

Future challenges for social protection systems:
lessons learned from the interregional experience

Markus Loewe, IDOS

Virtual roundtable and workshop

“Opportunities to move towards universal social protection systems in Latin America and the Caribbean: the role of interregional dialogue”

UN Economic Commission for Latin America and the Caribbean (ECLAC)

14 and 15 March 2023



IDOS

German Institute
of Development
and Sustainability

Main future challenges for social protection systems

1. Demographic change

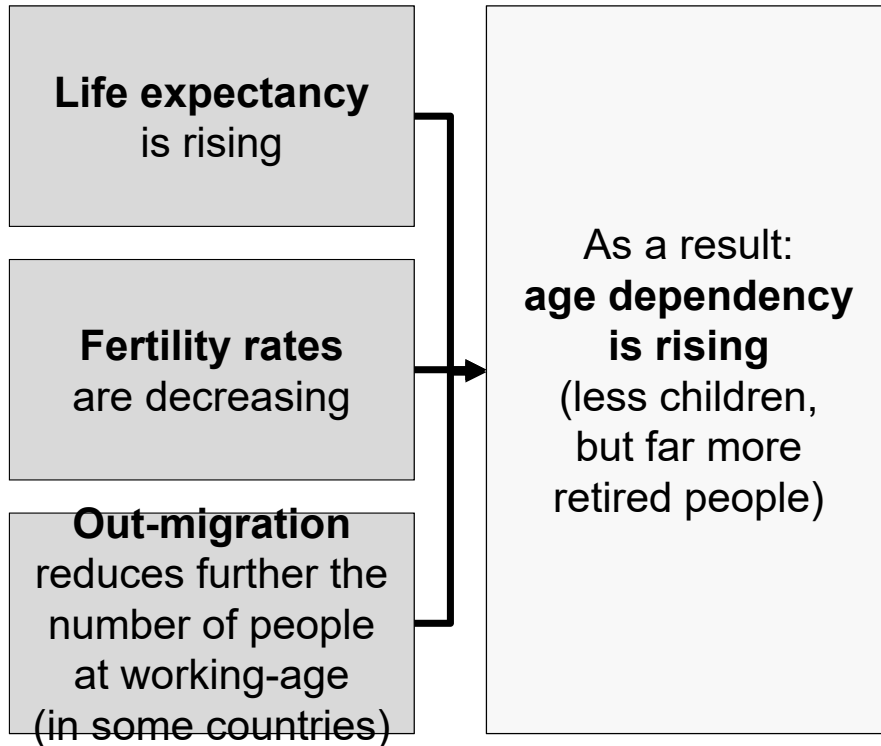
2. The uncertain future of work

3. Macro-shocks
(economic, health, political,
natural, environmental)

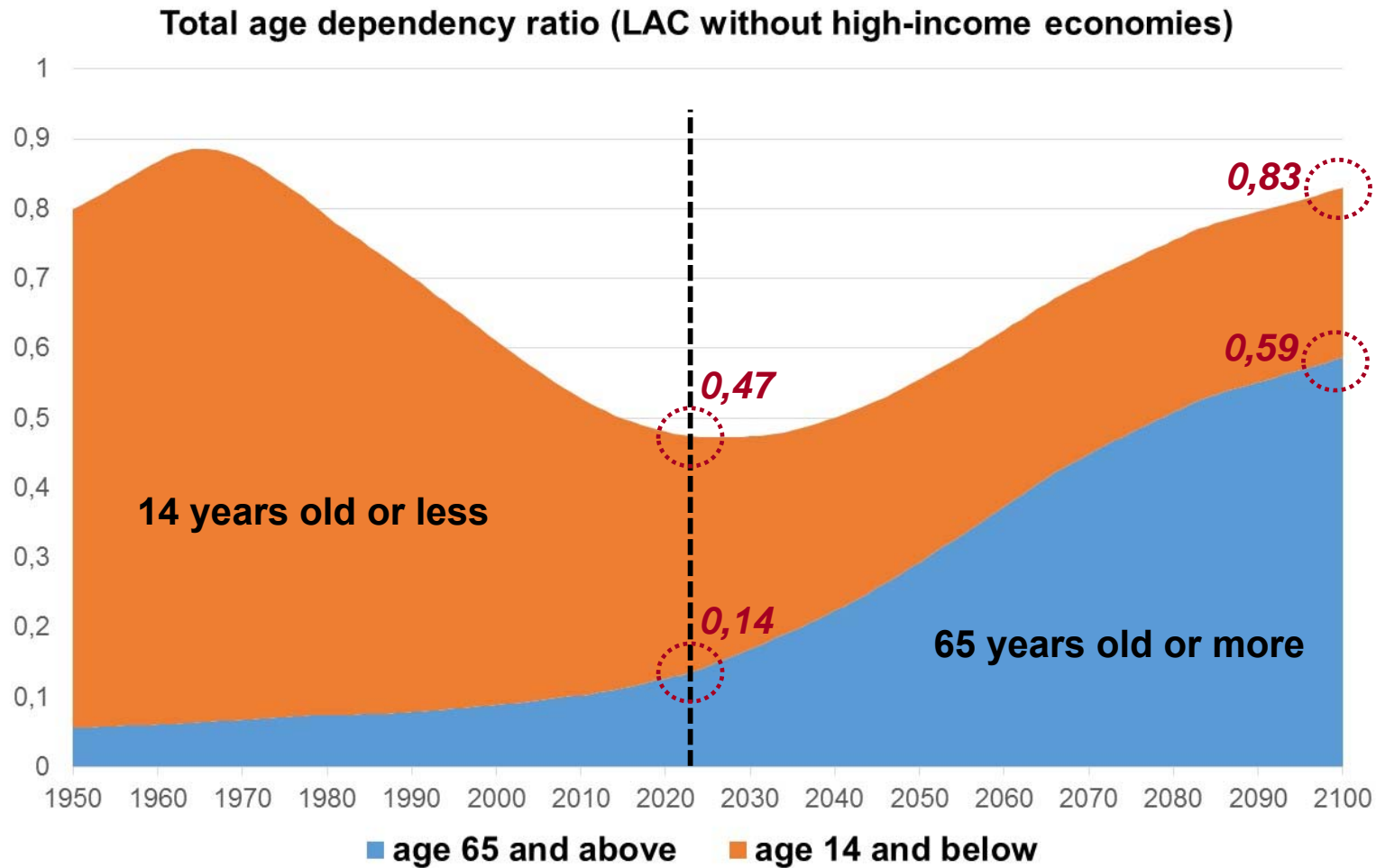
4. Climate change



