



Leveraging Switzerland's experience to enhance SDC's engagement in Social Protection

Reflexion Paper in view of the Dispatch on Switzerland's International Cooperation 2021-2024

July 2018

1. Objectives of the paper

A rising number of social protection policies and programmes have been adopted by low- and middle-income countries in the last decades, reflecting an increasing interest from partner governments for social assistance and social insurance schemes. In fact, few countries have been able to reduce poverty and improve living conditions on a broad scale without comprehensive social protection systems in place.¹ Social protection has thus been a growing area of development policy, especially since the 2030 Agenda, as social protection is part of the SDG targets.² Social protection has rapidly become a priority of many donors and multilateral agencies. The SDC does not have a strategic position yet. It is lagging behind other donors, despite its experience with social protection instruments and the fact that Switzerland's social protection system is recognised worldwide for its quality.

This paper is the second step of a process that should lead the SDC to take position on social protection. The process was initiated with the *SDC Issue Paper on Social Protection* in 2017, which showed for the first time that the SDC engages in at least 70 projects that have a social protection component across the four departments and in all regions of intervention.³ As follow-up on the Issue Paper, the SDC Directorate requested the Quality Assurance and Poverty Reduction Section to pursue reflections on social protection and SDC's position in view of the next Dispatch. The QA section has therefore examined Switzerland and SDC's comparative advantage with a working group composed of members from the four SDC departments, IP and E+C. The working group also consulted the concerned federal offices (SECO, FSIO⁴, FOPH⁵). This has led to the present paper which raises issues to be further examined in the independent evaluation of SDC's performance in social protection by E+C due in 2019.

The present paper aims to a) find a common understanding on social protection at the SDC and propose a narrative based on the experience of Switzerland and the SDC in social protection in view of the Dispatch 2021-2024; b) inform the inception phase of the independent evaluation.

A longer version of this paper is available as a resource for SDC staff and the independent evaluators.

¹ Promoting inclusion through social protection. Report on the World Social Situation 2018, UN DESA

² See Annex 1: Social Protection in the 2030 Agenda

³ See [IDS Briefing Note n°3](#)

⁴ Federal Social Insurance Office

⁵ Federal Office for Public Health

2. Definition of social protection

Social protection is the set of public and private initiatives designed to support all people across the life-cycle, providing protection against social and economic risks and ensuring sustainable livelihoods. Well-designed social protection systems ensure a minimum income and equitable access to essential services for the poor and vulnerable and enable people to cope with shocks. Social protection both prevents people from falling into acute poverty and enables sustainable escape out of poverty.

Social protection can be provided through three main modalities: social assistance, social insurance and labour market policies.⁶ Social protection systems ideally comprise the three modalities, which are complementary to cover different needs. Individual social protection programmes can focus on one or several modalities.

Social assistance through non-contributory, usually tax-based, cash or in-kind transfers and social care services to address special needs. Instruments include cash-based transfers, food vouchers, child benefits, invalidity benefits and other social pensions, school feeding, social safety nets⁷, as well as subsidies or fee exemptions to enable access to services⁸. Examples of SDC's current engagement include programmes for Roma inclusion in the Balkans and cash-based humanitarian assistance and shock-responsive safety nets.

Social insurance through contributory insurance schemes that prevent people from falling into poverty following a shock in their lives. Such shocks can include adverse personal circumstances (e.g. sickness, invalidity or accidents), life-cycle events (e.g. pregnancy, old-age) and livelihood risks (e.g. drought, floods, displacement, etc.). The SDC supports social health protection mechanisms for universal health coverage in Eurasia, East and West Africa and South Asia, as well as agricultural and weather-based index insurance for smallholder farmers in East and Southern Africa, East and South Asia, Latin America and the Caribbean, often in collaboration with the private sector.

Labour market policies, which encompass the creation of employment and promotion, preservation and diversification of livelihoods (e.g. public works, credit schemes) and legal frameworks and labour standards (e.g. decent work agenda, minimum wage, maternity leave, child care arrangements). Examples of SDC's engagement include labour migration (global policy framework for protection and decent work of migrants), and promotion of employment of marginalised populations by introducing appropriate labour market policies in the Western Balkans. The SDC also supports protection and promotion of livelihoods in humanitarian settings.

