



Towards universal social protection



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ST/ESCAP/3032

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Acknowledgements

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The graphic design was done by Daniel Feary.

Acronyms

COVID-19	Novel coronavirus
ESCAP	Economic and Social Commission for Asia and the Pacific
GDP	Gross Domestic Product
GNP	Gross National Product
ILO	International Labour Organization
IMF	International Monetary Fund
UNICEF	United Nations Children's Fund

Contents

	Acknowledgements	2
	Acronyms	2
Section 1	Introduction	5
Section 2	A brief trajectory of universality	5
Section 3	The importance of universal coverage	6
Section 4	What key contingencies should be covered?	7
Section 5	Defining universal social protection	9
Section 6	How can governments achieve universal coverage for specific life cycle contingencies?	11
Section 7	How can universal social protection be progressively realized?	18
Section 8	Universality and the social contract	21
Section 9	Conclusion	23
	References	24
Annex 1	Organizational definitions of universal social protection	25
Annex 2	International human rights instruments and social protection	26

Boxes

Box 5.1	Defining universal social protection	9
Box 6.1	Universal disability benefits	12
Box 6.2	Universal social protection can encourage labour market formalization	17
Box 6.3	Comprehensiveness of a universal social protection system	18
Box 7.1	Political economy and fiscal space	19
Box 7.2	Poverty targeting and systematic errors	20

Figures

Figure 4.1	Universal contingencies and challenges across the life cycle	8
Figure 5.1	Means-testing versus universality	11
Figure 6.1	Ideal typical multi-tiered old-age system, with universal or benefit-tested social pensions	14
Figure 6.2	Design options for a universal child benefit system	15
Figure 6.3	Depiction of typical mixed fragmented system with large missing middle	16
Figure 6.4	Proportion of informal workers that became formal in Argentina after AUH	17
Figure 7.1	Progressive expansion of child benefits over time	19

Tables

Table 4.1	Social Protection Floor guarantees	7
Table 6.1	Typical design parameters for universal social protection	11

1

Introduction

Universality, or the achievement of universal social protection, has been endorsed by the international community and in the region as a key objective of social protection. Solidarity and trust in public systems, including through universal social protection, will underpin the advancement of the 2030 Agenda for Sustainable Development. However, understanding often remains unclear around what universality entails in terms of systems, schemes, combinations of non-contributory and contributory benefits, and eligibility.

This paper aims to build understanding of the underlying concepts around universality through first providing a brief trajectory of universality in section 2, before exploring why universal coverage must be achieved in section 3. In section 4 the paper looks at the key life cycle and labour market contingencies that should be covered while section 5 provides a simplified definition of universality. Section 6 then explores ways forward to achieve universality through a single scheme or multiple schemes. Section 7 provides options to move toward progressively achieving universal coverage within contexts of limited fiscal space. Finally, section 8 discusses the important linkages between universality and the social contract.

2

A brief trajectory of universality

Progress toward universality dates to the late 19th century when a shift from old “poor relief” programmes that directed social protection benefits to the poor, toward new programmes, including redistributive, tax-financed programmes for old age, disability, and unemployment, occurred. For example, Germany introduced social insurance programmes in the 1880s providing coverage for accidents, illness, and old age. By the 1930s, Germany was allocating 5 per cent of Gross National Product (GNP) to social transfers, higher than any other country before the Second World War. New Zealand passed a pension law in 1898, providing government subsidies to older persons. Denmark is known to have introduced the first redistributive, tax-financed pension in 1891.¹ This shift gained momentum after the Great Depression and Second World War when universality was clearly laid out in the United Nations Declaration of Human Rights (1948) establishing universality as a guiding concept. More and more governments started recognizing that universal crises required universal responses. This spurred new investments in universal social protection.² In New Zealand the means-test for the national child benefit was removed in 1946, making it universal and available to all children.³ In Canada, the realization of universal health care began in 1947. In the United Kingdom, the Beveridge Report (1942), set forward a vision for national insurance, which in many ways was the foundations of a welfare state.⁴ Following constitutional reforms after the Second World War, Japan extended coverage of the old-age pension to provide coverage for all older persons in the 1960s.⁵

It is also important to note that these early examples did not delay investment in universal social protection until they became wealthy. For example, in 1960, Japan’s GDP per capita was \$6,261 (in constant 2015 USD). This is similar to, and less than countries in Asia and the Pacific that have not yet made substantial investments in universal social protection, including China where GDP per capita was \$11,188 (in constant 2015 USD) in 2021 (World Bank, World Development Indicators Database).

1 Lindert (2004).

2 Lindert (2004).

3 McLintock (1966).

4 Day (2017).

5 National Institute of Population and Social Security Research (2014).

3

The importance of universal coverage

The rights to social security and an adequate standard of living are enshrined in both universal and regional human rights frameworks, which uphold that “everyone, as a member of society, has the right to social security.”⁶

This fundamental human right to universal social protection is clearly outlined in the Universal Declaration of Human Rights (1948) and the International Covenant on Economic, Social and Cultural Rights (1966). These foundational international human rights instruments are further supported by the international Conventions to cover contingencies across the life cycle.⁷ These contingencies are covered in international human rights frameworks to ensure that everyone has financial security in the event of unemployment, sickness, disability, widowhood, old age or other circumstances beyond people’s control that impact the livelihood, as well as special care during motherhood and childhood.⁸

As signatory parties to human rights instruments, governments throughout Asia and the Pacific have the obligation to provide social protection to every individual in a progressive manner, using the maximum available resources. Within human rights frameworks, the right to social protection is for everyone, not a privileged few, and should not be only used as a last resort for those who have already fallen into poverty.

Although a majority of governments in the region guarantee the right to universal social protection in their own national constitutions few actually provide it.⁹ Only 44 per cent¹⁰ of the region’s population is covered by at least one social protection benefit. Children are left furthest behind, with 82 per cent lacking any social protection coverage. These gaps have left governments unprepared to cushion and respond to shocks like the COVID-19 pandemic.¹¹

6 According to Sepúlveda (2014), the concepts of the right to social protection and social security are considered in this article as synonyms, based on the work of the United Nations Committee on Economic, Social and Cultural Rights (CESCR).

7 Article 26 of the Convention on the Rights of the Child recognizes “for every child the right to benefit from social security.” Article 28 of the Convention on the Rights of Persons with Disabilities recognizes “the right of persons with disabilities to social protection and to the enjoyment of that right without discrimination.”

8 These life cycle and labour market risks are recognized in the Universal Declaration of Human Rights (1948), in Article 25, and the International Covenant on Economic, Social and Cultural Rights (1966), in Article 9.

9 Armenia, Azerbaijan, Bangladesh, Bhutan, Cambodia, Georgia, India, Indonesia, the Islamic Republic of Iran, Japan, Kazakhstan, Lao People’s Democratic Republic, Malaysia, the Marshall Islands, the Federated States of Micronesia, Mongolia, Myanmar, Nepal, Pakistan, the Philippines, the Republic of Korea, Sri Lanka, Tajikistan, Timor-Leste, Türkiye, Turkmenistan, Uzbekistan and Viet Nam guarantee the right to fully universal schemes within their national constitutions.

10 ILO (2021).

11 ILO (2020a).

4

What key contingencies should be covered?

