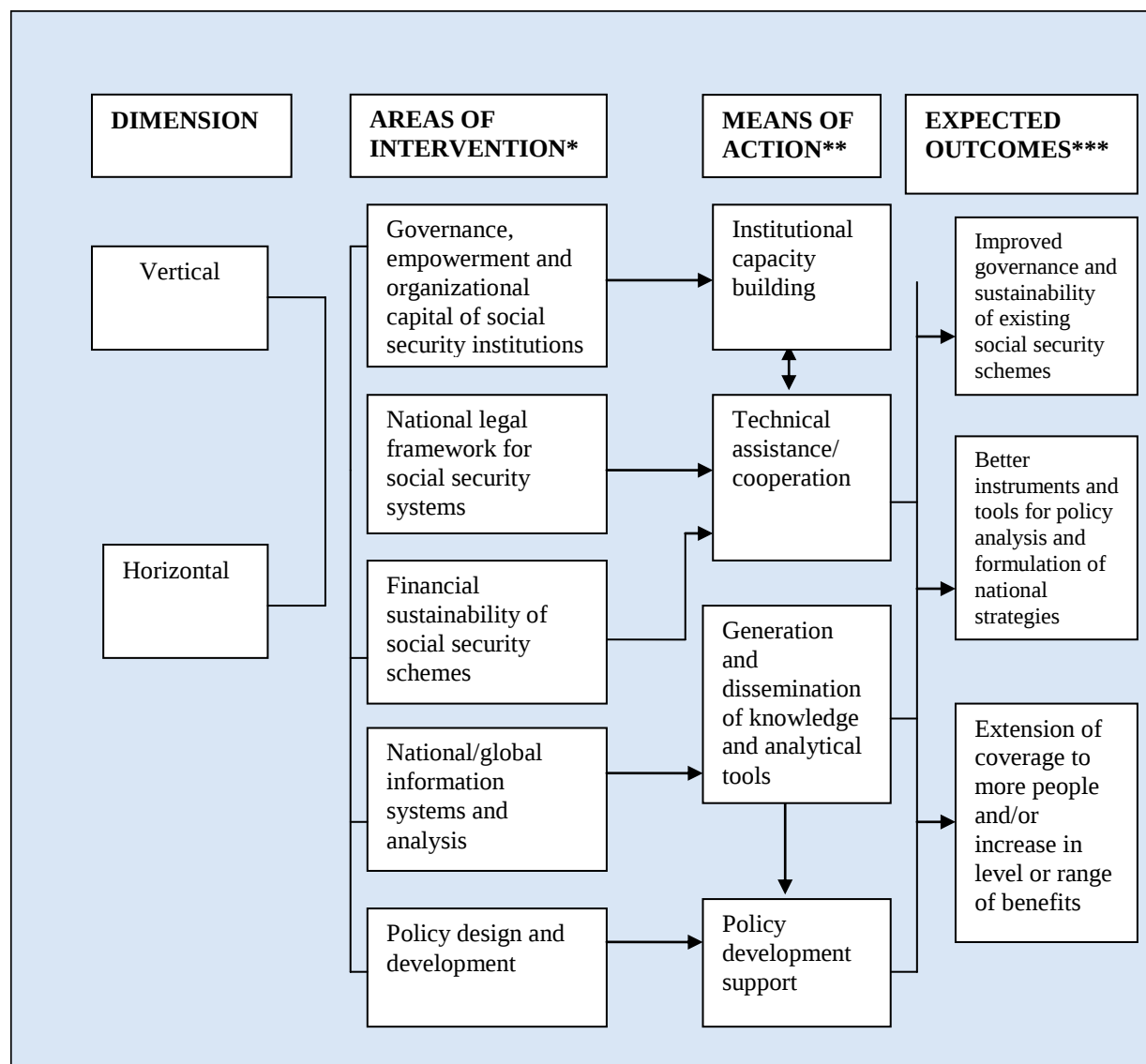
Operational approach

3. The Global Campaign on Social Security and Coverage for All was launched in 2003 to promote and extend social security. The Global Campaign subsequently adopted an interactive four-tiered strategy laid out in a 2006 ILO policy paper,¹ which was further developed in subsequent governance-level documents, including the ILO Declaration on Social Justice for a Fair Globalization.
4. The strategy for the Global Campaign has four basic characteristics:

¹ ILO: *Social security for all: Investing in global social and economic development. A consultation, Issues in Social Protection, Discussion Paper 16*, Social Security Department, Geneva, Aug. 2006.

