

## Social protection: investing in people's security and protection against crises

Be it unemployment, illness or a natural disaster – there are certain risks that can affect anyone. If they strike and people are left to face the consequences alone, this can trigger a poverty spiral – for example if the owner of a small business whose premises are destroyed by a flood has to take out an expensive emergency loan and start again from scratch, or a family has to use their children's school fees to pay for treatment for the sick father. Without social protection, these situations often cost people their livelihoods and destroy their futures. If, however, they have access to social protection such as social assistance schemes or health insurance, this enables them to meet their basic needs even in an emergency and protect themselves against poverty.

### Social protection strengthens society

Social protection covers a range of instruments that aim to offer all people a basic level of security, known as a social protection “floor”. However, over half of the world's population – around four billion people – have no access to social protection. Indeed, on the African continent, over 80% of people are entirely reliant on themselves or their families. They receive no government assistance in times of need and have no right to a pension or maternity support – even though the positive effects of social protection on social cohesion and economic development have been empirically proven<sup>1</sup>.

According to World Bank estimates<sup>2</sup>, basic social protection schemes reduce extreme poverty in low and middle-income countries by more than a third. They also tackle inequalities in terms of income and access to basic social services. Small-scale but reliable support often makes a significant difference for people living close to the poverty line. This support plays a decisive role in whether they can keep a roof over their heads, send their children to school rather than to work, and whether they can go to a doctor if they are sick.

Social protection is therefore an investment. People with access to it are more productive and have a stronger sense of belonging within their society. This benefits societies as a whole, as it boosts social cohesion and crisis resilience. Social protection can also strengthen the economic and financial independence of women and girls, thereby helping to reduce gender inequality.<sup>3</sup>

*“Social protection benefits societies as a whole. It strengthens social cohesion and increases resilience in the face of crises.”*

Svenja Schulze, Federal Minister for Economic Cooperation and Development



<sup>1</sup> See, for example, Handa et al. (2022): [More evidence on the impact of government social protection in sub-Saharan Africa: Ghana, Malawi, and Zimbabwe](#). Development Policy Review, 40, e12576; FAO, ILO & UNICEF (2019): [Local economy impacts and cost-benefit analysis of social protection and agricultural interventions in Malawi](#).

[Bastagli et al. \(2016\): Cash transfers: What does the evidence say? Overseas Development Institute \(ODI\)](#).

<sup>2</sup> [World Bank Social Safety Nets Report \(2018\)](#)

<sup>3</sup> Perera, C. et al. (2022) [Impact of social protection on gender equality in low-and middle-income countries. A systematic review of reviews](#)

### Social protection and the importance of adaptive systems

“Social protection” describes a system of government services that prevent people from falling into poverty or suffering a sudden reduction in their standard of living. These services range from cash transfers, health insurance and basic healthcare, workplace accident insurance and a basic pension to maternity support, family allowances and child benefits.

Traditionally, the focus has been on protecting people against personal risks such as unemployment, illness or disability. Protection against collective risks such as natural disasters or pandemics is playing an increasingly important role, however. It is therefore important for social protection services to be adaptive – in other words, they need to be reactive in an emergency. This means that support can be increased or extended to new target groups in a crisis. Digital systems – especially digital social registers and disbursement mechanisms – are essential, as they enable governments to react fast.

### Strong alliances for social protection worldwide

Given the importance of social protection systems, Germany’s development policy is committed to promoting them around the world. Under the presidency of Federal Minister Svenja Schulze, the G7 development ministers agreed on an initial interim goal in May 2022: **in collaboration with multilateral partners, the G7 countries want to increase the number of people with access to social protection by one billion by 2025.** With the 2030 Agenda and SDG 1.3 specifically, the international community has set itself the goal of establishing social protection systems for all people worldwide. This means access to basic healthcare and an income that keeps people above the national poverty line, including older people and those with disabilities.

These are also the goals of the UN’s Global Accelerator on Jobs and Social Protection for Just Transitions, which Germany is helping to drive forward. The programme aims, **by 2030, to provide social protection for the four billion people who have previously had no access to it, and to create 400 million decent jobs that will promote sustainable economies and societies.** The International Labour Organization (ILO), the World Bank and Germany, together with other partners, are supporting countries in the expansion of social protection systems via the initiative “Multistakeholder Engagement to implement the Global Accelerator on Jobs and Social Protection for Just Transitions” (M-GA).

When it comes to its bilateral cooperation, the Federal Ministry for Economic Cooperation and Development (BMZ) likewise puts an emphasis on strong partnerships for implementing social protection measures. It supports partner countries in their efforts to establish and expand their social protection systems. In addition to political dialogue, this includes, in particular, offering advice on specific programmes and how to integrate them into the system, and strengthening local administrative structures. **Creating digital social registers, central points of contact for citizens and training courses for administrative staff** are just a few examples of the kinds of measures being used to strengthen social protection systems at an institutional level.

In Cambodia, for example, the BMZ has been assisting the government for over 10 years in its endeavours to expand its social protection system to cover all of the country’s regions and population groups. A core component of this is the poverty register IDPoor, which is used to determine people’s entitlement to social benefits. IDPoor is now also linked to databases that provide real-time information about natural disasters. This allows the government to identify needy

households faster in crisis situations and provide them with financial support. This kind of **adaptive social protection system** is becoming increasingly important in times of multiple crises. People are not only protected against individual risks such as illness or losing their job, but also against collective risks such as natural disasters or pandemics.