To support the realization of the rights to social protection for all, the ILO Social Protection Floors Recommendation No. 202 (2012) provides guidance to ensure that the design of social protection schemes and systems does this by addressing key life cycle and labour market contingencies. The Recommendation encourages the establishment and maintenance of “social protection floors within strategies for the extension of social security that progressively ensure high levels of social security to as many people as possible, guided by ILO social security standards” (Table 4.1).¹⁶

TABLE 4.1 **Social Protection Floor guarantees**

Social protection floor component	Basic social security guarantee	Life cycle contingency addressed
Health	Access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability, and quality	Health services, maternity
Children	Basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and other necessary goods and services	Childhood
Working-age adults	Basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability	Sickness, unemployment, maternity, disability, workplace injury
Older persons	Basic income security, at least at a nationally defined minimum level, for older persons	Old age, survivorship

This paper focuses on the three components of the social protection floor that require direct income transfers.

¹² Gentilini (2021).

¹³ Kharas & Dooley (2021).

¹⁴ *Social Outlook for Asia and the Pacific: The Workforce We Want*. 2022. ESCAP (forthcoming).

¹⁵ See for example, ILO. (2020b). Kidd. (2020). Razavi. (2020).

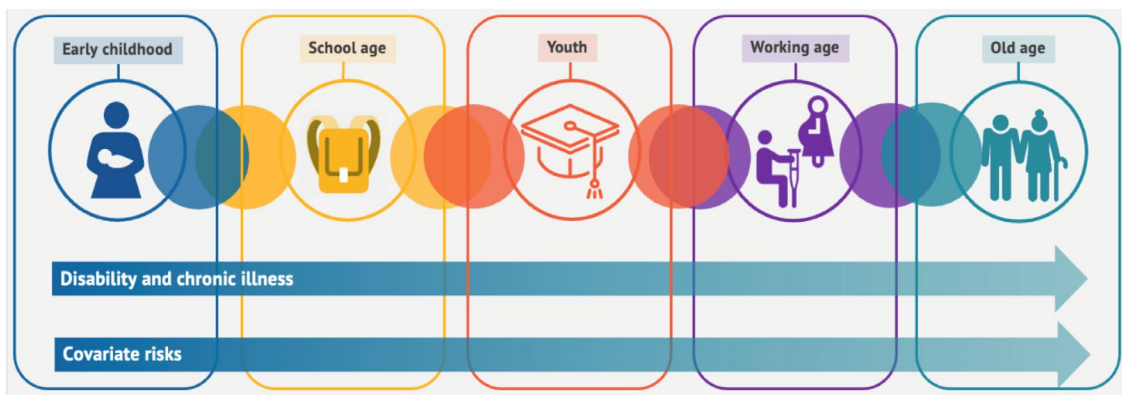
¹⁶ ILO (2012).

The main challenges in early childhood are associated with birth and postnatal care as well as health and nutrition. These contingencies are particularly important in the first 1,000 days of life when undernourishment and lack of access to healthcare can have negative and irreversible consequences on cognitive development and increased risks of illness and disease later in life. During school age, the principal concerns are the inability to stay in school due to child labour, poor home environments, abuse as well as malnutrition. During youth, contingencies related to finding a decent job emerge with associated risks of unemployment and underemployment as a result of inadequate skills.

During working age, pregnancy and childbirth place the lives of women and children, (as well as women’s livelihoods and changes to work) at risk. Unemployment pushes families into poverty, with no support to find a new job. Falling ill means losing a job or working while being contagious. A work injury can lead to disability, loss of income or loss of a breadwinner, but with no compensation. Living with a disability brings additional costs to obtain the same living standard as people without disabilities, creates barriers to employment and increases the chances of living in poverty, which, together with stigma, can undermine dignity and place a burden on caregivers. Without a pension, many older persons must continue working or become dependent on other family members to survive and meet their day to day needs. Leaving old-age support to families alone is becoming increasingly unsustainable given the region’s unprecedented levels and speed of population ageing.

It is critical that social protection schemes are designed to address these key life cycle and labour market contingencies, acknowledging that all members of society may experience a combination of these contingencies throughout their lives, and consequently require access to social protection.

FIGURE 4.1 Universal contingencies and challenges across the life cycle



5

Defining universal social protection

There are many definitions of social protection, but fewer definitions of universal social protection.¹⁷ This section will therefore reflect on existing definitions of universality and propose a simplified understanding of universality and its core concepts.

More broadly, universality is defined by the Oxford dictionary as “done by or involving all people in the world or a particular group”.¹⁸ Similarly, the Cambridge dictionary defines universality as “the quality or state of existing everywhere or involving everyone”.¹⁹ Social protection is universal because it addresses contingencies and risks that may occur throughout life by ensuring that everyone is protected when or if they materialize – in short, universal coverage of universal contingencies.

Existing institutional definitions of universal social protection clearly state that everyone should be covered and receive support when they experience a common life cycle or labour market contingency throughout childhood, maternity and paternity, unemployment, sickness, employment injury, disability, old age and survivorship. At some point in life, most people will directly experience one or more of these risks, and it is therefore easy to imagine themselves or a loved one incurring them, making them universal in nature.

With this foundation a simplified definition of universal social protection is proposed (box 5.1). This definition intends to provide further clarity, drawing on concepts that set universality apart from other models or approaches.

BOX 5.1 Defining universal social protection

Universal social protection refers to unconditional income transfers that protect the financial security of every individual, when they require it during key life cycle and labour market contingencies.

This definition complements and supports existing definitions, placing the universal coverage of all people during key life cycle and labour market contingencies at its core. This definition also highlights four key principles, that differentiate it from existing definitions, each discussed in turn below.

Principle 1: The individual, not the household, is defined as the primary rights holder and beneficiary of social protection. To effectively address key life cycle and labour market contingencies and uphold the rights of individuals, universal social protection must treat each individual as a separate beneficiary unit. By doing so it avoids failures of most poverty-targeted schemes that often use a snapshot of household consumption, that becomes increasingly invalid as time goes on, to estimate if the household, as a single beneficiary unit, is eligible for benefits. This neglects the right of the vast majority of individuals to social protection and these schemes often have no mechanism for individuals to make appeals and complaints.

¹⁷ See Annex 1 for a summary of existing definitions of universal social protection.

¹⁸ Oxford (2022).

¹⁹ Cambridge (2022).

Principle 2: Eligibility criteria must be simple and objective and designed to verify the experience of a life cycle or labour market contingency. Life cycle and labour market risks are not only easily identifiable, they are also relatively stable and do not require complex and continuous monitoring. For example, child and old-age benefits can be provided based on age whereas universal disability benefits are most often paid for disabilities that are likely to be permanent. This distinction is important as other approaches may employ more complex eligibility criteria that creates space for subjective selection. For example, poverty-targeting attempts to link eligibility to household consumption, often estimated through human observation. This approach carries high risk not least due to the changing nature of consumption.

Principle 3: Income transfers should seek primarily to prevent poverty by addressing common risks, thereby reducing the need for reactive, last-resort transfers. Ensuring coverage of key contingencies along the life cycle is essential to prevent individuals from falling into poverty in the first instance. This is an important distinction as other approaches require individuals to fall into poverty before providing financial support. Further, although a broad definition of social protection may include the provision of in-kind support and social care services, here financial support must include income transfers. While additional modalities of in-kind support may be provided to individuals, financial security cannot be immediately improved, nor an adequate standard of living guaranteed, without access to income transfers.

Principle 4: Basic income transfers designed to address life cycle must be unconditional. Ensuring income transfers are unconditional is essential to achieve universality as conditions are designed to result in the sanctioning and exclusion of some members of society, often those who are the most vulnerable, and least likely to be able to meet conditions. This process of sanctioning and exclusion does not uphold the universal right of all to social protection. Conditions may be linked to benefits that address labour market contingencies, such as unemployment benefits, which are often provided based on active job seeking behaviour.

