

## **SUMMARY REPORT<sup>1</sup>**

### **SOUTH-SOUTH COOPERATION FOR MORE INCLUSIVE AND SUSTAINABLE SOCIAL PROTECTION SYSTEMS IN THE COVID-19 RECOVERY AND ACHIEVEMENT OF THE 2030 AGENDA**

**JOINT SIDE-EVENT ON THE MARGINS OF THE 2021 HIGH-LEVEL POLITICAL FORUM (HLPF)**

**JULY 12, 2021**

- The COVID-19 pandemic has revealed major shortcomings in social, health and economic policies in most countries. Impacts were devastating and the trend that emerged is similar across the world: those groups that were vulnerable and least protected before the pandemic suffered the most as the COVID crisis hit. Broad social groups have been left further behind, entrenching inequality within and between countries.
- Prior to the pandemic, there had been a significant underinvestment in social protection. In the Arab region for example, and despite reforms, the “missing middle” - those in the informal sector, the young and unemployed, the majority of women, migrant workers, the elderly - were not covered by existing schemes and thus remain vulnerable to shocks and crises. Around 85 percent of youth in the region are estimated to work in the informal sector, outside any kind of social protection coverage. In Asia and the Pacific, 54 percent of the population live without any form of social protection; investment in social protection in the region amounts to 4.9 percent of GDP, less than half the global average. In Latin America, despite the efforts made over the past two decades to expand social protection coverage, asymmetries and inequalities persist between contributive and non-contributive measures, between men and women and between generations / age groups, all of which undermine social cohesion; this is in addition to institutional challenges related to information sharing, monitoring and evaluation, coordination, and challenges in implementing progressive taxation, among others.
- In response to COVID-19, many countries unlocked resources and expanded social protection services at unprecedented rates. The COVID-19 Stimulus Tracker: Global Observatory on Social Protection and Economic Policy Responses, developed by ESCWA and its partners, has registered over 6,000 measures taken in 194 countries. Governments have indeed been quick in mitigating the impact of the crisis through a range of social protection measures ranging from wage subsidies to direct cash transfers to vulnerable populations, etc. Innovations and solutions have emerged, demonstrating that governments can step up their efforts to strengthen social protection.
- However, the sustainable financing of social protection systems remains a challenge for many developing countries, many of which are burdened by debt and face a shrinking fiscal space. Based on data from the COVID-19 Stimulus Tracker, developing countries around the world need an additional US\$5 trillion to recover from COVID-19 and catch up to the global average of fiscal support as share of GDP. The Arab region alone needs around half a trillion dollars. In addition to financial resources, countries need diversified partners, ideas, new methodologies, and inspiring examples, highlighting the relevance of South-South cooperation.

#### **Experiences of Member States**

- Egypt had been undertaking a strong reform program involving structural economic adjustments and redistribution of subsidies, which enhanced Egypt’s resilience to the crisis. During the pandemic, the conditional cash transfer program was expanded by 20 percent and emergency support was provided to informal workers and other vulnerable groups. Economic support measures were introduced, benefiting

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<sup>1</sup> Note: Only salient points and a summary of remarks of speakers have been captured due to space constraints. All received written statements, presentations and transcripts of recordings are on file with the UNOSSC-ESCWA organizing team. This document has not been formally edited.

affected sectors such as tourism, notably SMEs, such as preferential rates on loans and extending grace periods. Egypt's Red Crescent and the Ministry of Social Solidarity provided support to civil society organizations in different countries like Lebanon, Yemen, Tunisia, Somalia, Ethiopia, Djibouti, Palestine, and Sudan, which reflects a step forward in South-South cooperation. Among the lessons learned from the pandemic is the need to have a strategy for informal workers and to strengthen preparedness through insurance fund. Digital transformation proved to be critical as it permitted to have a common database of interventions by all partners, online support portals, digital payments, etc. Partnerships within Egypt and beyond were critical success factors.

- In Palestine, the pandemic has compounded an already complex political, economic, and financial context resulting from occupation. A national study of the impacts of the pandemic identified the following imperatives: (1) Improving social protection system's shock responsiveness so that no one is left behind; (2) Investing in and developing disaggregated data continuously to speed up intervention, improve targeting, and develop the right tools; (3) Enhancing synergy and integration between international humanitarian aid and the national social protection system; and (4) Strengthening synergy and interlinkages between the efforts of governments to provide relief and humanitarian support and their efforts for economic recovery so build the resilience of individuals, small enterprises and society in general. Moving forward, South-South dialogue and cooperation ought to be strengthened in several areas, namely: (1) Contextualizing definitions and approaches related to multi-dimensional poverty, resilience and vulnerability, and adopting approaches that are consistent with the political, cultural, social and economic contexts; (2) Mobilizing financial resources and activating national and regional development banks; (3) Building a community of practice in the field of social protection in countries of the South; and (4) Revamping the concept of solidarity among countries of the South.
- Costa Rica has prioritized several domains to advance social development in a more inclusive way, including digitalization as a predeterminant to reduce inequality. From the prospects of South-South cooperation, Costa Rica is calling for a paradigm shift to leverage the benefits of various types of solidarity-based cooperation channels, including South-South cooperation. Costa Rica is chairing ECLAC's Committee on South-South Cooperation, which has helped to advance multilateral dialogue and build more active partnerships to reduce the impacts of the pandemic.