3. Rationale: why the SDC should invest in social protection

Leaving no one behind and social cohesion

By supporting governments to address the needs of their population through social protection, the SDC contributes to partner countries' inclusive human development and economic growth. This is conducive to peace and stability in the world, thereby benefiting Switzerland's security and prosperity.

Within and between country inequalities are a major source of social, political and economic instability. Social protection can address the structural causes of inequality, poverty, exclusion and vulnerability (transformative impact). It fosters social inclusion through mechanisms designed to reach the most vulnerable or marginalised. It promotes a better distribution of resources, equitable access to services and opportunities, inclusive economic growth, decent work and well-being for all. Furthermore, social protection can have a transformative impact towards gender equality, through policies that recognise and value unpaid care and domestic work and that ensure women's inclusion on the workplace.

Therefore, along with other SDC instruments, social protection measures are key to ensure that human and economic development benefits to everyone and no one is left behind. Hence, social protection fosters social cohesion, stability, security and peace. It also concretises the idea that "the strength of a people is measured by the well-being of its weakest members", as stated in the Swiss Constitution.⁹

⁶ Based on the IDS definition, adopted in the SDC Issue Paper (2017); Leading international agencies consider these three modalities under social protection (ILO, World Bank, OECD, WFP)

⁷ The World Bank defines these as non-contributory transfers targeted to the poor and vulnerable. This constitutes one component of a country's social protection system (broader notion).

⁸ This is often complementary to contributory social insurance schemes, for poor people or household unable to pay the contributions.

⁹ Preamble of the Swiss Constitution

Sustainability, self-reliance, resilience

Social protection leads to sustainable development results, as it promotes self-reliance and resilience of both people and countries. The SDC increases partner government's and stakeholder's capacity to design and provide social protection programmes, and achieve the objectives of the 2030 Agenda through their own efforts. The SDC supports the establishment of nationally-owned and hence sustainable and effective social protection systems.

Social protection is also a means to unfold people's potential, rights and responsibilities as members of a society. Social protection systems can enable the poorest and most vulnerable to sustainably move out of poverty and develop their livelihoods. Protected against shocks, households are able to invest in more productive but riskier livelihood strategies. Social protection increases people's resilience and agency and empowers them by giving them the security to pursue the lives they choose. Social protection programmes thus build self-reliance, not dependency, which leads to sustainable progress and prosperity.

In contexts affected by or vulnerable to crises, social protection is effective for both prevention and sustainable response. Social protection is an essential tool for Disaster Risk Reduction, as it strengthens resilience and preparedness of communities and institutions. It can also evolve from cash-based humanitarian assistance towards sustainable systems. Social protection lies at the centre of the humanitarian-development nexus.

Cost-efficiency

Social protection systems and instruments have cross-cutting positive impacts in a number of SDC's priority themes and objectives of human and economic development. They increase access to health and education, improve food security and nutrition, promote employment and income, reduce poverty and inequalities, support DRR, promote gender equality and social inclusion (leave no one behind). Social protection also boosts domestic demand, thereby benefiting the whole society. Investing in social protection is likely to be highly cost-efficient, as it brings multiplying and sustainable impacts in a broad range of development areas and for a large number of people.

4. Building on SDC's and Switzerland's experience in social protection¹⁰

Although social protection is not a stand-alone theme, the SDC has a long experience with social protection instruments in a variety of contexts and across the whole spectrum from emergency cash response to building national capacities. As a pioneer in cash-based humanitarian response, the SDC disposes of a wide array of tools for Cash-Transfer Programming (CTP) in low- and middle-income countries and in sudden- and slow-onset disasters. It is also an active member of the Cash Learning Partnership (CaLP). Staff from the Humanitarian Aid Unit, seconded to multilateral organisations (notably the WFP) in the field of social protection, also are a great source of expertise. Furthermore, the SDC has a strong knowledge in setting-up inclusive insurance and micro-insurance schemes in developing countries and fragile contexts, often in collaboration with the Swiss private insurance sector. For example, the SDC supports the African Risk Capacity (ARC), a re-insurance programme that reinforces states' capacities to better prepare and respond to weather events and natural disasters, and to deliver assistance and social protection after shocks. Last, but not least, the SDC is a leading member of the global Social Health Protection Network¹¹ (P4H) and therefore a strong and valued actor in social health protection. The SDC can build on this experience to strengthen its engagement towards a more systemic and coherent approach.