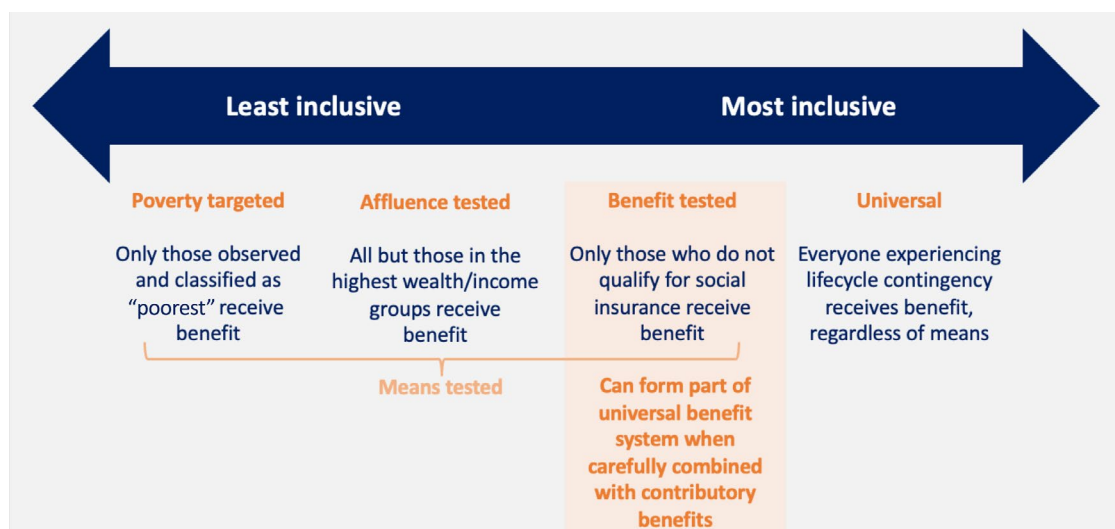
MEANS-TESTING AND UNIVERSALITY

Within the definition above, means-tested targeting methodologies on their own cannot achieve universality as they intend to exclude members of society based on means and are not designed to address life cycle or labour market contingencies. As outlined in Figure 5.1, there are a variety of means-tested approaches that vary in their level of inclusivity while a universal scheme, further discussed in section 6.1, is considered the most inclusive.

Some definitions highlight poverty as a key contingency to be addressed by universal social protection.²⁰ While it is indeed essential to tackle poverty to uphold international human rights frameworks, it is important to also reflect on the causes of poverty. The Oxford dictionary defines “poor” as having very little money and not enough money to meet basic needs. Through a social protection lens, poverty is therefore the failure of the social protection system to fulfil its most basic objective: to provide financial security for all throughout life. In other words, poverty is not in itself a life cycle contingency, but rather an outcome, or indictment, of being left exposed to a life cycle or labour market contingency without access to financial security. An adequate social protection system that is purposely designed to protect financial security during key life cycle and labour market contingencies is therefore likely to avoid poverty as an outcome.

²⁰ The USP 2030 defines of universal social protection as a nationally defined system of policies and programmes that provide equitable access to all people and protect them throughout their lives against poverty and contingencies to their livelihoods and well-being.

FIGURE 5.1 Means-testing versus universality



Through this lens, poverty-targeting and other income-based targeting methodologies do not fit within a definition of universality. Countries with universal social protection systems may have small means-tested residual programmes that support those who may still be particularly vulnerable after the application of a comprehensive life cycle based system – particularly those in remote areas, historically marginalized groups, large families, and the working poor who do not qualify for other support. Through this lens, means-tested approaches may complement universal programmes, but they are not sufficient to replace them.

6

How can governments achieve universal coverage for specific life cycle contingencies?

Achieving universal coverage of social protection can be complex, in particular when it comes to combinations of non-contributory and contributory benefits and eligibility. This section explores the minimum criteria for universal coverage of specific life cycle contingencies, with a focus on both the scheme and system level followed by a brief discussion on comprehensiveness across life cycle contingencies.

The definition proposed above can be achieved through a single scheme or a combination of schemes as highlighted in Table 6.1.

TABLE 6.1 Typical design parameters for universal social protection

Typical single scheme parameters	Typical system parameters
Each universal social protection scheme must:	Through a combination of one or more non-contributory and contributory schemes, a universal system must ensure:
<ul style="list-style-type: none"> • Employ simple and objective eligibility criteria linked to a specific life cycle contingency • Cover all people experiencing a specific life cycle contingency • Provide non-contributory individual entitlements • Provide unconditional income transfers 	<ul style="list-style-type: none"> • Everyone experiencing a specific contingency, as members of society, can claim their right to income support and access it when required.

SECTION 6.1 **Achieving universal coverage through a single scheme**

Within the context of these typical minimum requirements a universal scheme can be defined as:

A single scheme that provides unconditional and non-contributory cash transfers to everyone experiencing a defined contingency. Benefits are typically financed from general taxation and are often paid at the same level to all individuals.

For example, for an old-age pension scheme to be considered universal, eligibility criteria should be based on the person's age and, often, residency in the country. Statutory retirement age and proof of the person's residency in the country of enrolment, if required, can be considered transparent and simple to understand, and in many contexts can be objectively verified through the submission of one piece of personal identification. In addition, a universal old-age pension should cover all older persons above the statutory retirement age.

Further, a universal old-age pension should provide payments on an individual entitlement basis as each older person has the right to receive an old-age pension, regardless of whether they have been able to contribute to a contributory pension or not.

Lastly, each person above the statutory retirement age should be provided with a monthly cash benefit sufficient to generate an adequate standard of living, without any additional requirements or conditions. As outlined in the Universal Declaration of Human Rights, an adequate standard of living is comprised of health and well-being, including clothing, housing, and medical care, in addition to food.²¹ Those that have been able to make contributions to a contributory pension may receive a higher level of benefit, as discussed in section 6.2.

While old-age and child benefits define eligibility by age and residence, universal disability benefits define eligibility based on the assessment of disability. See Box 6.1 for a brief summary on eligibility for universal disability benefits.

BOX 6.1 Universal disability benefits

Like other universal benefits, universal disability benefits meet the typical scheme level design parameters. Eligibility for a disability benefit also considers the level of disability, which should be established through a disability-sensitive assessment. This can take a medical approach that is complemented by an assessment of functional limitations and an assessment of the extent to which social and environmental factors affect an individual's ability to carry out their daily lives and support themselves through work. A thorough assessment should result in a level of assessed disability, often expressed as a percentage or categorization within defined groups. The level of benefit is then typically linked to this assessment. For the scheme to be considered universal, all persons with disabilities above nationally defined eligibility thresholds must be included, regardless of their means.

21 United Nations (1949).

SECTION 6.2 **Achieving universal coverage through a combination of schemes**

Within the scope of the typical minimum parameters identified above, a universal social protection system can be defined as:

A combination of schemes that provide unconditional cash transfers to everyone experiencing a defined contingency. Benefits may be financed from general taxation, social contributions or a combination of both and the level of benefit may vary according to previous contributions, labour market status or earnings.

International experience shows that building universal social protection systems that cover everyone experiencing a defined life cycle or labour market contingency can be achieved through a composition of schemes that may or may not be universal, as briefly discussed above. Countries like Indonesia, Thailand, Viet Nam, and many others are working to achieve this through building multi-tiered systems consisting of a combination of social protection instruments that work in tandem to achieve multiple objectives.