#### **Mechanisms and programs by regional and international organizations**

- The Islamic Development Bank (IsDB) has a long history of supporting the most disadvantaged and marginalized groups within its member countries. In 2019, it approved four main policies which are currently under implementation: Women's Empowerment Policy, Youth Development Strategy, Civil Society Engagement Policy, and Fragility and Resilience Policy. IsDB has been supporting South-South cooperation since its very founding, targeting various dimensions including technical cooperation, promoting South-South trade, and facilitating cross-border investments. It scaled up its engagement in South-South cooperation through the Reverse Linkage modality, connecting member countries and providing wide-ranging support to several sectors including renewable energy, agriculture, health, vocational training, and others.
- Supporting the development of effective and inclusive social protection systems as a key pathway for reducing vulnerabilities and building resilience to shocks, reducing poverty, and achieving the SDGs continues to be a priority for the UN system entities. Several initiatives have already been implemented and many are currently underway, including through relevant Issue-Based Coalitions at the regional UN system level.
- In response to a call by its Member States, ESCWA has established the Group of Experts on Social Protection Reforms. This technical committee is a mechanism for discussion among Arab ministries of social affairs with the aim of supporting work on, and reform of, social protection in the region. ESCWA has also developed several interactive policy tools, notably the afore-mentioned COVID-19 Stimulus Tracker, which offers a wealth of harmonized information to strengthen policymaking capacity and improve government readiness to formulate effective responses to future shocks.
- ESCAP Member States have adopted the action plan to strengthen regional cooperation for social protection in Asia and the Pacific, which is a framework of twelve national measures and three regional actions to be implemented by 2030 to move towards universal social protection. ESCAP is working with its member States to translate this shared commitment into action with support of UN development system, UNOSSC, and sister regional commissions.
- ECLAC Member States have adopted the Regional Agenda on Inclusive Social Development, a technical and political instrument to support the comprehensive implementation of the social dimension of the 2030 Agenda. The Agenda reflects an emerging consensus on the need to put forward universal social protection systems.

- The UNOSSC, with its global and UN system-wide mandate, seeks to improve exchanges of experiences, know-how and development solutions among countries and Southern institutions, professionals, civil society, academia, and private-sector organizations. This would also be in line with the UN System-wide Strategy for South-South and Triangular Cooperation, approved by the Executive Committee of the Secretary-General last year. The UNOSSC also has several platforms that can be leveraged at any time by all the partners
- The Center for the Implementation of Public Policies Promoting Equity and Growth (CIPPEC), one of the main think tanks in Latin America, plays an active role in South-South cooperation networks. One key lesson learned from Latin America that might be of use for other regions is focusing on compounding inequalities - work on simultaneously inequalities and on main determinants that can help close the existing gaps. The second lesson is that, when designing social protection interventions, it is crucial to analyze the pre-existing inequity in the access to social protection systems if social cohesion is to be enhanced.
- The International Policy Centre for Inclusive Growth (IPC-IG), a partnership between the UNDP and the Government of Brazil, is supporting the exchange of experiences and knowledge between Maghreb and Latin America countries on innovative social protection practices. IPC-IG hosts a platform for social protection knowledge sharing and supports one-on-one technical sessions. In response to COVID-19, IPC-IG supported the establishment of a Task Force and produced knowledge on policy responses to the pandemic. The use of Zakat to mitigate the impact of the crisis in several Muslim countries represents one of several interesting experiences worth learning from.
- Despite challenges, seven CSO networks in the Arab region including the Arab NGO Network for Development managed to create a common platform on sustainable development, as a complementary process to the efforts launched by ESCWA and the League of Arab States. South-South cooperation among these CSOs and with CSOs and think tanks at the regional and global levels has helped produce knowledge and advocacy material on issues such as democratic governance, social policies, and private sector accountability.

### **Conclusions and way forward**

- The pandemic has confirmed that building resilience must go hand in hand with comprehensive and shock-responsive social protection. It also brought an understanding of the type of social protection policies that must be maintained post-COVID because they correspond well to labor markets and employment policies and can therefore help address inequalities, promote more inclusive growth, and leave no one behind.
- The pandemic is an opportunity to redefine what is possible in terms of social protection, including universal social protection systems. It is also an opportunity to redistribute resources, to recognize identities and rights, and to achieve a transformative recovery with equality and sustainability as signposts. The crisis has also made it clear that isolated efforts are not enough. In order to accelerate recovery and the achievement of the 2030 Agenda, it is crucial to leverage the benefits of South-South cooperation as a solidarity-based mechanism for the exchange of experiences, lessons learned and best practices as well as the promotion of one voice and shared approaches on more inclusive and sustainable social protection systems post-COVID-19.
- South-South cooperation is also crucial to accelerate the shift from a tilted global power balance, which has been very clearly illustrated, for instance, by unequal access to COVID-19 vaccines, knowledge asymmetry and the participation deficit in terms of Southern voices, towards more equitable and fair engagement on global issues.
- South-South cooperation can provide more space for consultation and civil society engagement in policymaking, in the implementation, but also in the evaluation and assessment of the implementation of these policies. At the heart of South-South cooperation is sharing experiences, not only from governments, but from think tanks and expert groups etc. The Buenos Aires outcome document of the second High-level United Nations Conference on South-South Cooperation (BAPA+40) also refers to the role of think tanks, communities of practice, CSO networks, and expert groups.