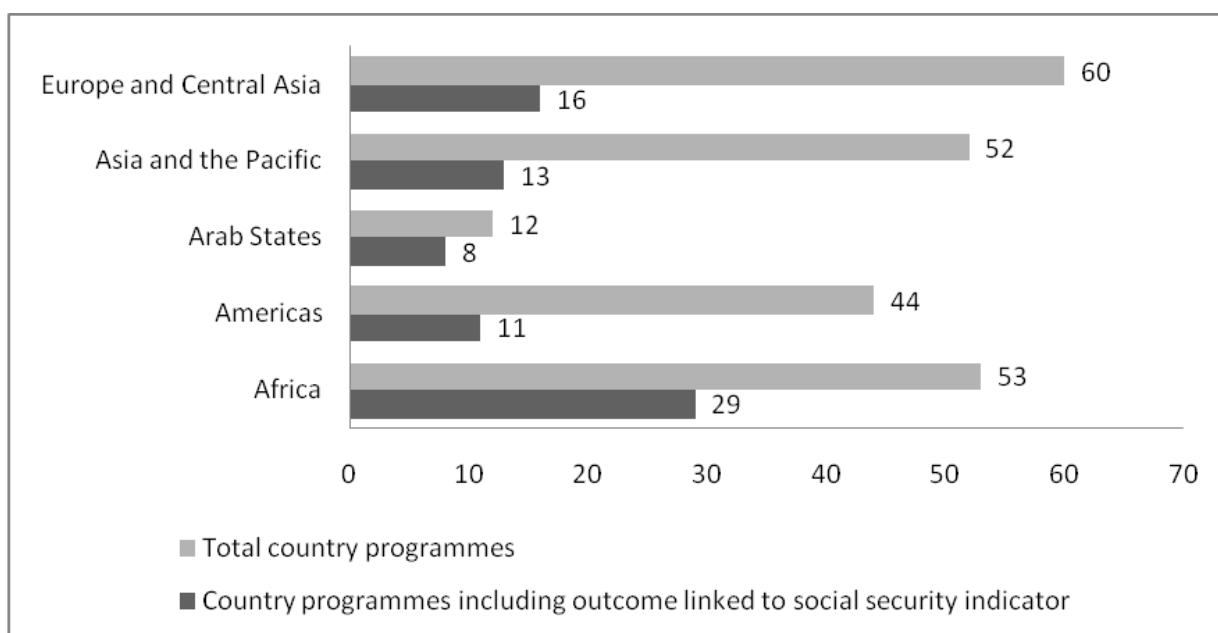
- *universality of access* to formal systems of social protection;
 - *progressiveness*, referring to the understanding that universal provision of a basic benefits package is to be regarded only as the first step in a continuing process;
 - *pluralism*, in acknowledgement of the experience and evidence showing that there is no single “right” model or path for provision of social protection; and
 - *outcome focus*, referring to the pragmatic nature of all ILO interventions and activities.
5. Since 2007, the strategy has solidified around the concept of a rights-based two-dimensional approach to extend social security, where the vertical dimension addresses the need to improve the levels and quality of benefits above the basic level and the horizontal dimension addresses the need to extend basic income security and access to health care to the entire population. The main means of action for implementing the strategy and the overall expected outcomes of the ILO’s work are depicted in the “impact diagram” graphic presented in figure 1.
6. During the 2008–09 biennium, the ILO strategy was supported by 14 technical specialist positions at headquarters and 12 in the five regions. According to country-level implementation plans for the same period, extending social security was a country programme outcome in 76 member States (see figure 2 for regional breakdown). From 2005 to 2009, extra-budgetary allocations for social security totalled approximately US\$36 million. Figure 3 shows the regional distributions in shares of these allocated resources.