Multi-tiered social protection systems can be financed through taxes, dedicated contributions, or some combination thereof. The balance of non-contributory schemes, and mandatory contributory schemes generally depends on the level of labour market formalization reached within a particular economy. Many high-income countries with low levels of labour market informality achieve universal coverage predominantly through the contributory social insurance system, but most still offer minimal tax-financed benefits for those who do not meet contribution requirements. Ensuring coverage for those who do not meet contribution requirements is important to reach universal coverage, and particularly those who did not engage in the formal sector and those who provided extended periods of unpaid care work.

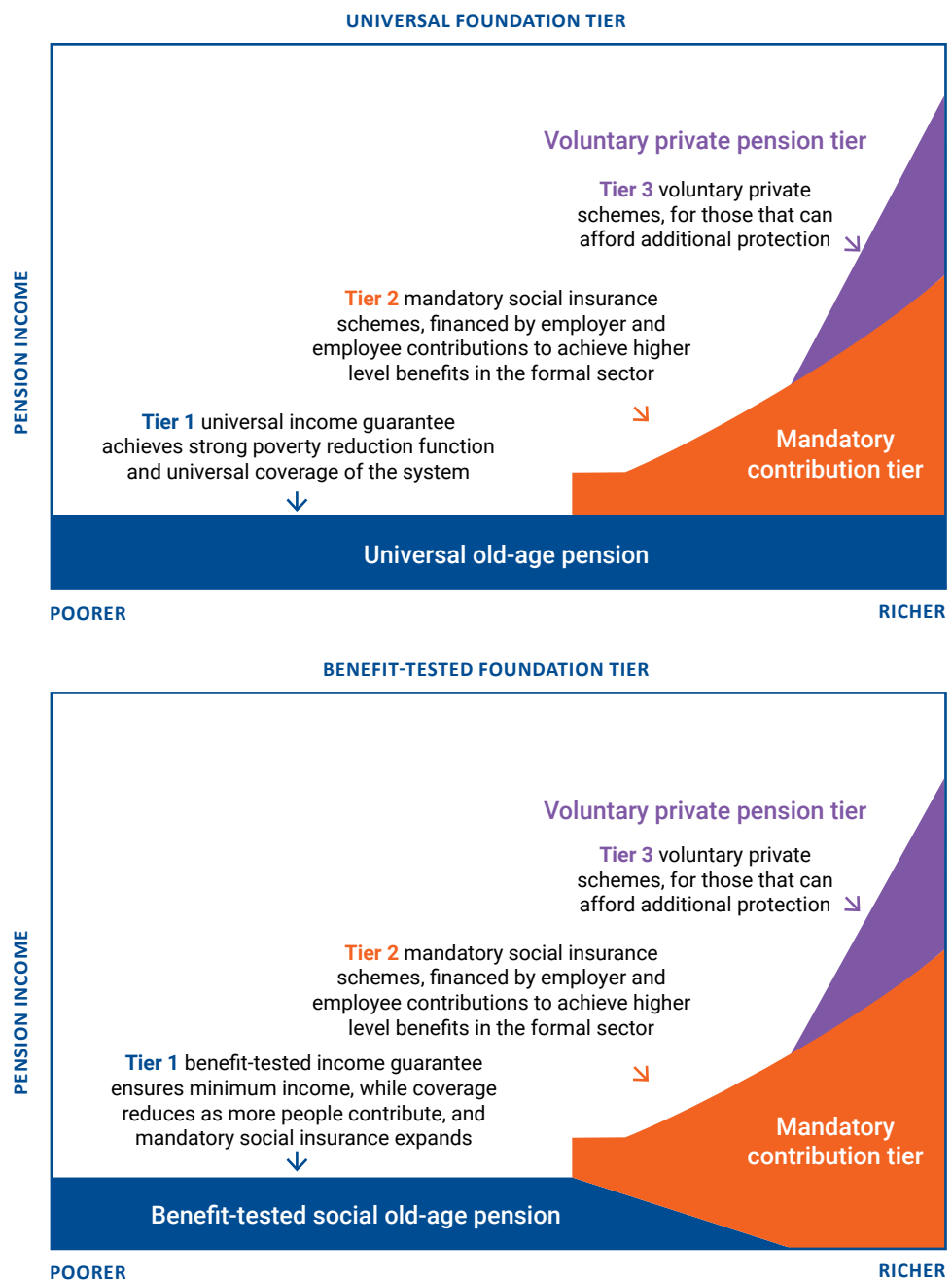
Moving toward multi-tiered universal social protection systems for a defined life cycle or labour market contingency can consist of three key tiers, as follows:

- **Tier 1** typically consists of a minimum, guaranteed and adequate level of financial security for everyone during key periods of vulnerability experienced during the life cycle;
- **Tier 2** is typically designed to enable consumption smoothing to ensure a comparable standard of living – to previous earnings and to peers in the labour market – during those same periods of vulnerability, for those who have set aside additional income during productive periods; and,
- **Tier 3** is typically designed to allow for the regulated development of additional (voluntary or supplementary) vehicles to deliver higher levels of financial security for certain contingencies, such as old age.

Figure 6.1 illustrates the concept of multi-tiered social protection using a generic example of old-age pensions, where there is no *de jure* gap in coverage of the population across the horizontal axis. Within this example, universal coverage is achieved through two possible combinations. First, universal coverage is achieved by combining either a universal pension that reaches all members of society experiencing old age with the provision of higher levels of benefits for those who were enrolled in mandatory and voluntary contribution schemes. Second, universal coverage is achieved through the provision of a benefit-tested, also known as pension-tested, pension for older persons who do not meet contribution requirements with the provision of higher levels of benefits for those who were enrolled in mandatory and voluntary contribution schemes.

While many countries follow a multi-tiered approach to achieve universal coverage in old age, other key life cycle contingencies can also be comprehensively addressed through multi-tiered systems. For example, a universal child benefit that is financed entirely through general tax revenues, which therefore does not require direct contributions for participation, is indeed the simplest way to ensure universal coverage during childhood. Countries that follow this approach can reach full universal coverage of all children through one tier, or one fully universal scheme. However, countries that are prioritizing investment and growth of their social insurance systems may consider a second tier, through the provision of contributory child and family benefits, as illustrated in Figure 6.2 on page 15.

