# Oxfam’s submission to the Special Rapporteur on Extreme Poverty and Human Rights’ public consultation on a Global Fund for Social Protection

December 1, 2020

**Oxfam concurs with the comments provided by the Global Coalition for Social Protection Floors, and offers these additional comments.**

## 1. Added value of the Global Fund for Social Protection (GFSP)

*The GFSP is intended to contribute to four objectives:*

*(a) Improving the coordination of efforts towards the establishment of social protection floors worldwide, both at multilateral / inter-agency level and at country level;*

*(b) Capacity-building and improving international cooperation in order to strengthen the ability for LICs to mobilize domestic resources;*

*(c) Increasing levels of financial support to low-income countries; and*

*(d) Providing risk insurance for LICs with poorly diversified economies and those that are particularly vulnerable to shocks.*

*1.1. Taking into account these objectives, what do you see as the added value of the GFSP?*

**The main value-added of the GFSP is to elevate social protection politically. Social protection currently claims only a small portion of Official Development Assistance – a drop in the bucket of needs. Current coordination mechanisms are the domain of a small group of technocrats. It is time to give social protection a high-profile, political forum where all stakeholders can have the necessary political debates.**

*1.2. Do you see one or more of these objectives as a priority?*

**We see the added value in particular in Objectives (c) and (d).**

**Objective (a) is important. There already exist some coordination mechanisms on which the GFSP should build (see next question).**

**Objective (b) is already pursued by the Addis Tax Initiative and the Platform for Collaboration on Tax. The GFSP should be an advocate for domestic resources mobilization, for example by officially becoming a supporting organization of the Addis Tax Initiative, encouraging its recipient countries to join that initiative, and advocating for stronger rules to curb international tax evasion and avoidance toward the Platform and its members (i.e., UN, IMF, WB and OECD). The GFSP could also incentivize domestic resources mobilization by disbursing its financial assistance in the form of grants matching recipient countries’ own additional spending on social protection. But should the GFSP provide its own technical assistance on domestic resources mobilization? That would require a completely different skill set than technical advice on creating social protection schemes and could duplicate other initiatives.**

## 2. Synergies with existing initiatives

*2.1. How to ensure that the initiative for a Global Fund for Social Protection builds on, and ensures appropriate synergies with, existing initiatives in this area, in particular the coordination achieved through SPIAC-B (Social Protection Inter-Agency Cooperation Board), USP2030 (Universal Social Protection 2030 Partnership), and the ILO Flagship Programme on “Building Social Protection for All”)?*

**The best means of coordination is to pool funding. Donors should be encouraged to give money to the GFSP, which will in turn donate to recipient countries. That will both reduce the number of transactions from the recipient country’s perspective, and ensure that the bulk of financial assistance for social protection is disbursed according to GFSP policies, which should in turn respect aid effectiveness principles. SPIAC-B does not have a pooled funding mechanism; it only coordinates bilateral relationships between donors and recipients. Those donors who do not wish to pool their funding with GFSP will of course continue to be able to fund recipient countries directly, but they would be expected to coordinate with GFSP according to aid effectiveness principles. Likewise, the GFSP could build on existing coordinating mechanisms at national level.**

*2.2. How to ensure that the GFSP complements, and does not compete with, other existing multilateral funds, in particular the funds placed under the Multi-Partner Trust Fund Office (*[*MPTF Office*](http://mptf.undp.org/overview/office)*)?*

**The MPTF does not seem to administer any funds dedicated to social protection. The GFSP would fulfill the role of MPTF in the social protection sector.**

## 3. Strengthening international coordination

*3.1. How can objective (b) (capacity-building and improved international cooperation in order to strengthen the ability for LICs to mobilize domestic resources) be most effectively achieved?*

**See answer to 1.1.**

*3.2. Could the GFSP lead to improved international coordination against tax evasion and tax avoidance, including base erosion and profit shifting by transnational corporations, and, if so, how?*

**This is a field requiring technical expertise quite different from social protection. There are other forums to deal with it – although it is true that it is a domain of global governance that is inadequate, with the Inclusive Framework being not inclusive enough and the UN Tax Committee being not an intergovernmental body.**

## 4. Provision of financial support

*4.1. How can objective (c) (increased levels of financial support to low-income countries) be most effectively achieved?*

**This obviously requires political commitment by donors. The main purpose of creating this fund is to seek political commitment of heads of state in the context of the pandemic, and have a permanent forum for the future with a higher political profile than current coordination mechanisms.**

*4.2. If the GFSP provides financial support for the establishment of social protection floors, should this be in the form of grants or in the form of loans?*