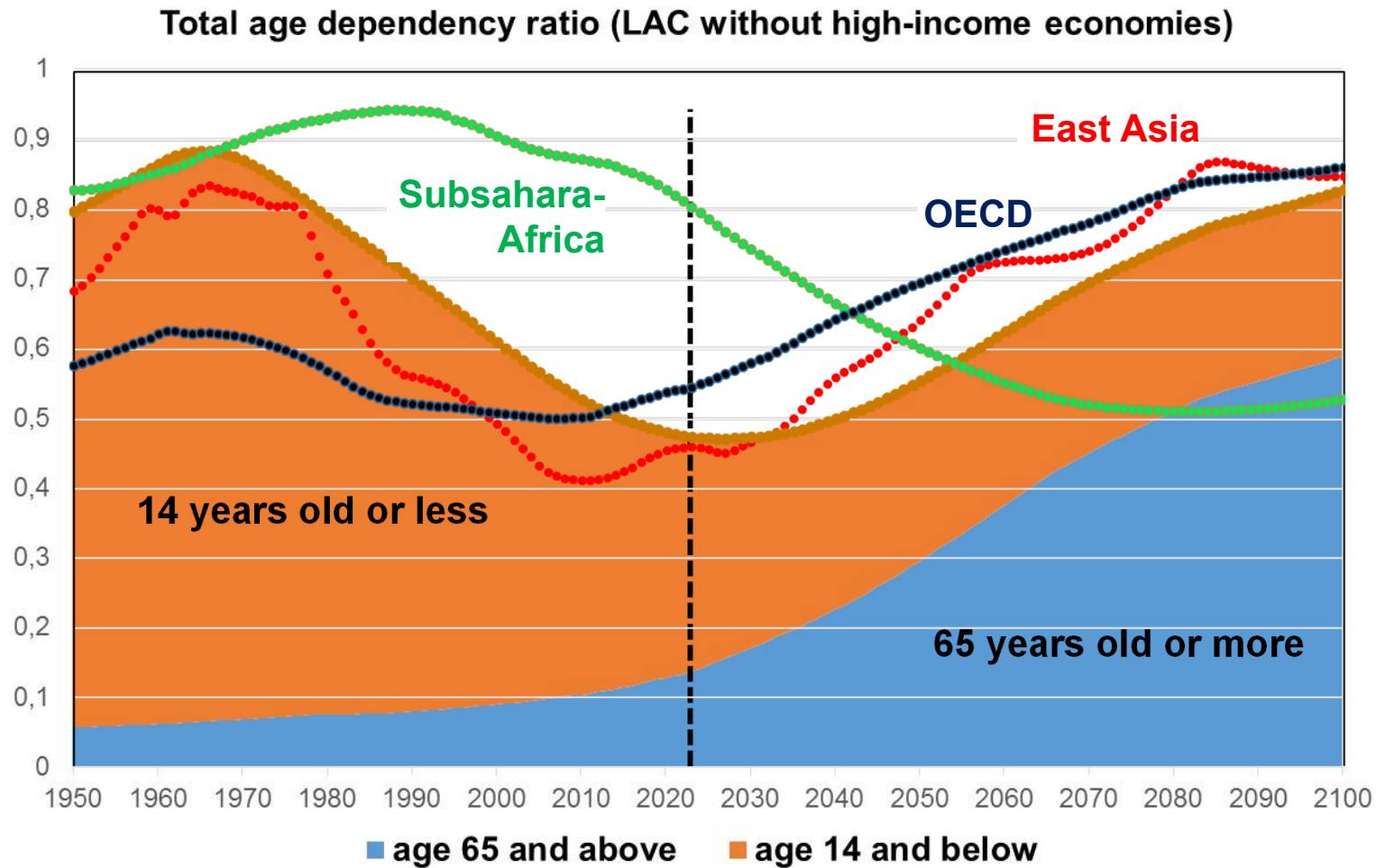
1. Demographic change



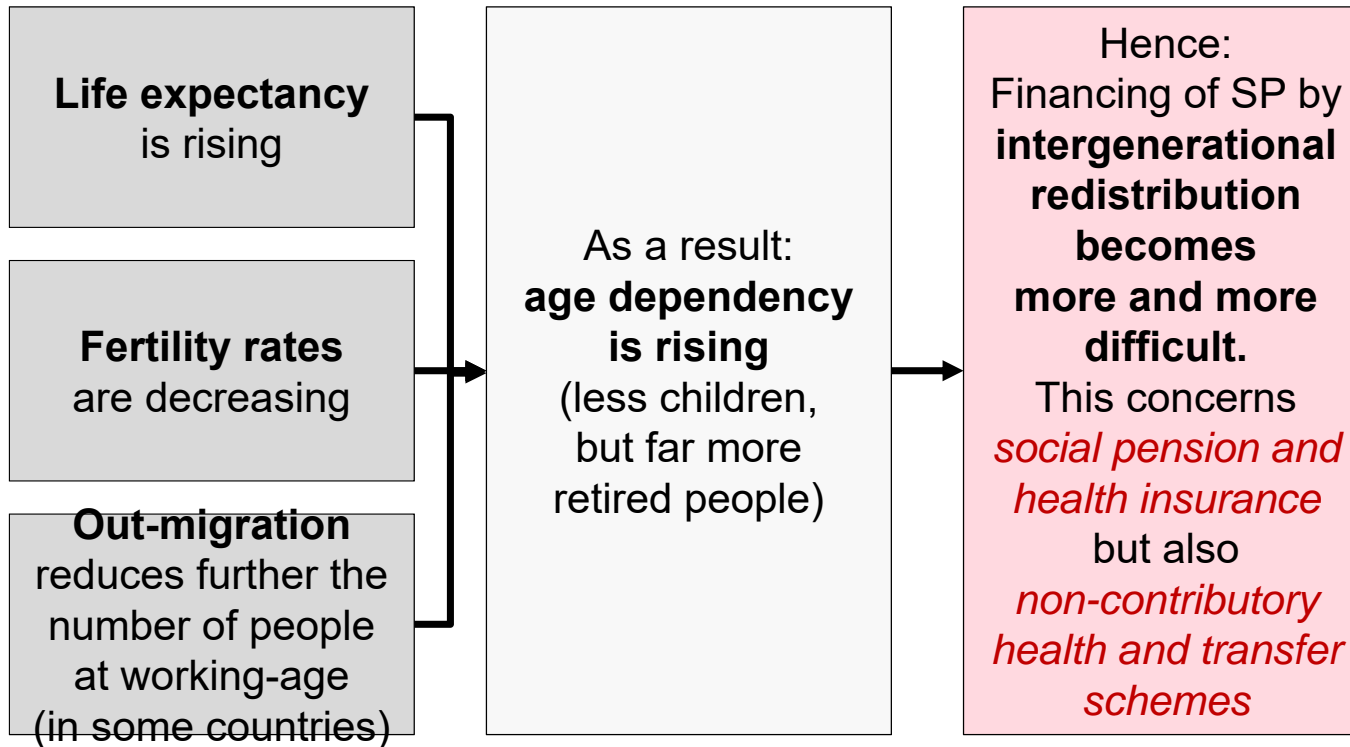
1. Demographic change



1. Demographic change



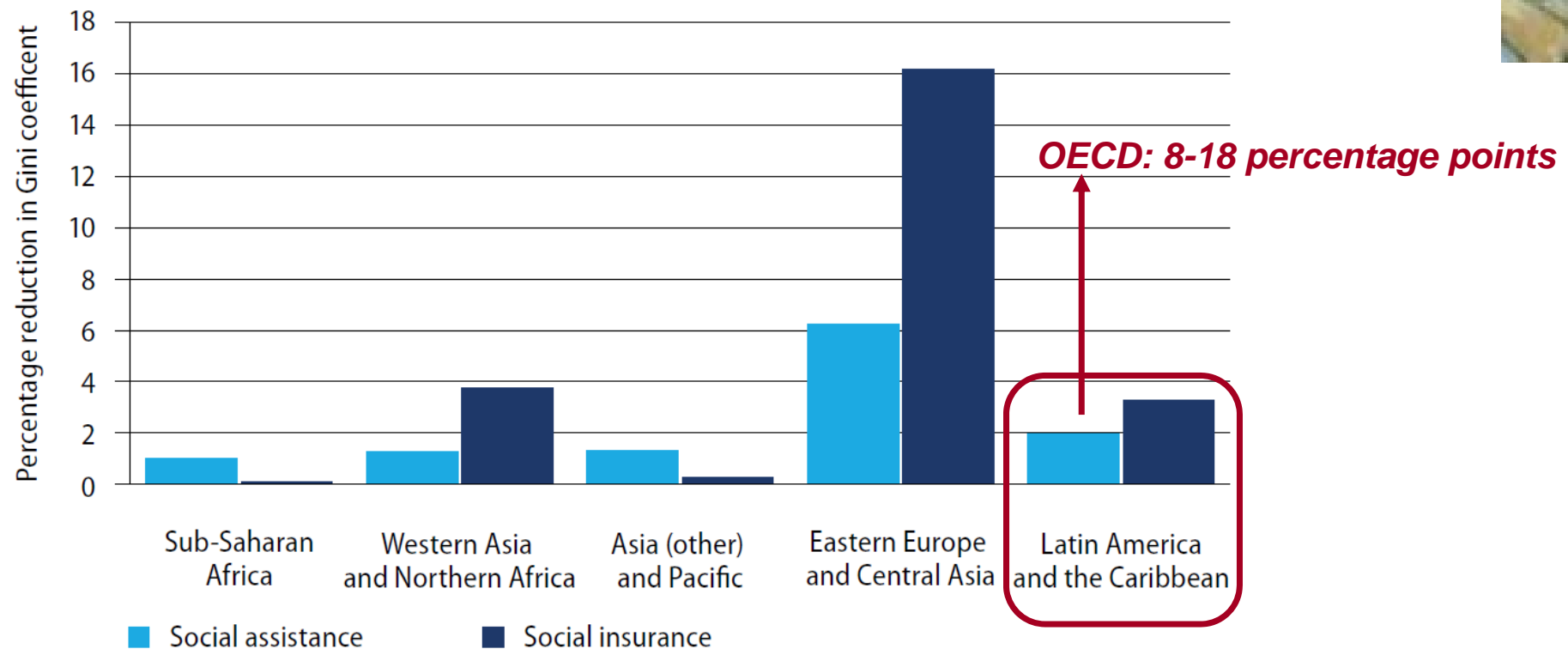
1. Demographic change



1. Demographic change

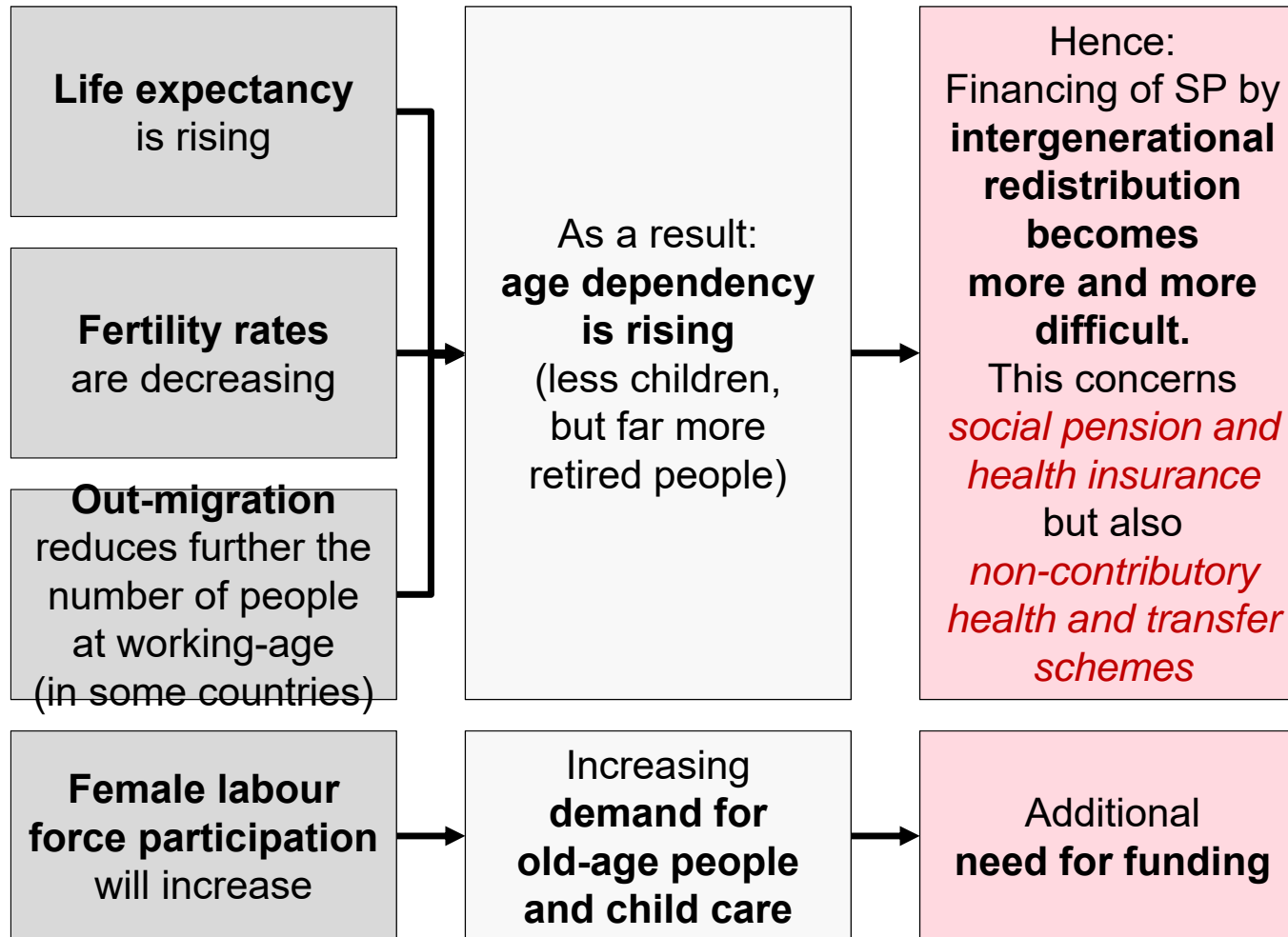


Impact of social insurance and social assistance programmes on the Gini coefficient in selected regions