Switzerland, given its long-standing and effective social protection system, also has comparative advantages: elements of Switzerland's approach to social protection can be highly relevant for its partner countries.

An added value of Switzerland's system is its holistic and multi-level approach, which integrates quality services, preventive measures (protection against life-cycle shocks and or guarantee basic standards of living), and social assistance, which is regarded as the ultimate «safety net» and as a last resort, to be used as little as possible.¹² Activation policies, which aim to strengthen beneficiaries' abilities to favour integration in the labour market, are also a key feature. This approach promotes self-reliance and self-responsibility, and should prevent a majority of the population from requiring additional state

¹⁰ For a description of Switzerland's social protection system, see Briefing paper on social protection in Switzerland, BASS (2018)

¹¹ <https://p4h.world/en/>

¹² See Annex 2: Model of social protection in Switzerland

assistance. In some cantons, social protection services extend to non-citizens, which is essential in the perspective of leaving no one behind. The combination of several social protection instruments and their linkages with essential services and the labour market is highly relevant with regards to the holistic and systemic approach of the SDC. It also allows a broad coverage and protection against risks while specific measures aim at improving the lives of the poorest and most vulnerable populations and at promoting social inclusion (leaving no one behind).

A second comparative advantage of Switzerland's system is its decentralised organisation and subsidiarity. Responsibilities for planning and implementing measures of social protection in Switzerland are shared between different levels of government (federal, cantonal, municipal). Civil society organisations and NGOs, as well as the private sector (mainly insurance companies) also play important roles within the system. Subsidiarity means that the main responsibility for social and economic well-being lies with individuals, families, associations and communities, with the state stepping in only when other measures fail. Subsidiarity and decentralised provision of services could be a useful approach in countries where the central government is weak or otherwise unable to provide oversight for social protection measures. Engaging with the private sector (e.g. insurance providers) might be pertinent in this regard. Social corporate responsibility also opens opportunities for innovative funding mechanisms of social protection and Switzerland has a role to play as the host of large multinational companies. Furthermore, the support of small-scale, traditional community-based or civil society initiatives presents opportunities for operationalising social protection. Such stakeholders are important to reach the poorest, the marginalised and people working in the informal sector. Supporting smaller-scale programmes should however always be considered within a systemic and holistic vision and present opportunities for scaling-up. The long-term goal is to establish social protection systems underpinned by national policy, fiscal frameworks and sustained political commitment. The formal social protection systems need to be articulated with and build on the existing traditional schemes, and should not weaken or replace them.

While some elements of the “Swissness” in social protection might be interesting for partner countries, Switzerland's system reflects the specific context within which it was developed. Thus, it is not replicable as such. To be politically and financially sustainable, such systems need to be nationally owned and aligned with the government's priorities and capacities at the various levels, as well as with the role the private sector and civil society are able and willing to play. The know-how of Swiss institutions can bring valuable support to achieve the country objectives; however, it is essential to adapt to existing dynamics based on political economy analysis, among others. Thanks to its long-term presence in partner countries, the SDC has an in-depth knowledge of the context, is well aware of the partner's needs and priorities and is considered a trustful development partner.

Governance aspects are essential in developing locally adapted, nationally-owned and effective social protection systems encompassing a variety of schemes and multiple actors. The expertise of the SDC in the governance sector is a key asset to establish inclusive and sustainable systems and ensuring social responsiveness, accountability and enforcement. Governance is essential in strengthening the relations between the state and its citizens (social contract on social protection), the promotion of civil society's role as active participants, service providers and stakeholders in social protection, and setting the institutional framework for engaging with the private sector.

5. Potential partnerships

The SDC takes a holistic and systemic view in its approach and considers the social protection system as a whole, encompassing a multitude of schemes and linking with macroeconomic and fiscal policies, the quality and access to services such as health and education. To address the complexity and multiple dimensions of social protection, the SDC seeks to establish partnerships with a range of actors. Strategic partners of the SDC are Swiss institutions in a Whole-of-Government Approach (WOGA) and multilateral agencies.