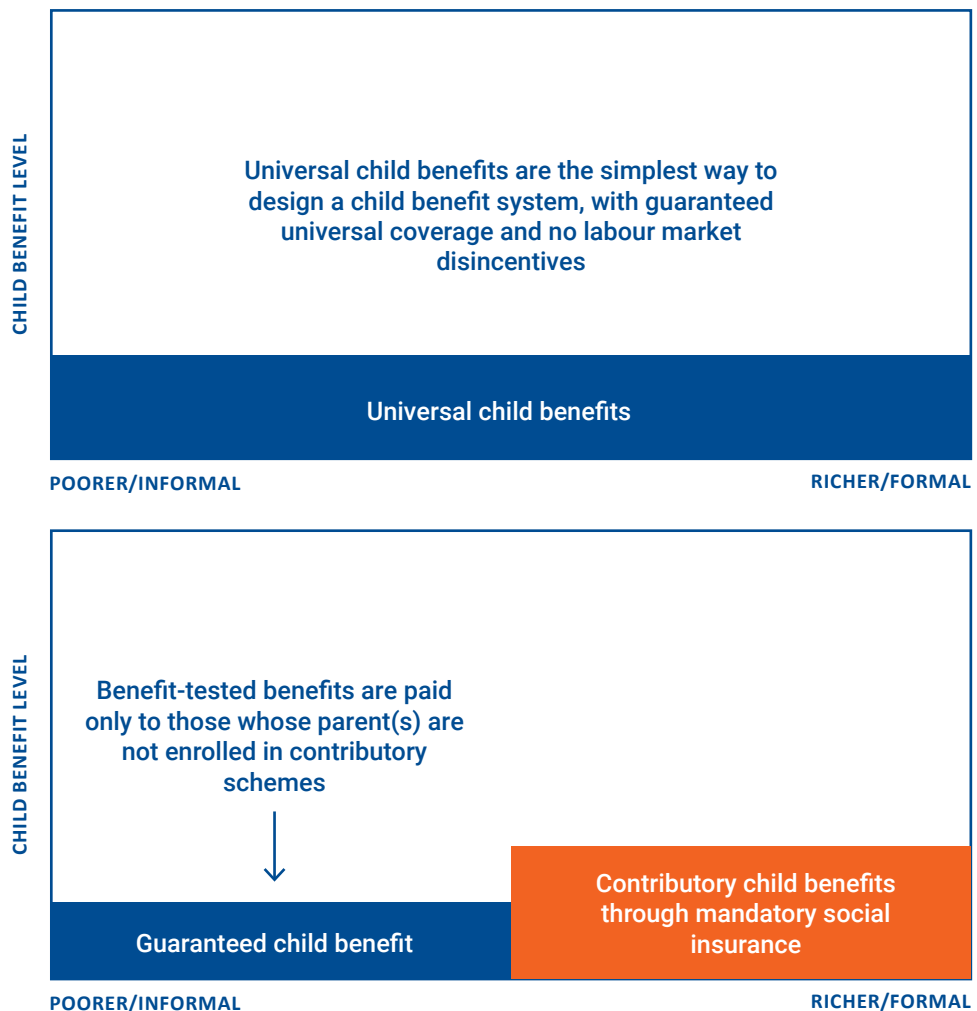
FIGURE 6.1 **Typical multi-tiered old-age pension systems**



Source: Development Pathways' depiction.

Unlike contributory pensions, which are not available to contributors often for decades after initial enrolment, contributory child benefits could provide immediate benefits to children and families, increasing incentives to join the formal sector and enrol in social insurance. These incentives are realized as a multi-tiered child benefit instantly offsets the losses associated with a social insurance contribution in a tangible way while also guaranteeing the right to social protection. This is particularly important as those enrolling in social insurance may otherwise experience a welfare loss after making contributions. The average social insurance contribution rate for employees in Asia and the Pacific is 5.92 per cent of earnings.²² As with pensions, it is important benefits are maintained at a higher level for those who contribute, to maintain incentives to join. This multi-tiered approach to child benefits has been part of the early welfare state in Europe and Latin America, and has more recently been proposed in Viet Nam.²³ Viet Nam is currently exploring ways forward to expand social insurance through a proposed contributory child benefit, for those enrolled in compulsory social insurance with children up to 6 years of age.²⁴

FIGURE 6.2 **Typical multi-tiered child benefits system**



Note: Development Pathways' depiction.

22 ISSA/SSA. (2017). The average contribution rate in Latin America and the Caribbean is 6.99 per cent, while in Africa it is 4.51 per cent.

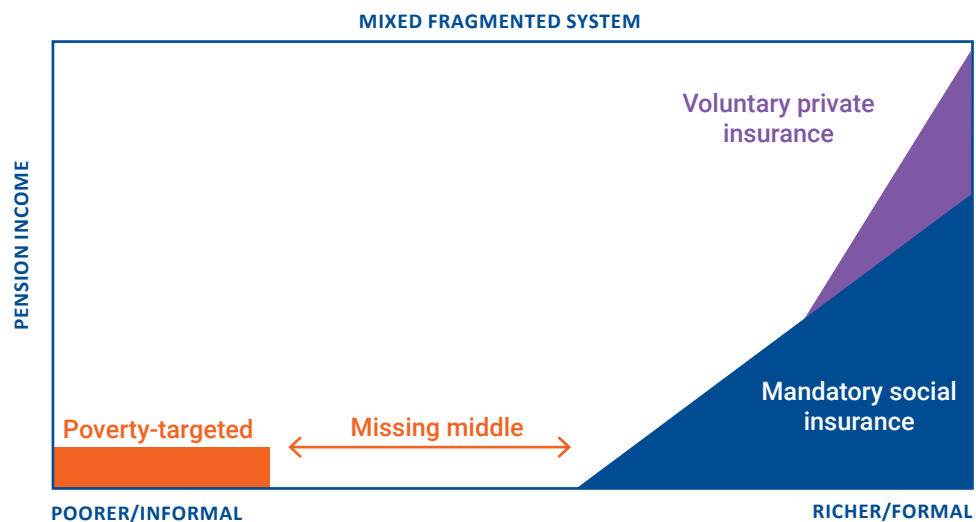
23 ILO (2019).

24 Viet Nam Social Security (2021).

BASIC DESIGN PRINCIPLES OF UNIVERSAL MULTI-TIERED SYSTEMS

Achieving universal coverage at the system level, through a multi-tiered approach requires the careful composition of schemes financed from general tax revenues and direct contributions. Universal coverage cannot be achieved through just any combination of tax-financed and contributory schemes with layering at the system level typically requiring a composition of very specific types of schemes that align to leave no *de jure* gaps in coverage. As such, **Tier 1 is typically a universal tax-financed scheme or a benefit-tested scheme**, with the latter carefully designed to align with Tier 2, comprised of social insurance. This is an important distinction as other means-tested benefits, such as poverty-targeted ones create a “missing middle” by design, as illustrated in Figure 5. This missing middle generally engages in the informal labour market and is therefore comprised of those deemed not poor enough to be included in poverty-targeted schemes, while they are also not eligible for the contributory social insurance schemes offered to the formal labour market. As such, carefully designing Tier 1 to ensure coverage of all those engaged in the informal labour market, and all those who were not eligible to make mandatory contributions to social insurance, will lay the foundation required to achieve universal coverage for a defined life cycle or labour market contingency.

FIGURE 6.3 **A typical fragmented system with a large missing middle**



Note: Development Pathways' depiction.

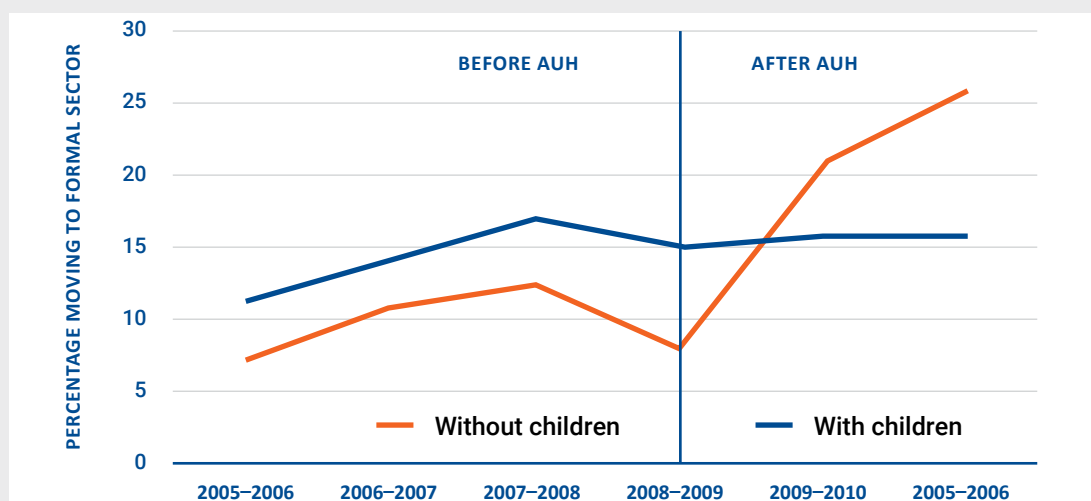
Tier 2 typically consists of mandatory social insurance for those who are engaged in the formal labour market. It is important that this tier embeds mechanisms to ensure solidarity and cross-subsidization from higher earners to lower earners, including women. As such, again, schemes need to be carefully designed to promote inclusion. For example, defined contribution schemes can be highly problematic with regards to ensuring adequacy and promoting solidarity.