Figure 1. ILO intervention strategy on social security extension



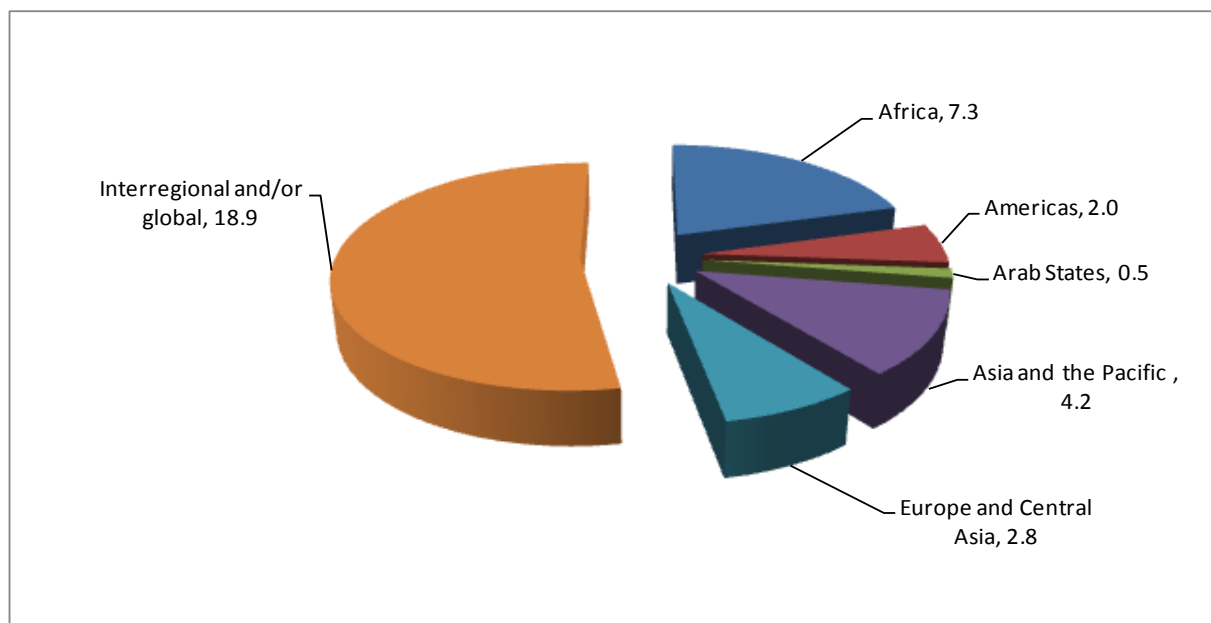
* Inputs from ILO: *Resolution and conclusions concerning social security*, International Labour Conference, 89th Session, Geneva, 2001. **Inputs from GB.303/ESP/3. ***Inputs from ILO: *Resolution and conclusions concerning social security*, International Labour Conference, 89th Session, Geneva, 2001; and the ILO Programme and Budget for the following biennia: 2004–05, 2006–07, 2008–09 and 2010–11.

Figure 2. Number of country programmes including decent work outcomes linked to social security programme and budget indicators, by region, 2008–09



Source: ILO's Integrated Resource Information System (IRIS), strategic management module, 2008–09.

Figure 3. Shares of ILO social security extra-budgetary allocations, by region, 2005–09 (in million US\$)



Source: IRIS, approved project budgets, as of 13 January 2010.

Findings, conclusions and recommendations

Relevance, responsiveness and added value

7. The ILO's strategy and programme have aligned well with the ILO's mandate. By effectively exploiting its comparative advantage in technical advice on social security financing, governance and management of schemes, analysis of labour market and employment policies, international standards, and social dialogue, the ILO has added value. It has addressed, and continues to address, the purported trade-off between social protection and employment growth and has benefited from its pluralistic, pragmatic approach. Perhaps the ILO's main contribution has been in ensuring that universalism figures prominently in the social protection toolkit. With the UN System Chief Executives Board for Coordination's endorsement of the Social Protection Floor Initiative, interest in this area has grown rapidly. The ILO needs to respond at country level with tools and evidence-based policy formulas to translate the social floor into practice. Operational templates are needed to translate technical and analytical work into concrete, broad interventions.

- **Recommendation 1:** Over the next six months, prioritize work to document and disseminate policy-based successes where employment, economic growth, and social protection have brought stable economic development in combination with the extension of basic social protection.

Suggested next steps:

- Compile and share policy successes and lessons from information sources other than the ILO (web-based); and
- call for quarterly informal exchanges about successes from the regions (web-based), including from constituents and UN colleagues collaborating to extend national social protection floors, to spur discussion and raise awareness.

- **Recommendation 2:** Accelerate efforts to improve international collaboration, especially to provide guidance on design of technical cooperation and to promote exchange on innovations.

Suggested next steps:

- Prioritize efforts to systematize common definitions and approaches for social protection among various UN agencies and donor agencies; and
 - involve employment specialists in UN and donor task forces to advise on extending the social protection floor, and in the mapping of social protection schemes within a country.
- **Recommendation 3:** Sustain the current operational approach to provide governments with the information and analysis upon which to determine the pathway for extending social protection. However, the ILO should continue to pursue a two-pronged vertical/horizontal approach and deal with issues linked to contributory schemes without curtailing its efforts and visibility in supporting the broader national dialogue on social protection measures that extend to all.