Whole-of-Government Approach and Swiss partners

Through strategic partnerships, the SDC can make use of the relevant Swiss know-how to put forward locally adapted solutions which foster transformative and systemic change in the partner country, leaving no one behind. Swiss institutions could also benefit from further engaging in the international dialogue on social protection with other countries and with humanitarian and development specialists: this presents interesting opportunities for mutual learning and exchanges on different approaches and systems.

SECO is a key partner on issues related to financing social protection systems and promoting decent work. Through domestic revenue mobilisation and fiscal policies (incl. taxation), which provide the revenue for social expenditure and policies, SECO contributes to the social protection agenda. Through

its focus on expenditure management, SECO strengthens partner countries' ability to efficiently target public spending in line with national priorities and needs. SECO is also engaged in social corporate responsibility. As part of its financial sector development programmes, it supports the development of the pension sector. More collaboration and complementarity between the SDC and SECO should be sought after. There are particularly great opportunities to be seized in SDC priority countries where SECO provides macroeconomic and budget support to the government and the SDC is able to participate in the policy dialogue.

Other federal offices responsible for social protection are the Federal Social Insurance Office and the Federal Office of Public Health. Their expertise in social protection systems financing, regulation and governance can bring valuable insights for partner countries. Collaboration with the Federal Statistical Office might also be interesting with regard to strengthen national data registries. The SDC is in a position to ensuring coordination between relevant federal offices and strengthening the WOGA.

In addition, Swiss-based NGOs and the private sector are important partners. The close link and complementarity between the state and civil society presents many opportunities in developing social protection systems in partner countries. In international cooperation, several Swiss-based NGOs offer an interesting approach to social protection by promoting self-help groups and solidarity savings schemes. This bottom-up approach represents a niche in social protection. With regard to the private sector, the SDC collaborate with Swiss insurance and reinsurance companies that have technical expertise in setting-up and financing schemes. Finally, several Swiss-based research institutes and universities conduct studies on effective and innovative social protection schemes.

Within the SDC, social protection concerns most thematic networks and both the development and the humanitarian departments. This requires to move beyond thematic silos and to strengthen the nexus between humanitarian and development. Social protection presents an opportunity to concretise this.

Multilateral partnerships

Thanks to its long-standing multilateral engagement, the SDC benefits from a global understanding of social protection issues. It has access to important expertise and experts with whom to partner in its operational and policy-related work in the countries (regional and global level).

The SDC is part of Providing for Health (P4H), a global network¹³ dedicated to health financing, economics and social health protection for universal health coverage. P4H is committed to promoting health systems strengthening, equitable access to quality services and financial risk protection through insight and knowledge brokerage, collaborative technical expertise and policy dialogue.

The SDC HA also has multilateral partnerships in social protection. A leading agency is the WFP, in particular on shock-responsive social protection. This is an area of growing importance on the international agenda. Swiss humanitarian experts are seconded to the WFP for shock-responsive social protection. The SDC is also engaged through the Grand Bargain (social protection and humanitarian cash linkages), and in the Cash Learning Partnership (CaLP). The SDC could contribute to improve donor coordination in this field.

The ILO is another leading actor with its Recommendation n°202 on Social Protection Floors. Switzerland contributes to the ILO (SECO: labour market; the SDC: labour migration), but not specifically to the ILO Social Protection Flagship Programme. The World Bank, with a more instrumental approach linking social protection to labour market and pro-poor employment, has also shaped the global social protection agenda. UNICEF, which takes a life-cycle approach, is another important actor in social protection. The SDC does not have yet any partnerships with the World Bank nor UNICEF on social protection.

More recently, global initiatives have emerged to implement the 2030 Agenda. The Universal Social Protection initiative, co-led by the World Bank and ILO, and the UN Joint Fund Window for Social Protection Floors led by the ILO are probably the largest initiatives in this field. They are however at their inception phase. It is therefore timely for the SDC to consider whether to engage in the dialogue.

With regards to bilateral cooperation, Germany, UK, the EU, Ireland and Finland are probably the most advanced actors in social protection and the most engaged in donor coordination mechanisms. So far, Switzerland has not been involved in these mechanisms due to its priority setting.

¹³ Current Members : Germany (BMZ), France (AFD), Spain (SCA), US (USAID), Republic of Kazakhstan, Morocco, ILO, WHO, WB, AfDB, ADB, The Global Fund, Switzerland (SDC).