The integration of Tier 1 and 2 is key to using universal coverage to increase incentives to join mandatory social insurance schemes. The intersection between tax-financed schemes in Tier 1 and social insurance schemes in Tier 2 must preserve incentives to participate in the formal labour market, especially for groups at the margin, including those on low incomes, women, persons with disabilities, and younger people who are starting their journey in the labour market. This is achieved by making sure participation in social insurance is both attractive and affordable for those with the capacity to contribute, for example, through higher level benefits, the provision of immediate shorter-term benefits that offset the cost of contributions (such as contributory child benefits), assurance of financial integrity and suitability of the fund. It is also important to ensure tax-financed schemes are designed to support the expansion of the formal labour market and enrolment in social insurance, as discussed further in Box 6.2.

BOX 6.2 Universal social protection can encourage labour market formalization

When designing tax-financed, non-contributory, social protection schemes it is important to consider how eligibility criteria will influence formal labour market participation. For example, in South Africa, parents and caregivers that receive the inclusive and nearly universal Child Support Grant are 15 per cent more likely to be in employment and 18 per cent more likely to seek it.^a In contrast, women who receive the Targeted Social Assistance benefit in Georgia, which is targeted at the poorest 15 per cent of households, are 9 to 11 percentage points more likely to be economically inactive when compared with women of similar economic status in non-beneficiary households. In Argentina where the child benefit (AUH) is targeted to parents and caregivers who are unemployed or rely on informal employment, recipients are more likely to remain in the informal sector than non-recipients. Figure 6.4 shows that those with children were more likely to transition from the informal to the formal economy than those without children before the introduction of the AUH in 2009, while these behaviours dramatically reverse after the introduction of the scheme.^b This evidence suggests that when social protection benefits are linked to poverty and unemployment, they create perverse incentives for beneficiaries, all else being equal, to stay in or seek informal employment as their benefits remain the same without contributing income taxes. Seeking formal employment would result in the direct loss of their benefits.

FIGURE 6.4 Proportion of workers moving to the formal sector in Argentina before and after AUH



Source: Garganta, Santiago, Gasparini, Leonardo (2015). The Impact of a Social Program on Labor Informality: The Case of AUH in Argentina, *Journal of Development Economics*.

- a DSD et al. (2012).
- b Garganta, S. et al. (2015).

Moving beyond the scope of achieving universal coverage for a specific life cycle contingency, governments may also consider the comprehensiveness of coverage across life cycle and labour market contingencies. As discussed in Box 6.3, the comprehensiveness of a social protection system is determined by the extent of coverage provided across all life cycle and labour market contingencies.

Comprehensiveness of a universal social protection system

The ILO refers to a full social protection system as the “totality of social security/social protection schemes and programmes in a country, taking into account that the latter term is often used in a broader sense than the former. All the social security schemes and institutions in a country are inevitably interlinked and complementary in their objectives, function and financing, and thus, form a national social security system.”^a

To be considered comprehensive and universal at this broader level, a social protection system must achieve universal coverage for the nine key life cycle and labour market contingencies outlined in ILO Convention 102. These contingencies are laid out as follows: 1) health care, 2) sickness, 3) unemployment, 4) old age, 5) employment injury, 6) family benefit (childhood), 7) maternity, 8) disability; and, 9) survivorship.^b

Universal coverage for all nine contingencies can best be achieved through careful composition of contributory social insurance, and non-contributory schemes, as discussed above. As such, a universal social protection system ensures that everybody is protected against the full range of risks throughout the life cycle.

a ILO (2017).

b ILO (1952).

7

How can universal social protection be progressively realized?

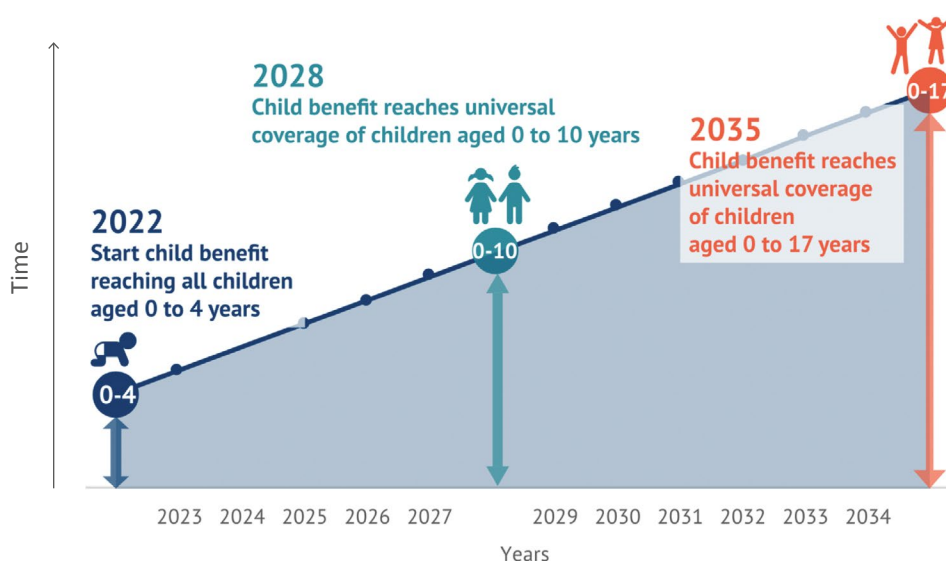
Building a universal system, including a multi-tiered framework, requires an investment of both time and funds and often cannot be achieved at once. Within a context of limited fiscal space, governments may achieve universality through initially limiting coverage to a clearly defined group within a life cycle contingency. Governments can also consider initially achieving universal coverage but with low benefit levels, increasing them over time. Poverty-targeted schemes, on the other hand, do not provide governments with a platform on which to achieve universality as they are not designed to achieve the core principles of universality.

RESTRICTED UNIVERSAL SCHEMES

Schemes that are designed with the principle of universality, but have not yet reached full universal coverage, differ from fully universal schemes only in that they restrict eligibility criteria in a clear and objective manner to restrict the number of beneficiaries. For example, while a fully universal child benefit scheme should reach all children from birth up to their 18th birthday, a “restricted” scheme that is universal in principle may cover all children up to their 5th birthday, expanding over time as illustrated in Figure 7.1. Many countries have practiced this approach to progressively build universal pensions. Nepal, for example, introduced a pension based on the principles of universality but restricted to those aged 75 and above in 1997. As a popular programme with vast public support, the age of eligibility has since been reduced to 70 years of age.²⁵ As such, while full universality requires full coverage of the age group linked to the life cycle contingency, a “restricted” universal scheme provides universal coverage within a restricted age group.

25 ESCAP (2018).

FIGURE 7.1 Progressive expansion of child benefits over time



Therefore, schemes that are “restricted”, but universal in principle, meet the typical scheme level parameters for universality set out above in section 6.

Given that “restricted” universal schemes share the minimum parameters of fully universal schemes, they can be easily scaled up to achieve full universality. Fundamentally, they establish the right to a scheme based not on means, but by simply being a member of that group. As budgets become available (see Box 7.1), governments can ease restrictions and progressively expand the age of eligibility to achieve full universal coverage within the age category, meeting obligations as recognized in international human rights instruments.