#### Multistakeholder Engagement to implement the Global Accelerator on Jobs and Social Protection for Just Transitions (M-GA)

M-GA is a joint initiative by the International Labour Organization (ILO), the World Bank and Germany, in collaboration with other funding and implementation partners. It supplies partner countries in the Global South with funding and technical advice to enable them to expand their universal social protection systems and trial new approaches.

The first pilot countries, including Senegal and Cambodia, will begin their collaboration with M-GA soon. Both countries have set themselves the goal of providing better protection for young people and accelerating efforts to combat youth unemployment through training programmes and support for companies. The pilot projects are also intended to trial ways of providing social protection for people working in the informal sector and creating jobs in new, climate-friendly sectors – such as the restoration of mangrove forests, waste management and renewable energy.

In this way, M-GA is helping to implement the UN's Global Accelerator. The aim of the Global Accelerator is to make social protection accessible to everyone and create decent jobs that will promote the environmental transformation of both economies and societies.

#### Better protection against collective risks

In order to offer people better protection against collective risks, Germany collaborated during its G7 Presidency with the V20 ("Vulnerable Twenty": the group of countries most affected by climate change) to launch the **Global Shield against Climate Risks**. The Global Shield equips people in the Global South to cope better with the losses and damage caused by climate change. Social protection is an important part of this. Basic social assistance enables people to rebuild their homes after a natural disaster, buy new seed for the next harvest and invest in climate-proof ways of earning a living, for example. This helps them to secure their livelihoods and remain economically independent. The BMZ supports partner countries around the world in developing adaptive social protection systems and combining them with **protection against climate-related risks**.

Like natural disasters, pandemics are a risk that impacts the whole of society. In order to better mitigate this impact, the BMZ is promoting **healthcare systems and pandemic prevention measures** worldwide. Social health protection plays an indispensable role in ensuring that all people can lead healthy lives. It is what guarantees that healthcare is available and affordable for everyone, independent of their income. Illness should not be a reason for people to slide (further) into poverty. In the case of a pandemic, access to social protection helps to limit the impact and contain the spread of the disease. This in turn helps to prevent a pandemic from leading to further crises, such as a hunger or poverty crisis.

#### Adaptive social protection systems in the Sahel region

The Sahel is a clear illustration of how important it is to provide protection against collective risks. The region is one of the poorest and most arid in the world. Extended periods of drought and

increasing desertification are impacting the poorest people the most. Around 90% of people in the Sahel survive on subsistence farming. The yields are becoming increasingly unreliable, however, partly as a result of climate change. This is increasing food insecurity and threatening the livelihoods of the rural population. It also feeds political destabilisation in the region, for example when poverty and a lack of prospects drive young people to join violent groups.

In her role as President of the Sahel Alliance, which she took on in July 2023, Federal Minister Svenja Schulze is therefore putting an emphasis on social protection and food security. In collaboration with UNICEF, the World Food Programme and the World Bank, the BMZ is supporting countries in the Sahel region in their efforts to expand their social protection systems and equip them to react more effectively in crisis situations. The countries receive advice on how to more effectively structure their basic social assistance schemes and accompanying services related to nutrition, child protection and job creation, and how to link these to early warning systems for natural disasters. Expanding digital social registers and disbursement mechanisms also plays an important role. These reforms are accompanied by measures to improve economic participation, particularly for women, for example through training programmes or support for community savings groups. In close cooperation with UNHCR, the UN Refugee Agency, the BMZ is also assisting countries in integrating displaced people into social protection systems. This enables them to transition from emergency humanitarian aid to government support programmes, including when it comes to employment.

### Investing in the future: increasing funding for social protection worldwide

A structural approach like the one adopted by the BMZ also needs to take the revenue side into account. In many partner countries, social protection systems are dramatically underfunded. Tax-funded support plays a much greater role than contribution-based social insurance schemes. This means that social spending needs to be increased if universal social protection is to be achieved. In the long term, countries need to source the funds for these services themselves – ideally via a **progressive tax policy**. This is because, in addition to alleviating poverty, social protection also aims to **reduce inequality**. This can be achieved more successfully if spending and revenue policies are aligned – in other words, if people with higher incomes and greater wealth take social responsibility



and pay higher tax rates. The BMZ assists its partner countries in increasing their revenues and structuring them in a way that is socially just. This includes combating tax evasion and avoidance, corruption and illegal financial flows, which deprive governments of often appreciable sums that could otherwise be used to fund services such as social protection.

### Ensuring a just transition

A strong, socially just government revenue base is also key to ensuring that countries are in a position to implement the major reforms that need to be undertaken – first and foremost the environmental transformation of our economic systems. We need to make sure that particularly vulnerable people and regions are not left behind in this process, but are actively supported in their participation. Social protection and complementary labour market and employment policies can help by shaping transformation in a way that is socially sound, thereby fostering a **just transition**. To this end, the BMZ integrates social protection measures into its advisory services, for example in the context of its climate and development partnerships and Just Energy Transition Partnerships.

## Empowering women and transforming gender norms

Women and girls worldwide are significantly more likely to be affected by poverty than men. They are more likely to work in precarious and informal jobs, and take on a larger share of unpaid domestic and care work. This not only means that they earn lower wages; they are also excluded from many social benefits and are less well provided for in old age. The BMZ therefore places particular importance on facilitating women's access to social protection systems and on ensuring that these systems are gender transformative. When women receive social protection, this increases their economic independence and boosts their position within the family. This helps to dismantle discriminatory power structures. Inclusive social protection is thus a vital element of **feminist development policy**. It not only benefits women, but society as a whole. After all, a reduction in poverty and inequality, better social cohesion and more resilience in the face of crises are things that benefit everyone – women and men, rich and poor, Global South and Global North.