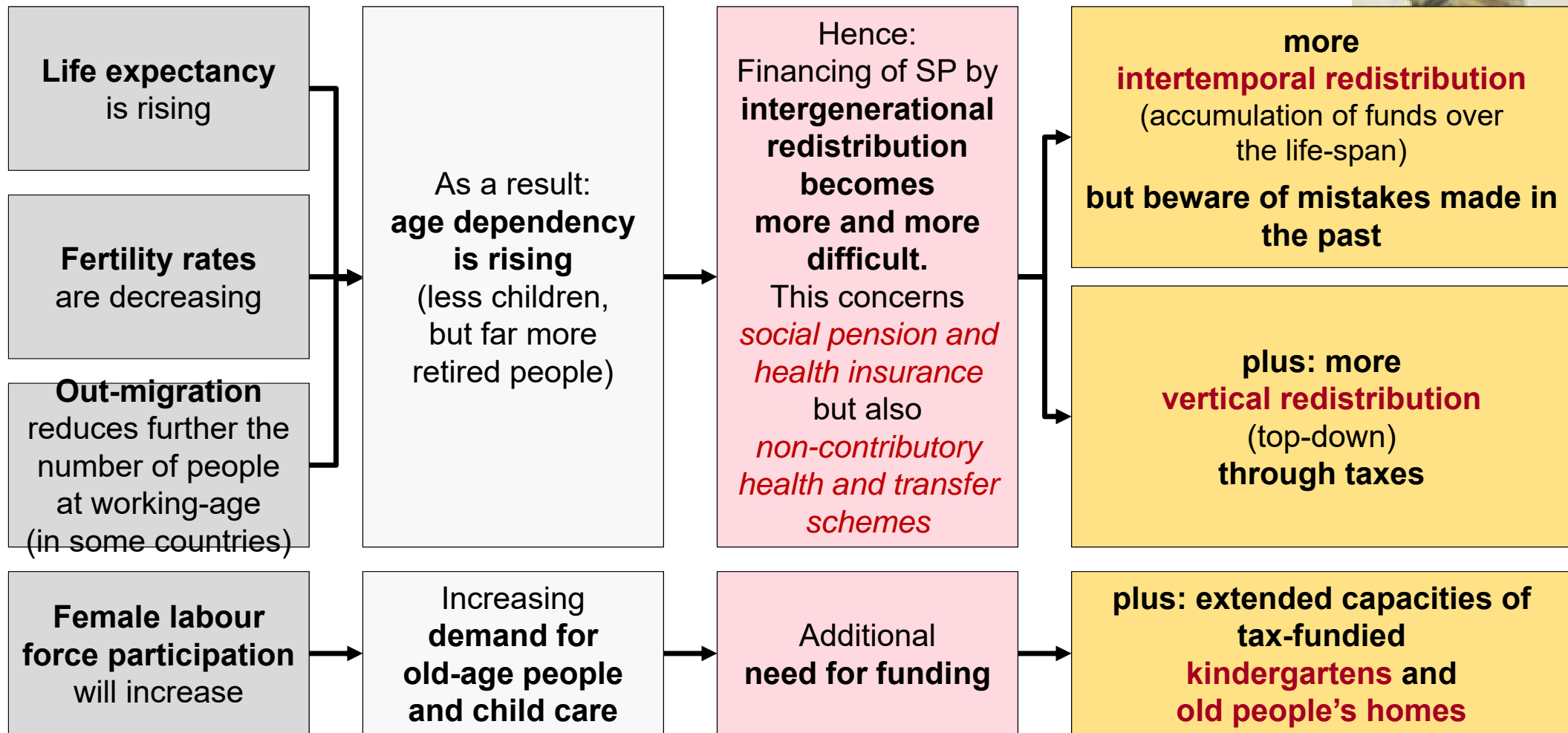
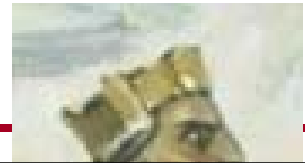


Source: World Bank, The Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE) database, table 5. Available from <http://datatopics.worldbank.org/aspire> (accessed 14 November 2017).