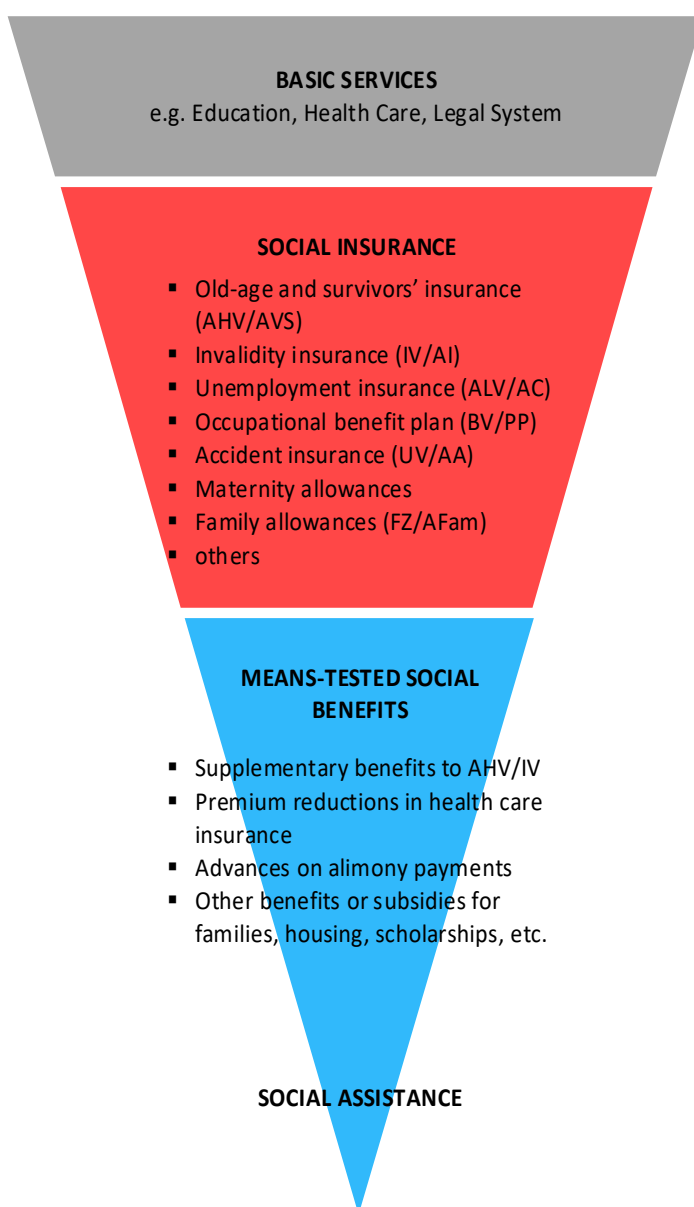
6. Annexes

Annex 1: Social protection in the 2030 Agenda

Social protection is essential to achieve the objectives of the 2030 Agenda. The SDG target 1.3 expresses the commitment to “implement nationally appropriate social protection systems and measures for all, including floors”. Social protection is also explicitly a target under Goal 3 (universal health coverage), Goal 5 (gender equality), Goal 8 (inclusive and sustainable economic growth) and Goal 10 (reduce inequality). More broadly, social protection programmes have a positive impact on Goal 2 (food security), Goal 4 (education) and on Goal 16 (peaceful and inclusive societies).

Within the 4P framework of the 2030 Agenda (People, Peace, Prosperity and Planet), social protection is central to the “People” dimension, as it focuses on access to essential services and adequate living standards for everyone, but also contributes to “Peace” (social cohesion), to “Prosperity” (inclusive economic growth) and to “Planet” (disaster risk reduction).

Annex 2: Model of social protection in Switzerland



Access to basic services (such as healthcare or education) provided by the state for all residents can be viewed as the first level of protection. These services, in conjunction with a salary income, should promote self-reliance and prevent a majority of the population from requiring additional state assistance. On the second and third level, social insurance schemes and means-tested benefits serve to protect against life-cycle shocks and/or guarantee basic standards of living. Social assistance (also means-tested) is regarded as the ultimate “safety net” and only to be used as a last resort.

Source: Federal Statistical Office BFS (Statistischer Sozialbericht 2015), adapted by BASS