Effectiveness

8. The ILO's training and capacity-building initiatives have made significant contributions to national-level policy design and implementation. There are some issues of absorptive capacity and attrition in Africa, but, overall, the ILO has done well. There could be more documentation on the effectiveness and impact of training at country level. On a number of aspects, it has emerged that ILO constituents at national level often lack capacity for, and sometimes interest in, extending the social protection floor. ILO visibility continues to be lower than it should be. To some extent, this is because of the way the ILO works (not claiming ownership of reforms, working within the UN context and with other specialized agencies, for example). Full integration of all the components of the horizontal and vertical dimensions of social security has not always been possible because governments and partner agencies tend to have interests in one area or another.
9. The evaluation found examples of countries where traditional actuarial work and development of innovative non-contributory schemes usefully complemented each other. Continued emphasis on integrative work will help to advance the broad approach. Overall, the ILO's work has been most effective in laying the foundation, defining the framework for, and advancing discussion of, feasible plans for national extension of a basic social protection floor. Included in such work are feasibility and costing studies on individual components of the floor. Focus on vulnerable groups has been embedded in the analysis but gender and the very elderly remain under-addressed in many national schemes. The Global Campaign and the Social Protection Floor Initiative have achieved broad acceptance. Full consensus is not to be expected because social security lies in ideologically contested terrain, but the ILO has been highly effective in getting universal social protection on the agenda, both globally and at country level.

■ **Recommendation 4:** Develop innovative approaches to increase ILO visibility.

Suggested next steps:

- Develop guidance for UN partners on good practices for collaboration, including terms of reference for working groups, key principles for working together, and agreed ways of presenting and following up on joint work; and
- advocate within United Nations Country Teams for a more visible and consistent role and area of responsibility within the UN family on the broader work to extend the social protection floor.

■ **Recommendation 5:** More effort should go to addressing problems of gender and social security in the informal sector as well as the very elderly living alone, a (disproportionately female) group at elevated risk of poverty.

Suggested next steps:

- Pursue collaboration with partner agencies (International Monetary Fund, World Bank, Asian Development Bank are priority targets) on joint research to expand the data and research base at country level on the impact of social security policies and schemes on income security and poverty reduction of vulnerable groups and disadvantaged areas; and
- include in social budgeting and social protection expenditure and performance reviews, more explicit consideration of coverage to especially vulnerable groups, such as the very elderly and women.

- **Recommendation 6:** Target capacity development towards non-technical constituents in key decision-making positions, emphasizing awareness raising and stimulating demand for increased capacity.

Coherence and complementarity

10. The evaluation uncovered convincing evidence of the usefulness of the horizontal/vertical dimension model, the main ILO conceptual tool for engaging with coherence and complementarity in social security policy design. In practice, at any given time, most technical work has been on one aspect or another of social protection, not on broad integrative approaches. That noted, some cases effectively combined traditional contributory and innovative universal approaches. The ILO effectively linked national expertise and programme success of universal health coverage in Thailand to policy review and capacity building in neighbouring Lao People's Democratic Republic. Case studies also provided concrete examples (e.g. Ghana and Nepal) of where the ILO was both providing traditional actuarial advice and also advising on extending social protection through universal approaches. In Jordan, where concrete impacts were mostly in the vertical dimension (maternity), the ILO nonetheless advised on extending social protection to the informal sector.

- **Recommendation 7:** Leverage the ILO's success in middle-income countries by encouraging South–South exchanges of expertise, stressing in particular the long-term development of social security in middle-income countries and the lessons it has to offer to low-income countries.

Efficiency

11. The ILO consolidated its social security activities in 2006, essentially merging three units into one, with consequent efficiency gains and improved focus. With limited regular budget funds, the Social Security Department (SEC/SOC) has been responding to increasing demand for its work by mobilizing more extra-budgetary funds and leveraging these effectively. The Office actively provides technical social security services in over 70 countries in a given biennium. Given the limited number of technical specialist positions, both at headquarters and especially in field offices, social security technical capacity is stretched very thin. As interest grows in the social protection floor and integrated approaches to generate employment while extending social protection, the pressure to mobilize extra-budgetary resources will also intensify.