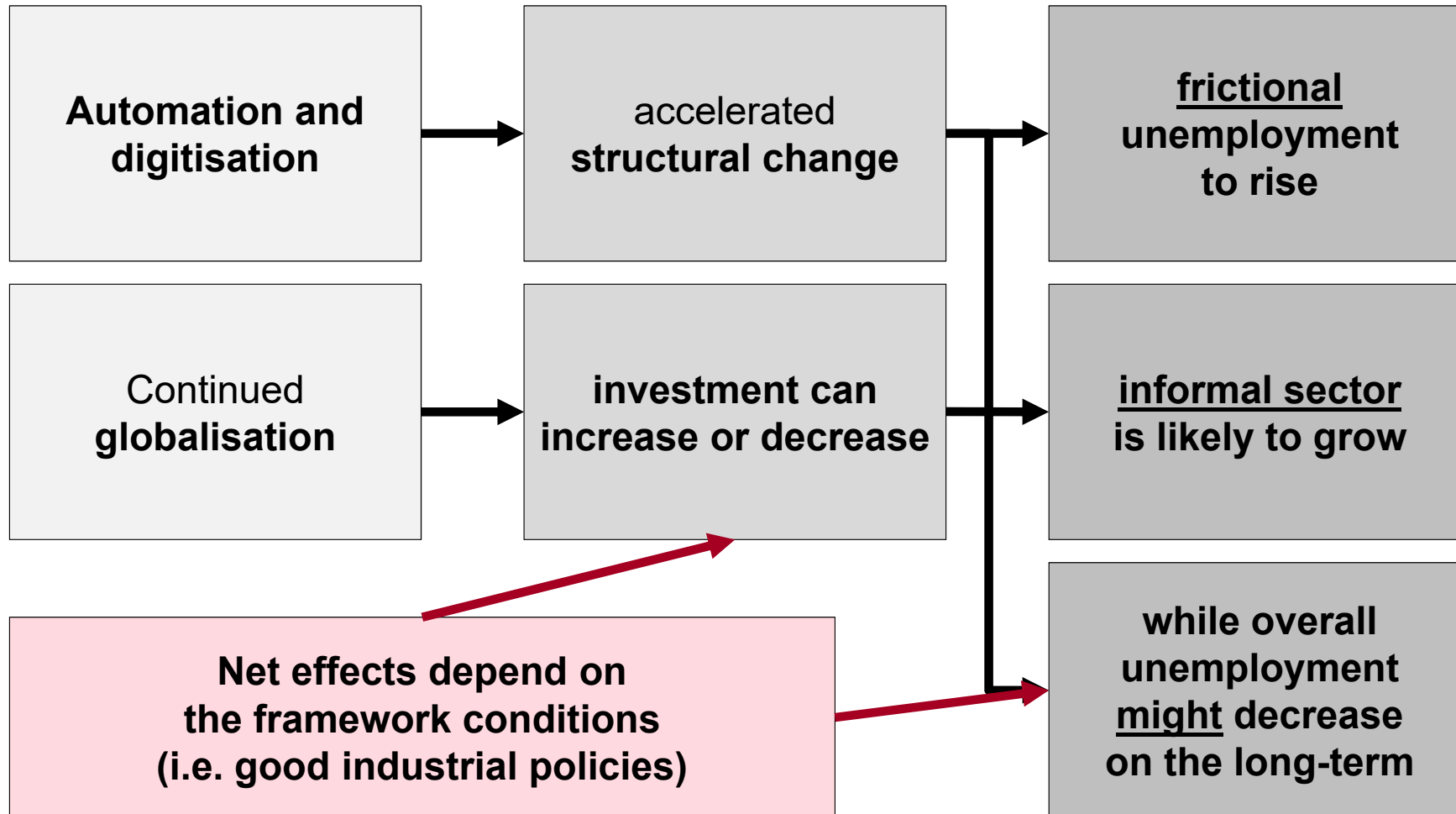
1. Demographic change



1. Demographic change



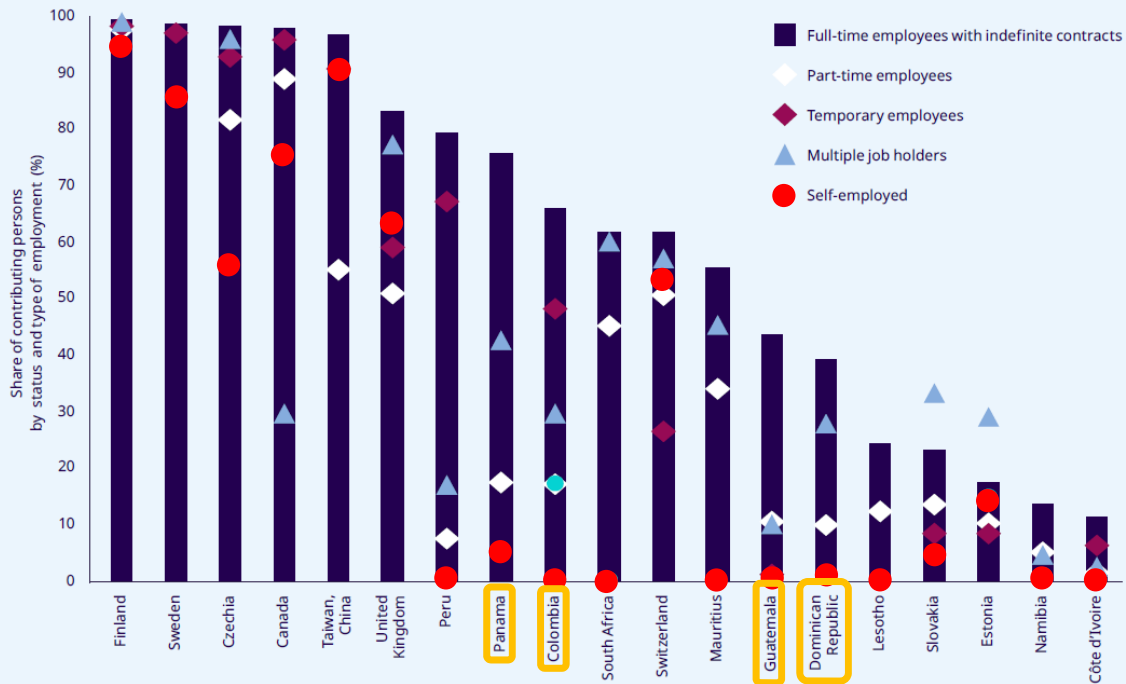
2. The uncertain future of work



2. The uncertain future of work



► Figure 2.6 Share of persons in employment who contribute to a social insurance scheme, by status and type of employment, selected countries, latest available year



Note: Multiple job holders are defined as employed individuals holding multiple simultaneous jobs (wage employment and/or self-employment).

Sources: ILO calculations based on Luxembourg Income Study (LIS) database (<http://www.lisdatacenter.org>, multiple countries; 2007–18) and national household surveys.

Link: <https://wspr.social-protection.org>.

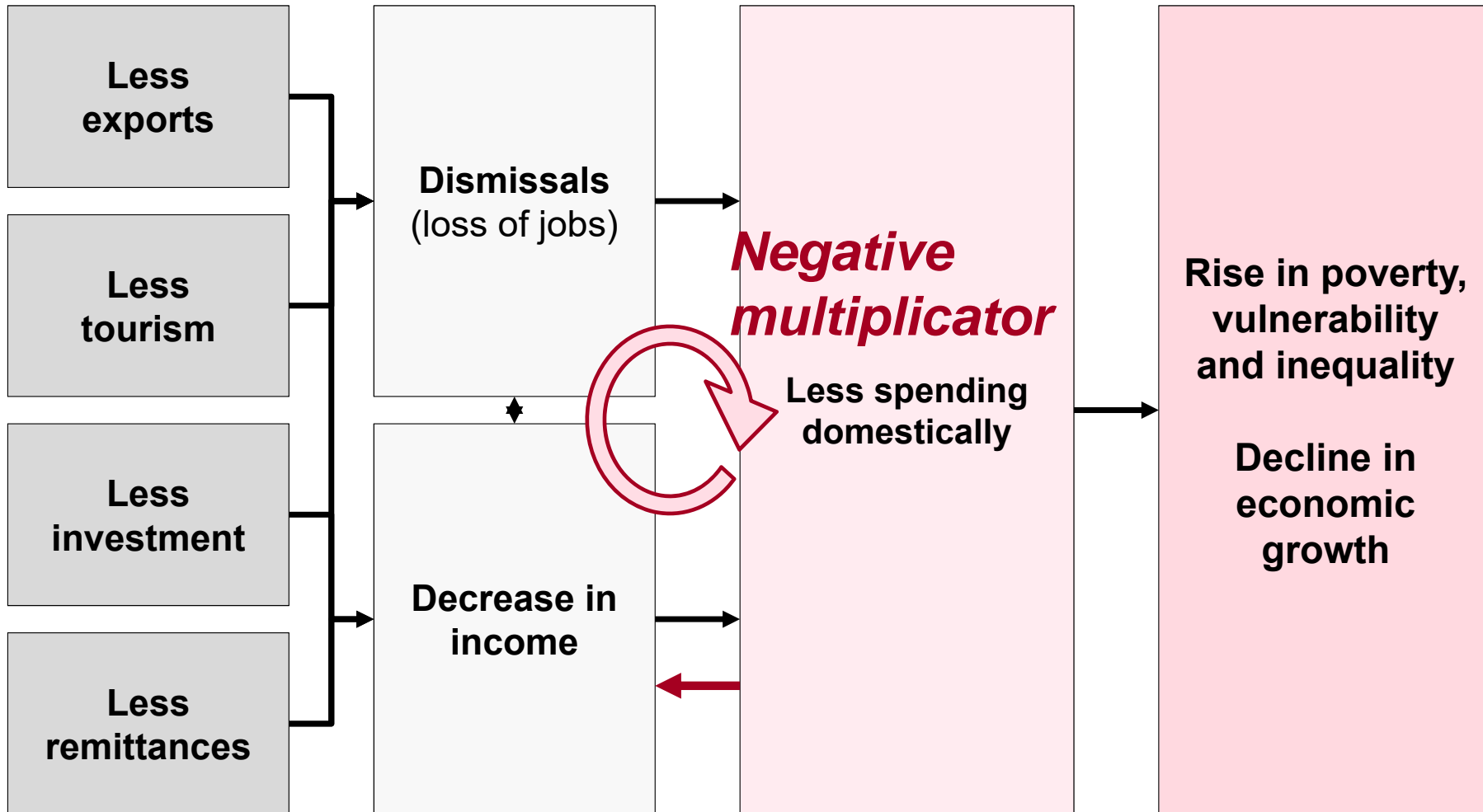
design social protection schemes that do not build on formal relations e.g. tax-financed social insurance programmes (following the examples of the Scandinavian countries)

3. Macro shocks



- **Economic crises:** Asia crisis (1997-1999), Global Financial and Economic crisis (2008-2009), economic crisis due to Covid19 (2020-2022)
- **Commodity supply and price crises:** FFF crisis (2006-2007), price hikes because of Russia's aggression in Ukraine (2022)
- **Pandemics:** Spanish flu (1916), Covid19 (2020-2022)
- **Flight and migration waves:** Cuba (1959-), Viet Nam (1960-70), Syria (2011-), Ukraine (2022-)
- **Natural disasters:** earthquake in Turkey and Syria (2023), El Niño (1997-98), flash floods in Chile (2015), river flood in Ahr Valley, Germany (2021)
- **Climate change-induced extreme weather events:** hurricane Katrina (2005), extreme drought in Northern Italy (2022), Uruguay river basin floods (2017), heatwave in Europe (2019), South Amazon drought (2010)

