

# Operationalizing the New Social Contract at the Country Level: Sharing Experiences of Leveraging UN Standards for Transformative Economic Change

WORKSHOP - DAY 3 - 7 MAY 2021

SUMMARY OF THE DAY



SESSION  
5

## **Identifying opportunities for collaboration and overcoming obstacles to strengthen the UN's joint impact**

Working together to strengthen impact, including by integrating priorities into the new generation CCAs and CFs

### **Key questions addressed:**

- ➔ **Can UN entities collaborate better for more integrated planning, programming and advocacy critical for the new social contract, including integrated these priorities into CCA/CFs?**
- ➔ **How are we bringing all stakeholders to the table (government, multilateral institutions, CSOs and the private sector) for collective visioning, planning, programming and advocacy?**
- ➔ **What are the opportunities and challenges therein as well as existing capacities and synergies to strengthen impact in the economic sphere?**

"Many countries are facing a perfect storm of high inequality, high poverty and high debt levels, and face the potential of greater political polarisation and social unrest. Now more than ever, the UN must play a role as a broker and convener, working together to build consensus around a new social contract, grounded in the UN's normative values. Social protection will be critical in this effort and must be seen not as an unnecessary expenditure but as an investment for social and economic stability."

**- Moderator of the session, Vinicius Pinheiro, ILO, Regional Director for Latin America**

## Country Example:

### Zambia, OHCHR

The COVID-19 pandemic lays bare the precarious fiscal situation of low- and middle-income countries and the fiscal constraints they face to adequately respond to the public health crisis and ensure the general well-being of their populations, while servicing multilateral, bilateral and private sector debt. Zambia has a debt level of app. \$12 billion, half of which comes from private creditors. The country has also defaulted on its Eurobond and is in debt distress, while Zambians are facing rising unemployment and food prices, with annual inflation increasing by 25%. From a human rights based macroeconomic point of view, fiscal space is essential for social spending to protect economic and social rights for all. The presentation highlighted experiences of inter-agency collaboration for more integrated analysis, programming and advocacy that is critical for the new social contract as well as the opportunities and challenges therein.

## Country Example:

### Argentina, RCO

In middle-income countries, such as Argentina, social integration represents a fundamental value and an essential ethical principle from the point of view of human rights. From an economic point of view, the costs of social exclusion and the consequent social tensions are very high and generate huge losses in potential – and much needed – increases in productivity. These may hamper and/or slow down substantially the recovery from the sanitary and socio-economic crisis generated by the COVID-19 pandemic. The case of Argentina shows that the UN system can play a critical role in laying the foundation for a new social contract, which places equality and sustainability at the center of development. In particular, the UNCT provided concrete and tangible support to the newly created Economic and Social Council, responding to the need for rethinking the current development model and reaching consensus on new national development priorities; as well as to the PAMPA 2030, a multi-stakeholder organization that seeks to disseminate the SDGs and monitor progress towards the 2030 Development Agenda, gathering together representatives of more than twenty NGOs, unions and academic institutions in a space of dialogue, collaboration and articulation.

## Country Example:

### West Africa, ILO

Over the past three decades, trends of persistent poverty, inequality and informality, together with privatization, have affected trust in the State and weakened social cohesion. In this context, social protection remains a solid instrument for renewing the social contract. However, still today, only 45 percent of the global population has access to social protection. Closing the social protection gaps requires further investments. Because of limited resources to cope with all development priorities, many countries, including in West Africa, instead of building universal and comprehensive social protection systems, established limited “safety nets”, often driven by external funding. The COVID-19 crisis highlighted once again the relevance of the principles embedded in international standards, including in the ILO Social Protection Floors Recommendation, 2012 (No.202), such as universalism, State overall responsibility, collective and sustainable financing, and social dialogue. The ILO, together with UNICEF and the Global Coalition for Social Protection Floors, and with support of the EU, currently implements a global programme that aims at improving synergies between social protection and public finance management, applying these principles. The programme is active in 18 countries where strategies for extending coverage to workers in the informal economy are explored, as part of the discussion to increase sustainable financing for social protection. Within the UN country frameworks, it is primordial to continue promoting systemic approach to social protection, including the establishment of a social protection floor in all countries, which combines both contributory and non-contributory mechanisms, as the strategy to achieve the SDG target 1.3 and Universal Social Protection by 2030.