BOX 7.1 Political economy and fiscal space

The design of social protection schemes directly impacts budget availability. As Amartya Sen (1995) claimed, “benefits meant exclusively for the poor often end up being poor benefits”. This is because poverty-targeted schemes win very little public support as the vast majority on middle incomes, who often pay a bulk of income taxes, do not benefit. As such, these programmes lack popularity, thus decreasing incentives for politicians to invest in them, often resulting in decreased coverage and benefit levels over time. Universal and restricted universal schemes, on the other hand, benefit everyone when they experience a life cycle contingency, including the majority on middle incomes. As such, these programmes win popular support and become attractive programmes for politicians to invest in, and grow over time to progressively realize full universal coverage.

While restricted universal schemes may allow governments with limited fiscal space to reach a less people with a higher transfer level, another option is for governments to reach more people with lower transfer levels. This approach allows governments to achieve universal coverage at the outset while gradually achieving adequate benefit levels over time as fiscal space increases.

AN UNSTABLE FOUNDATION

Some proponents advocate for the progressive realization of universality through poverty-targeted schemes. By design, poverty-targeted schemes cannot be considered within a “restricted” universal approach, as they do not meet the typical parameters of universality and tend to exclude even those they are designed to reach.

Means-tested and poverty-targeted approaches do not provide financial security to cover all people within a defined contingency, and, by design, exclude individuals with the right to social protection. Restricted budgets also mean that there is always an upper limit set on the number of households that can be classified as poor, with poverty-targeted schemes often attempting to reach the poorest wealth decile or two. Therefore, poverty-targeted benefits are designed to exclude the majority of the population, often leaving a large gap between those they reach and those covered under the contributory system. In addition, high targeting errors mean that poverty-targeted benefits often end up excluding many of the poor households they attempt to reach (see Box 7.2).

BOX 7.2 **Poverty targeting and systematic errors**

A recent study of 42 social protection schemes around the world found high exclusion and inclusion errors across all poverty-targeted programmes. Of those programmes that aimed to reach the poorest 25 per cent of the population, Brazil’s Bolsa Família scheme has the most effective targeting, yet still excludes 44 per cent of intended recipients. Rwanda’s Vision 2020 Umurenge Programme performed the lowest with an error of 97 per cent. In between with exclusion errors of 14 per cent is Indonesia’s Kartu Perlindungan Sosial. Indeed, high targeting errors undermine trust in government as they fail to fulfil their promise to target the poor and appear to engage in random or bias selection.

Kidd & Athias. (2020).

Through this lens, limited fiscal space can no longer be used as a justification for investing in poverty-targeted schemes. It has been long argued that expenditures incurred from targeting the poor, when assessed against their objective of alleviating poverty, would be better directed at building a more inclusive social protection system.²⁶ Limited funds that would potentially be sufficient to attempt to perfectly target the poorest 10 per cent of a society, could alternatively be directed to an equally restricted group within a life cycle contingency, such as all children between, for example, 0–3 years of age. Such an investment would cover the first 1,000 days of life, ensuring limited resources are used to invest in human capital and the future labour force. This approach may be particularly attractive to governments with limited budgets as it supports faster and more efficient implementation, thereby eliminating the need for costly household surveys and the obvious risk of excluding large shares of the population that the scheme is intended to cover. As such, progressively building universal schemes offers governments with limited budgets a straightforward path to full universality.

²⁶ Atkinson (1993).

8

Universality and the social contract

People's trust in institutions has generally fallen world-wide. Reasons are many but include lack of fairness, transparency and reliable information.²⁷ One way for governments to rebuild trust among people and between people and institutions could be to invest in universal social protection and thereby realize the potential social protection has in promoting solidarity and strengthening the social contract.

Solidarity and universality are complementary concepts. Universality is the concept of "involving everyone". Universal social protection, therefore, encourages the involvement and participation of everyone. The Oxford dictionary defines solidarity as "support by one person or group of people for another ...".²⁸ The concept of solidarity therefore complements the core of universality, particularly when applied to social protection, which requires the sharing and redistribution of resources among society in a way that results in the participation and inclusion of all. Within this lens, universal social protection has potential to be an effective policy tool to promote solidarity, while at the same time strengthening the social contract.

The social contract can be defined as the mutual obligations between members of society and the State, in which individuals support the common good through contributions to the State and the State manages and administers essential programmes and services for the common good. As illustrated in Figure 8.1, these mutual obligations generate a virtuous cycle that builds trust in government and greater willingness to make contributions to the State.

FIGURE 8.1 **The virtuous cycle of investing in universal social protection**



Source: Kidd et al (2020a).

Within this virtuous cycle, one may question what comes first. Does universal social protection promote and create solidarity in society and trust in government, or is a foundation of solidarity and trust required for universal social protection to be implemented effectively?

²⁷ United Nations (2021).

²⁸ Oxford (2022).

Political philosopher and early thinker on the social contract, Jean-Jacques Rousseau, provides early insight. In his body of work, Rousseau theorizes that these mutual obligations between members of society and the State create a relationship of mutual preservation, on which the stability and legitimacy of the State relies. Through this lens, Rousseau argues that governments attain the right to govern through obtaining the consent of the governed.²⁹ In short, legitimacy of government is attained through gaining the consent of members of society, which is achieved through the protection and preservation of their rights.

Examples from once fragile contexts in more recent history also support that it is the obligation of governments to take the first step to invest in universal social protection and build the social contract. As discussed in section 2, after the Second World War governments in Western Europe prioritized the replacement of poverty-targeted social protection with universal social protection and other public services. This paradigm shift transformed Western Europe at its most vulnerable time in recent history as it positioned governments to build trust between members of society and the State, and bring about stability, while also realizing increased tax revenue as a result.³⁰ Following the Second World War, the Government of Japan made investments in universal social protection. In 1947, a new Constitution of Japan was enacted, granting all people the right to social security, and placing responsibility on the State to provide it.³¹ Later, the 1960s marked a decade of significant progress for social protection in Japan as the pension was extended to provide coverage for all older persons,³² reaching full universal coverage.

Even more recently, Timor-Leste and Nepal have used investments in universal social protection to gain the consent and trust of society and build a social contract. The Government of Nepal introduced a universal old-age pension prior to the start of the civil war. During the civil war, from 1996 to 2006, this limited-universal pension was one of the few government programmes Maoists allowed to be delivered in areas under their control, allowing this important link to the State to continue.³³ Following the end of the civil war, the pension was significantly expanded as a peace dividend. As the pension expanded tax revenues also increased dramatically from 9 per cent of GDP in 2006 to 20 per cent of GDP in 2019.³⁴ In Timor-Leste, following independence in 2002, the Government first made investments in poverty-targeted schemes. After facing protests that demanded the transparent distribution of social benefits, in 2006 the Government made significant investments in social protection as a policy tool to support peace and stability, building universal old age and disability benefits. Later, in 2021, the Government of Timor-Leste announced its intention to reform the existing poverty-targeted child benefit into a limited-universal benefit for all children up to the age of 6. The reason was that the poverty-targeted benefit failed to reach poor children.

29 Rousseau (1762).

30 Kidd, et al. (2020).

31 Article 25 of the Constitution of Japan states that “all people shall have the right to maintain the minimum standards of wholesome and cultured living. In all spheres of life, the State shall use its endeavours for the promotion and extension of social welfare and security, and of public health.”