- **Recommendation 8:** Fill vacant positions promptly and design technical cooperation resources to increase field-level expertise; reduce dependency on headquarters short-term missions and support; continue to make available flexible funding for bridging and filling gaps, particularly in the area of capacity building.

Internal coordination and management

12. The evaluation found a number of concrete instances of internal coordination and cooperation, such as with the Department for International Labour Standards in the area of international labour standards. There has also been integrative work on population trends and their consequences with the Employment Policy Department. The ILO has effectively collaborated with a number of other agencies, including the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF). On the funding side, it has worked with the United Kingdom's Department for International Development (DFID) and

has improved dialogue with the World Bank. However, a wide range of officials interviewed called for more integrative work on employment and social protection. At field level, demand for operational approaches combining employment with social protection is growing very rapidly.

- **Recommendation 9:** Improve operationally the support to field specialists for launching integrative work on employment and social protection.

Suggested next steps:

- A joint workplan for the biennium could be developed between the Employment and Social Security Departments, spelling out the form and timing of collaboration (missions, communications, etc.) on advising and technically supporting the field in development of national strategies and plans of action for extending social protection, including components on job creation, skills development and employability;
 - SEC/SOC and the Employment Sector could consider jointly budgeting funds in 2010 and 2011 to generate proposals for innovative, cross-sectoral work; and
 - Decent Work Country Programme strategies and proposed outcomes linked to employment and social protection could be reviewed, to improve coherence of initiatives at policy and partnership levels.
- **Recommendation 10:** Reach out to other UN agencies such as WHO and UNICEF who have specialized know-how and expertise in project implementation, while focusing on analysing, designing, financing and improving coverage mechanisms of social security systems. ILO involvement in implementation should also be defined around supporting governments to ratify and implement the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Income Security Recommendation, 1944 (No. 67), and the Medical Care Recommendation, 1944 (No. 69).

Impact

13. The ILO has analysed and helped to design individual components of national social protection floors. This has led to tangible country-level progress in Ghana, Jordan, Nepal, Thailand, and other case study countries. It has framed the debate and placed the basic social protection floor at its heart in many countries, working with other partners. Universalism, a rights-based approach, and pluralism are now squarely on the table, replacing the idea that the best way to extend social protection is to eliminate informality while expanding existing institutions. The ultimate impact would be the actual implementation of the broad package in a very poor country, which the case studies did not uncover. However, as indicated by growing interest in integrating employment and social protection policies, and in view of the rising number of countries that are designing broad national social protection policies, the chances are improving.
14. The ILO's work on defining comparable statistical approaches to social protection has been especially useful for policy analysis. Overall, the ILO's results framework has functioned well, but there is relatively little monitoring and evaluation work at country level, and insufficient follow-up studies identifying lessons learned and country success stories linked to ILO interventions.
 - **Recommendation 11:** Conduct follow-up analyses on outcomes of ILO's technical services – uptake of study recommendations, changes in national policies,

institutional capacities, and so on, in order to identify lessons learned for future work; conduct retrospective case studies on the impact of capacity building on institutions, noting factors of success reaching beyond training and education of individuals.

Sustainability

15. The ILO's technical soundness and long-term relations through the tripartite process position it well for supporting sustainability of social security advances. The unpredictability of extra-budgetary resources is a downside factor and underscores the importance for the ILO, when prioritizing allocation of its scarce technical resources, to assess national political preparedness to make difficult decisions. Perhaps the greatest high-level strategic challenge is to counterbalance poverty reduction in low-income countries with the higher probability of sustainability in middle-income countries.

- **Recommendation 12:** More visibly conduct assessment of national political will, absorptive institutional capacity and initial conditions to better inform the selection, design and continuation of country-level technical initiatives.

Lessons learned

16. In addition to specific conclusions and recommendations, the following lessons have emerged from the evaluation.

- The evidence gathered has supported the view that tripartism facilitates, not impedes, extending social security to all.
- The evidence gathered suggests that the ILO's strict adherence to its mandate and commitment to international labour standards has made it more, not less, effective. Even those who disagree recognize that the ILO speaks with authority, in large part because its commitment is clear.
- The evidence gathered suggests that it is, above all, the ILO's reputation for technical expertise that has made it possible for it to leverage itself from a provider of actuarial reviews to a source of broad policy advice.

17. The path forward must be guided by continued robust tripartite dialogue reinforced by capacity building; informed by high-quality research and methodology development; and reinforced by effective building of partnerships. The foundation for this future progress must be based on the recognition that long-term sustainability will be guided by economic growth and the institutional development that accompanies it.