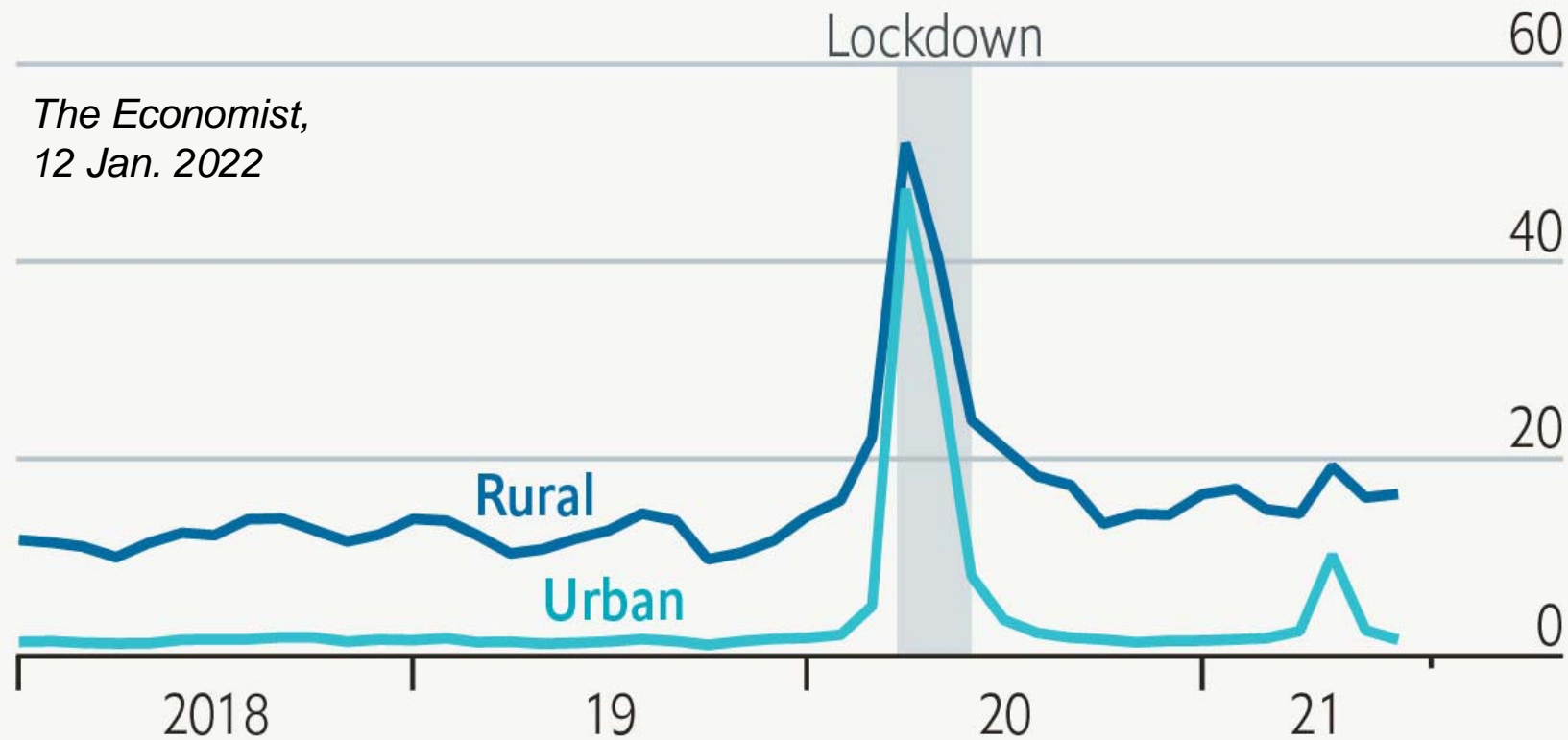
3. Macro shocks: e.g. global economic crisis 2008-09