32 National Institute of Population and Social Security Research (2014).

33 ESCAP (2018).

34 World Bank PovCalNet.

Where universal social protection has remained a key feature of social protection systems, including in Denmark, Finland, Norway and Sweden, tax revenues reach beyond 50 per cent of GDP.³⁵ For example, in Sweden while tax revenues have climbed to 43 per cent of GDP today,³⁶ they fluctuated around only 20 per cent of GDP³⁷ in the 1940s when universal social protection programmes were greatly expanded. This is similar to current levels in Asia and the Pacific, where average tax revenues as a per cent of GDP were 21 per cent in 2019.³⁸ Indeed, women and men in Sweden today would be unlikely to make such high contributions without a significant level of trust in the State to provide universal basic and social services, including social protection, to each individual. As such, the obligation is on governments to lead on the establishment of a social contract that is underpinned by solidarity, before both government and society can realize mutual benefits.

9

Conclusion

The underlying concept of universality, with a specific focus on universal coverage and how to achieve it, is based on the right to social protection as embedded in international human rights frameworks, making it a universal right held by everyone, everywhere when facing key life cycle and labour market risks. It is the responsibility of governments to fulfil the right to social protection for all.

As a minimum, universal social protection should be based on the following three key principles: 1) the individual, not the household, is the primary rights holder and beneficiary; 2) eligibility criteria must be clear, objective and unconditional; and 3) cash transfers should cover normal life cycle or labour market contingencies.

Universal coverage of social protection can be achieved through a single scheme or through a combination of schemes. Reaching universal coverage for a life cycle risk through multiple schemes can be achieved through a careful combination of contributory and non-contributory schemes that, together, leave no gaps in coverage. Achieving universal coverage over time can build on schemes that are universal in principle, but restricted in coverage, or “restricted universal” schemes that can be expanded.

35 IMF World Economic Outlook Database

36 OECD (2021b).

37 Henrekson, M., & Stenkula, M. (2015).

38 OECD (2021a).

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Organizational definitions of universal social protection

The table below includes: 1) organizational definitions of universal social protection systems and schemes; or, 2) organizational definitions of social protection that maintain universality at their core.

Organization	Definitions
Economic and Social Commission for Asia and the Pacific	Social protection refers to nationally defined policies and programmes that provide equitable access to all people and protect them throughout their lives against poverty and risks to their livelihoods and well-being. This protection can be provided through a range of mechanisms, including cash or in-kind benefits, contributory or non-contributory schemes, and programmes to enhance human capital, productive assets and access to jobs. It includes, but is not limited to, child benefits; benefits and support for people of working age in case of maternity, disability, work injury or unemployment; and old-age pensions. ³⁹
Economic Commission for Latin America and the Caribbean	Social protection encompasses policies that are geared towards the exercise of economic, social and cultural rights and towards protecting against uncertainty and contingency, on the basis that people's present and future well-being are affected by, among other factors, illness, difficulties in meeting the care needs of children, persons with disabilities or some sort of fragility, episodes of unemployment or underemployment, and the loss or substantial reduction of income in old age.
Global Partnership for Universal Social Protection to Achieve the Sustainable Development Goals	Universal social protection refers to a nationally defined system of policies and programmes that provide equitable access to all people and protect them throughout their lives against poverty and contingencies to their livelihoods and well-being. This protection can be provided through a range of mechanisms, including in cash or in-kind benefits, contributory or non-contributory schemes, and programmes to enhance human capital, productive assets, and access to jobs. This includes adequate cash transfers for all who need it, especially: children; benefits/support for people of working age in case of maternity, disability, work injury or for those without jobs; and pensions for all older persons.
International Labour Organization	Universal social protection refers to social protection systems that ensure everyone has access to comprehensive, adequate and sustainable protection over the life cycle, in line with ILO standards. Achieving universal social protection entails actions and measures to realize the human right to social security by progressively building and maintaining nationally appropriate social protection systems. ⁴⁰
Save the Children	Universal child benefits (UCBs) are regular, unconditional income transfers in the form of cash or tax transfers, which are paid to caregivers of children from the time of pregnancy or birth until the child's 18th birthday. ⁴¹
United Nations Development Programme	Social protection as a set of nationally owned policies and instruments that provide income support and facilitate access to goods and services by all households and individuals at least at minimally accepted levels, to protect them from deprivation and social exclusion, particularly during periods of insufficient income, incapacity or inability to work. ⁴²
World Bank	Universal social protection coverage includes: providing social assistance through cash transfers to those who need them, especially children; benefits and support for people of working age in case of maternity, disability, work injury or for those without jobs; and pension coverage for the elderly. Assistance is provided through social insurance, tax-funded social benefits, social assistance services, public works programs and other schemes guaranteeing basic income security. ⁴³

39 Action Plan to Strengthen Regional Cooperation on Social Protection in Asia and the Pacific, ESCAP (2020).

40 ILO (2021). World Social Protection Report (2020–2022)

41 Save the Children. (2020). https://resourcecentre.savethechildren.net/pdf/a_foundation_to_end_child_poverty_full_report_english.pdf/

42 UNDP (2016).

43 World Bank (2020). <https://www.worldbank.org/en/topic/socialprotection/overview#1>

International human rights instruments and social protection

Human rights instrument	Relevant article	Life cycle contingency covered
Universal Declaration of Human Rights (1949)	Article 22: Everyone as a member of society has the right to social security.	All life cycle contingencies, including childhood, disability and old age
	Article 25: Everyone has the right to a standard of living adequate for health and wellbeing ... including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or lack of livelihood circumstances beyond control.	Unemployment, sickness, disability, survivorship, old age
	Article 25: Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same protection.	Childbirth, childhood
International Covenant on Economic, Social and Cultural Rights (1966)	Article 9: The State Parties to present the Covenant recognize the right of everyone to social security, including social insurance.	All life cycle contingencies, including childhood, disability and old age
	Article 10: Special protection should be accorded to mothers during a reasonable period before and after childbirth	Childbirth
	Article 10: Special measures of protection and assistance should be taken on behalf of all children and youth without any discrimination for reasons of parentage	Childhood
	Article 11: The State Parties to present the Covenant recognize the right of everyone to an adequate standard of living ... including adequate food, clothing, housing and to continuous improvement of living conditions. The State Parties will take appropriate steps to ensure the realization of this right.	All life cycle contingencies, including childhood, disability and old age
International Convention on the Rights of the Child (1990)	Article 26: State Parties shall recognize for every child the right to benefit from social security, including social insurance, and shall take the necessary measures to achieve the full realization of this right in accordance with national law.	Childhood
	Article 27: State Parties recognize the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral, and social development.	Childhood
Convention on the Rights of Persons with Disabilities (2007)	Article 28: State Parties recognize the right of persons with disabilities to social protection and to the enjoyment of that right without discrimination ... to ensure access by persons with disabilities, including women and girls with disabilities and older persons with disabilities, to social protection programmes and poverty reduction programmes.	Disability
	Article 28: State Parties recognize the right of persons with disabilities to an adequate standard of living for themselves and their families, including adequate food, clothing housing and to the continuous improvement of living conditions.	Disability

Source: Compiled by author directly from human rights instruments referenced.



Towards universal social protection

Universality, or the achievement of universal social protection, has been endorsed by the international community and in the region as a key objective of social protection. However, understanding often remains unclear around what universality entails in terms of systems, schemes, combinations of non-contributory and contributory benefits, and eligibility. This document aims to build understanding of the underlying concepts around universality and why it is important. It explores the key life cycle and labour market contingencies that should be covered and ways to achieve universality through a single scheme or multiple schemes. In doing so, the paper highlights the important linkages between universality and the social contract.