**Grants. Loans can be justified only to fund investments that boost economic growth and are therefore expected to generate the resources necessary to reimburse the loans plus interests. Social protection benefits are mainly spent on current consumption. While they can boost growth, it is not their main purpose.**

*4.3. Should financial support be made conditional upon recipient countries increasing their own budgetary efforts towards social protection (e.g. through matching funds)?*

**Yes. The primary responsibility to fund social protection remains with recipient countries.**

*4.4. Should other conditions be imposed on recipient countries and, if so, which ones and why?*

**Yes. Programs should be developed by national governments after meaningful consultation of all relevant national stakeholders. Conditions of transparency and accountability should also apply at implementation stage.**

*4.5. How could the imposition of conditions be reconciled with the principle of national ownership?*

**The conditions should aim at true national or societal ownership, as opposed to governmental fiat.**

## 5. Innovative sources of financing

*5.1. Should the GFSP develop into a forum for the discussion of innovative sources of financing, such as a worldwide tax on digital companies (the "GAFAM"), a carbon tax on air or maritime transport, a tax on financial transactions, or other?*

**GFSP could participate in such discussions already happening in other forums.**

## 6. The informal economy

*6.1. Should the GFSP play a role in encouraging the extension of social protection to workers in the informal economy, in line with* [*ILO Recommendation No. 204 on the Transition from the Informal to the Formal Economy*](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204) *(2015), and, if so, how would it do so?*

**Yes, by exchanging learning across countries, which ultimately need to design and experiment their own schemes.**

## 7. Role of the private sector

*7.1. Should the private insurance sector play a role in the organisation of the reinsurance branch of the GFSP and, if so, how do you envision such a role?*

## 8. Governance

*8.1. What governance structure should the GFSP have?*

**Oxfam concurs with the comments of Markus Kaltenborn to this public consultation.**

**The GFSP must be based on the principles of the Global Partnership for Effective Development Co-operation, as defined in the Busan Partnership Agreement of 2011 and its predecessor documents,[[1]](#footnote-1) as well as the relevant ILO labour standards and recommendations, in particular Recommendation R202 (2012) and R204 (2015). The following principles are essential:**

1. ***Democratic country ownership:* The decision as to what kind and with which priorities social protection programs are to be implemented has to remain the responsibility of the governments of the recipient countries. Moreover, wherever possible, existing structures in the respective country must be used for the administrative implementation of these programmes and contribute to strengthening domestic structures.**
2. ***Representation and inclusivity:* Donor and recipient states need to be adequately represented in the highest decision-making body of the organization, alongside civil society organisations representing the affected populations - including women, people with disabilities, minorities, and those living in poverty, trade unions and informal workers organisations**
3. ***Accountability and transparency:* Not only are the partners involved in the establishment of the new facility mutually accountable, this accountability also exists towards the people who are to be covered by social protection floors. This must be ensured by representation, as well as effective control and monitoring procedures, including internal and external audits, as well as evaluation and complaint & redress mechanisms. Transparency is a key to realise effective and participatory monitoring and accountability.**
4. ***Sustainability of financing:* An essential feature of social protection to realise its full potential for individuals and societies is its reliability.[[2]](#footnote-2) Therefore it is central that the international financing strategies as well as the domestic strategies work towards sustainable financing for social protection. For donor governments this means long term reliable and sufficient commitment to the financing branch of the fund.**

*8.2. What roles do you envision for governments, for international agencies (such as, in particular, the ILO, the World Bank, or the UNDP), or for social partners?*

*8.3. What lessons can be drawn, in particular, from the* [*Global Fund*](https://www.theglobalfund.org/en/) *on AIDS, tuberculosis and malaria?*

**The GFSP must adopt a holistic approach to each country’s social protection policy and support national plans. It must not become a vertical fund like the Global Fund to fight AIDS, tuberculosis and malaria, that is, a fund that would support social protection schemes(like pensions or disability benefits) in siloes.**

## 9. Next steps

*9.1. If a mandate were to be given to certain organisations to develop operational proposals for the establishment of the GFSP, what approach would you recommend?*

*9.2. Should SPIAC-B be tasked with this mandate? Or USP2030? Or should another approach be followed, for instance requesting that the OECD and the ILO develop operational proposals for the GFSP?*

**The ILO has the right expertise.**

1. See the Global Partnership for Effective Development Co-operation’s website at <https://www.effectivecooperation.org/> for details and other relevant documents on effective principles. For more on Oxfam’s position on the same, see: F. Bena. (2012). *Busan in a Nutshell: What next for the Global Partnership for Effective Development Cooperation?* Oxfam. <https://www.oxfam.org/en/research/busan-nutshell> [↑](#footnote-ref-1)
2. ILO (2004) Economic security for a better world. <https://www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=8670> [↑](#footnote-ref-2)