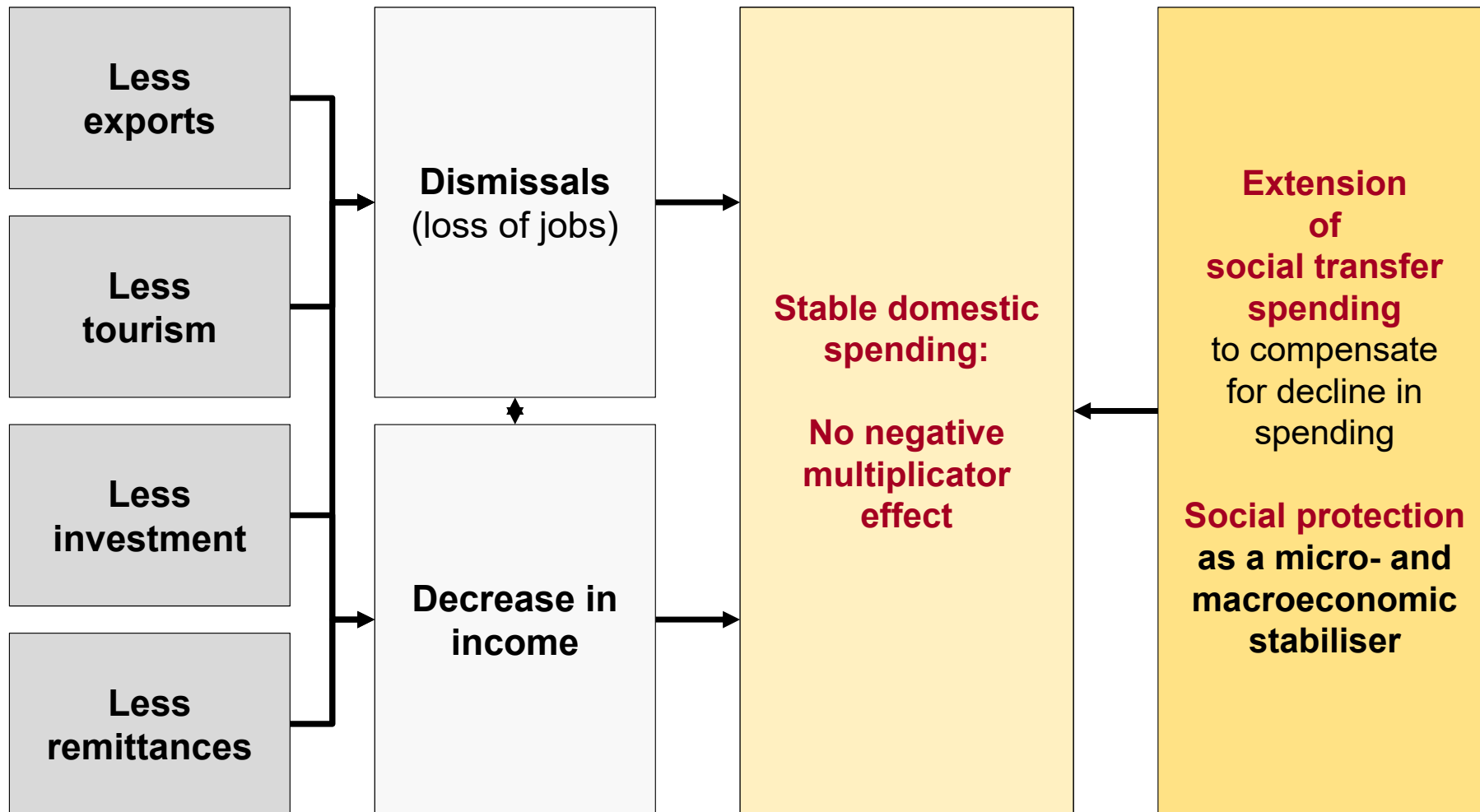
3. Macro shocks



Share of people in India in extreme poverty, %



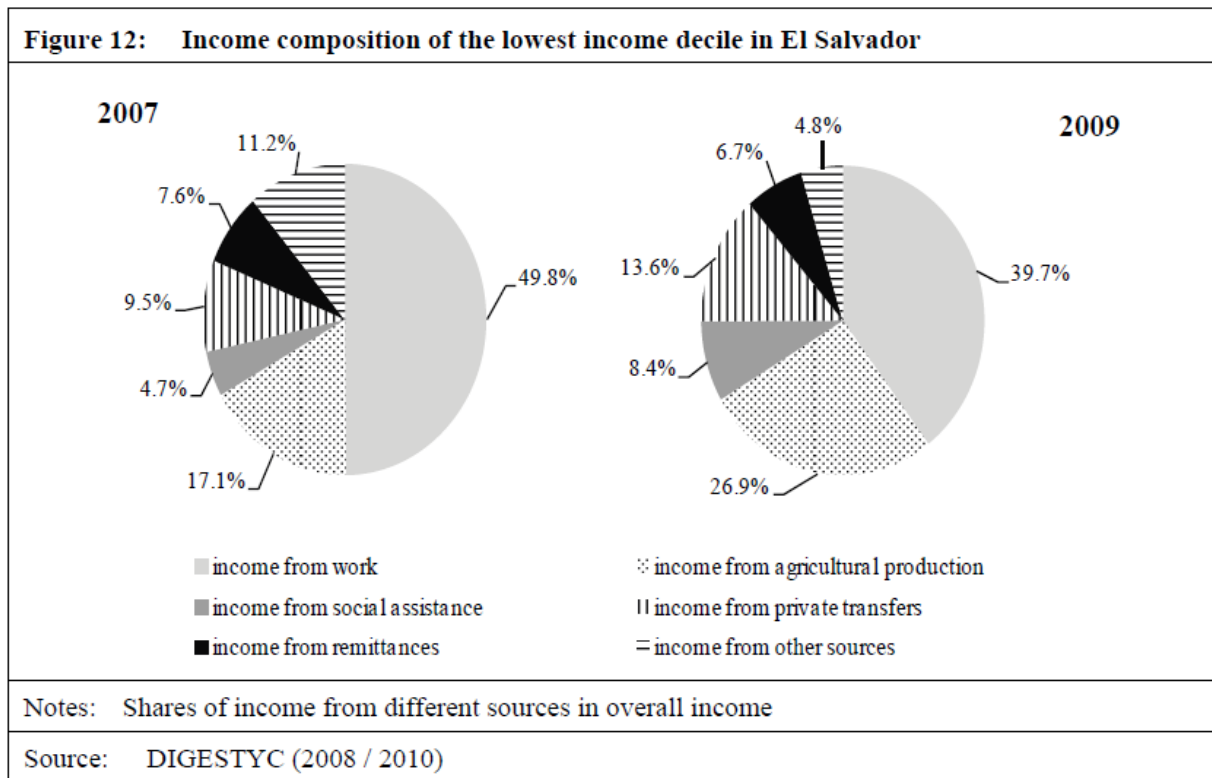
3. Macro shocks: e.g. global economic crisis 2008-09



3. Macro shocks



Impact of the Global Financial and Economic Crisis on six countries 2007-2009



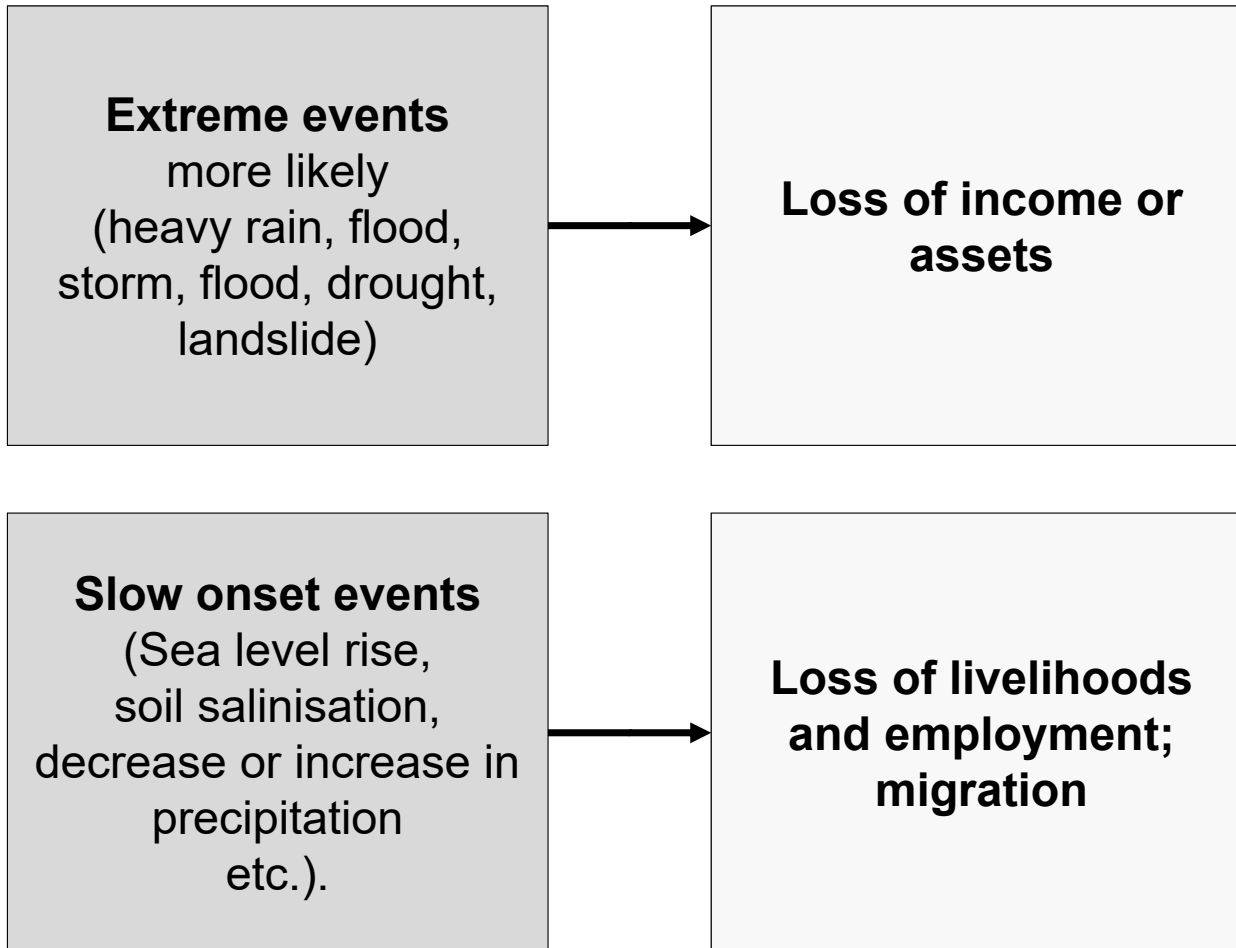
In general:

Countries can respond more quickly to macro crises if they have social transfer programmes in place at the onset.