Comments from the Office

18. The Office welcomes the findings of the independent evaluation. During the years under consideration, the Office has sought to develop a realistic, coherent and consistent strategy to implement the Global Campaign on Social Security and Coverage for All, which has become the catalyst of its constitutional mandate to extend social security. The Office notes that the independent evaluation recognizes the progress made and endorses the relevance, responsiveness, effectiveness, coherence and efficiency of its strategy and consequent activities in knowledge development and dissemination, policy development, technical advisory services and capacity building.

19. The following is the Office response to the issues raised in the recommendations:

- *Improving the dissemination of positive experience and the follow-up to ILO technical advisory action (Recommendations 1 and 11)*

The Office will document cases where integrated employment and social protection policies have contributed to stable economic and social development in the context of its ongoing work on the social protection floor. ILO field specialists will be requested to document the national follow-up to ILO country-based technical cooperation activities through regular reports published on the ILO web-based platform on the extension of social security.

- *Increasing international collaboration (Recommendations 2, 7 and 10)*

Collaboration with other UN organizations, the Bretton Woods institutions, the European Union and donor institutions is being intensified in the context of the UN Social Protection Floor Initiative, the Providing For Health Initiative, agreements with other organizations (such as the Asian Development Bank) and a number of country advisory initiatives, including an EU-financed project on consolidated employment and social protection policy frameworks in Burkina Faso, Cambodia, Ethiopia and Honduras. In addition, inter-country collaboration is already under way in a joint ILO/UN process and associated technical cooperation projects supporting South–South cooperation on social protection floor policies. A South–South and triangular partnership agreement was already signed with Brazil and there have been negotiations with France to expand the activities in an innovative North–South–South cooperation arrangement. Collaboration will be enhanced with the International Monetary Fund, particularly on issues related to the fiscal sustainability of social protection floor policies and assessment of their impacts on economic growth.

- *Maintain the clarity of policy messages (Recommendation 3)*

The Office will sustain efforts promoting national social security policy dialogue based on a two-dimensional extension strategy in all its country activities and broader regional and global activities. The next tangible result is expected in the outcome document of the Second African Decent Work Symposium in Yaoundé in October 2010, focusing on the social protection floor.

- *Increasing visibility of ILO action in social security (Recommendations 4 and 12)*

The high-level Social Protection Floor Advisory Group will be one opportunity to demonstrate the ILO's leadership in social security policy development. The recurrent item discussion on social security during the 100th International Labour Conference in 2011, and its outcome and follow-up, will also enhance the ILO's visibility in the global and national social security debates. The First World Social Security Report² launched in 2010 reinforced the ILO's role as an authoritative source of factual knowledge on the global state of social security. The contribution of ILO country analytical work to national policy development will be enhanced by the greater involvement of social partners, civil society and a wider range of government agencies. New communications strategies will be put in place for each country activity in collaboration with field offices and DCOMM.

² ILO: *World social Security Report 2010–11: Providing coverage in times of crisis and beyond*, Geneva, 2010. Draft version is available at <http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1985>.

■ *Increasing attention to the special needs of vulnerable groups (Recommendation 5)*

Identifying the positive impact of social security coverage on particularly vulnerable groups, notably in the informal economy and people living with HIV, will be given greater attention in ILO country and policy activities. The World Social Security Report 2012–13 will highlight the social protection needs of women in rural areas while the 2014–15 edition will focus on the needs of migrant workers. Collaboration with the newly-established UN Entity for Gender Equality and the Empowerment of Women and other partner agencies will be pursued to develop research and policy advice on gender and social protection.

■ *Improving effectiveness of technical advice and capacity building (Recommendations 6, 8 and 9)*

The process to fill open field positions will be accelerated in consultation with HRD. Annual or biannual training events will seek to upgrade the skills of field and headquarters specialists in country-based policy analyses and advice, notably regarding the relationship between macroeconomic, employment and social protection policies in the context of Decent Work Country Programmes. Integrative work on employment and social protection issues will be encouraged at headquarters and in the field. The Office continues to invest in the quality of national social security policy design and implementation through capacity-building programmes for tripartite constituents. It is extending capacity-building activities to experts in workers' and employers' organizations over the present biennium.

20. *The Committee may wish to recommend to the Governing Body that it request the Director-General to take into account the above findings and recommendations, together with the deliberations of the Committee, to reinforce integrated approaches to extend social security.*

Geneva, 23 September 2010

Point for decision: Paragraph 20