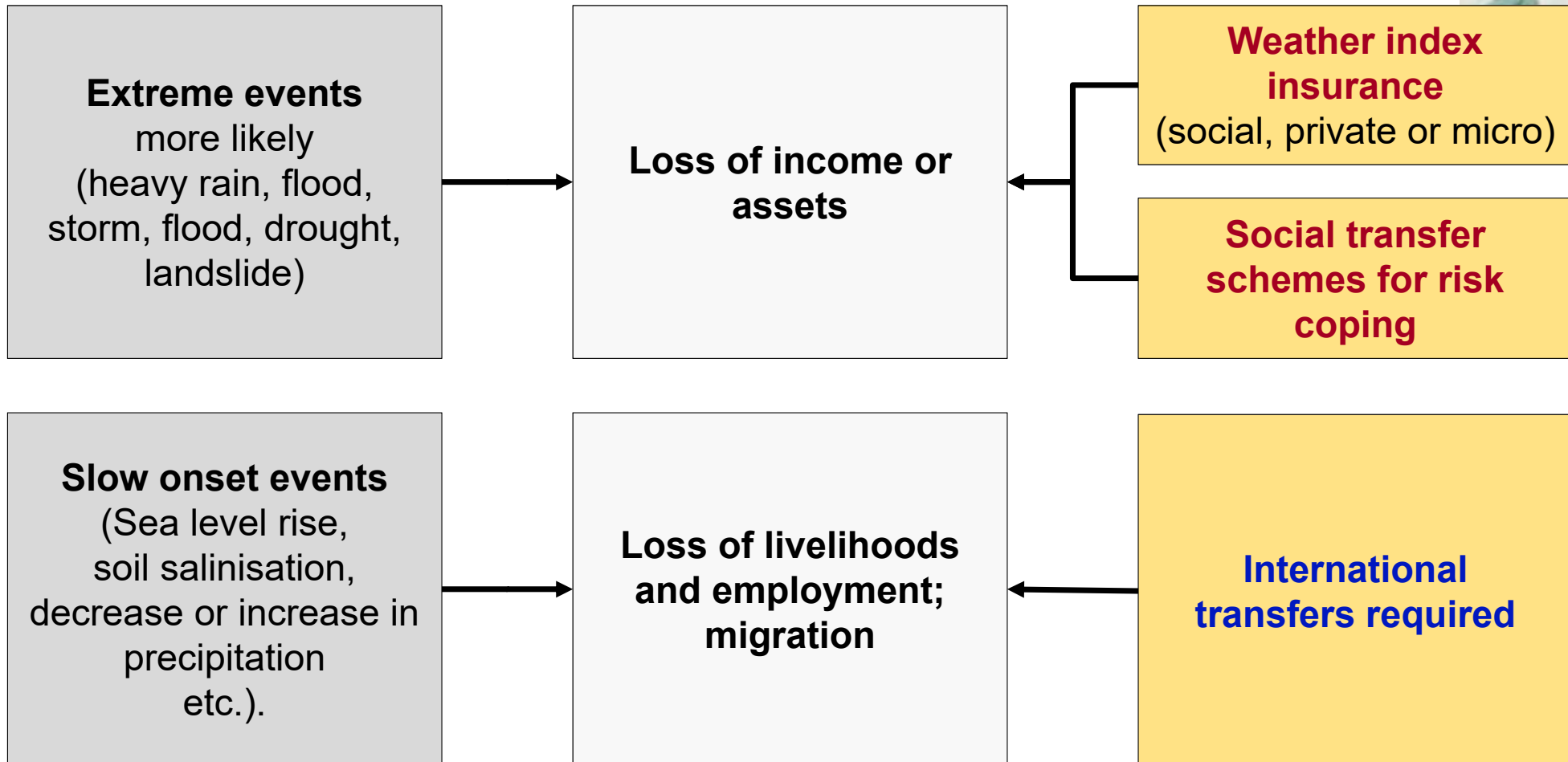
They then only need to pump additional money into these programs and can cushion the crisis even before it has fully infected the country in question.

This was also demonstrated in the Covid19 pandemic

4. Climate change



4. Climate change



- **Shift somewhat from intergenerational to intertemporal redistribution**
 - to master the **demographic change**
 - to cover **additional (mainly natural) risks**
- **Extend vertical redistribution through taxes and transfers**
 - to master the **demographic change**
 - to cover better **people in the informal sector**
(“tax-financed social insurance” like in Scandinavian countries)
 - to be **prepared for micro- and macro-economic stabilisation after macro-shocks**
 - to provide for **sufficient and free basic health care everywhere during pandemics**
 - to extend **capacities of kindergartens and old people’s homes**, financed by taxes
- **International community: provide international transfers**
covering the effects of **slow onset events that are related to climate change**

- Aleksandrova, M. / C. Costella (2021): **Reaching the poorest and most vulnerable: addressing loss and damage through social protection**, in: Current Opinion in Environmental Sustainability (50)
- Aleksandrova, M. (2019): **Principles and considerations for mainstreaming climate change risk into national social protection frameworks in developing countries**, in: Climate and Development Vol. 12(6)
- Betz, J. (2021): **Globalisation**, in: E. Schüring / M. Loewe (eds), Handbook on Social Protection Systems, Cheltenham: Edward Elgar
- Costella, C. et al. (2021): **Social protection and climate change: scaling up ambition**, London: DAI Global
- Gassmann, F. (2021): **The future of work**, in: E. Schüring / M. Loewe (eds), Handbook on Social Protection Systems, Cheltenham: Edward Elgar
- Gehrke, E. (2012): **Short-term effects of the global economic and financial crisis on households in three developing countries: the cases of El Salvador, Tajikistan and Cambodia**, Discussion Paper 11/2012, Bonn: German Development Institute
- Gentilini, U. et al. (2020): **Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures**. Washington, DC: World Bank
- Loewe, M. (2010): **New approaches to social protection: microinsurance**, Briefing Paper 8/2010, Bonn: German Development Institute
- Loewe, M. / Y. Deblon (2012): **The potential of microinsurance for social protection**, in: C. Churchill / M. Matul (Hrsg.), Protecting the poor: a microinsurance compendium Vol. II, Geneva: International Labour Office and Munich Re Foundation
- Loewe, M. / E. Schüring (2021): **Introduction to the handbook on social protection systems**, in: E. Schüring / M. Loewe (Hrsg.), Handbook on Social Protection Systems, Cheltenham: Edward Elgar
- Loewe, M. et al. (2020): **Community effects of cash-for-work programmes in Jordan: supporting social cohesion, more equitable gender roles and local economic development in contexts of flight and migration**. DIE Studies 103, Bonn: German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)
- Malerba, D. (2021): **Climate change**, in: E. Schüring / M. Loewe (eds), Handbook on Social Protection Systems, Cheltenham: Edward Elgar
- Woodall, J. (2021): **Demographic change**, in: E. Schüring / M. Loewe (eds), Handbook on Social Protection Systems, Cheltenham: Edward Elgar
- (2021): **Pandemics and other macro crises**, in: E. Schüring / M. Loewe (eds), Handbook on Social Protection Systems, Cheltenham: Edward Elgar
- World Bank (2013): **World Development Report 2014: Risk and Opportunity – Managing Risk for Development**. Washington, DC: World Bank.

***Thank you very much
for your attention!***

Markus.Loewe@idos-research.de

German Institute of Development and Sustainability (IDOS)

Tulpenfeld 6
D-53113 Bonn

Telefon +49 228 94 927-0
Telefax +49 228 94 927-130

www.idos-research.de/markus-loewe