## Country Example:

# Southern Cone, Latin America, ILO

The countries in the Southern Cone of Latin America have different levels of installed capacity, political configurations, fiscal space and require different types of support from the UN when it comes to promoting social protection from a public finance perspective. Within the context of ILO's experience collaborating with other agencies and governments to support Chile, Paraguay and Uruguay, the presentation focused on:

- (i) building consensus around a definition of social protection and what a social protection system ought to look like, within the UN system and with the respective government and social partners;
- (ii) identifying and strengthening key social protection/public finance actors;
- (iii) establishing partnerships with these actors to define projects jointly; and
- (iv) visualizing and having a specific line of work towards long term sustainability, while engaging Ministries of Finance, Social Development and Labour.

## Country Example:

# Cambodia, OHCHR and UNDP

Many middle- and low-income countries, including Cambodia, are in the midst of navigating the economic impacts of the COVID-19 pandemic. The garment and tourism sectors in Cambodia, which are significant for employment as well as revenue generation are on the verge of collapse. Access to food, health services and social protection are both necessary and urgent, particularly for low-income Cambodians and those within the informal sector. The pandemic is laying bare persistent and growing economic inequalities as well as patronage and corruption – all of which erode trust and contribute to the retrogression in the enjoyment of economic and social rights. The presentation highlighted the value add of the human rights based approach in the UN's development programming and planning, within the context of our work with the UNCT, as well as opportunities and challenges therein.

*Challenge in the economic sphere is balancing HR norms with the reality of scarce resources. HR experts need to learn economic thinking and economists need to learn about HR perspective.*

*UN is unique in being grounded in the normative values of the UN Charter – we need to leverage that!*

*Strengthen dialogue and partnership with IFIs since UN does not inject money*

*Human rights are still not widely recognized as relevant issue or principle in economic policy discussions, even within UN*

*Need to develop common position on austerity measures and social protests*

*Lack of ESCR expertise*

*The UN must jointly counter the IMF narrative, grounded in the normative values of human rights*

*Link economic and social rights with macroeconomic policies and decision making on loans*

*Serious reform of international financial architecture to give presence and voice to developing countries in decision-making*

*More joint UN advocacy with Gov and IFIs on economic policies*

**“What are the key opportunities and challenges to strengthen UN impact in the economic sphere?”**

*More effective inclusion of the expertise of HR mechanisms (Int and regional) in the definition of CCA and UNSCF*

*Demonstrate to governments the linkages between ESCR and protest – one of many reasons we need a new social contract*

*Network of UN economists working together with UN human rights advisers*

*Incorporate macroeconomic analysis with a human rights lens in UNCT discussions, project proposal and grant making to benefit the population with whom we work.*

*Strengthen collaboration between the new RCO economists and all the UN agencies for more joint activities and advocacy*

*Sometimes, there is competition for funds/image amongst UN agencies, weakening collaboration for the common good*

*We need more Human Rights advisors who can engage with the rest of the UN system in country, to jointly influence policy*

*The value added of the UN is that we can foster a comprehensive view of development, where economic advice goes hand in hand with advice on social and environmental policies*

*Recognition beyond OHCHR that HR standards can guide economic policy*

*Refining ESCR principles and concepts such as max available resources with operational knowledge and practice*

*More practical understanding on how to use UN norms and standards*

*Fighting for resources*

**Where do we take it from here?**

Looking forward.

"Economists sometimes seem to suggest that poverty and inequality are inevitable - there is a tendency to focus on prosperity first, human rights later. But the COVID -19 pandemic is showing us how socially and environmentally unsustainable our economic model is. We need to build more socially inclusive and sustainable economies – that is the promise of the UN. DCO can help to knit together the formidable expertise we have from across the UN system to advocate as One UN. We must strengthen our capacity and link our normative and policy work to engage credibly with governments and IFIs on a human rights based approach in the economic sphere."

**- Rosemary Kalapurakal, DCO Deputy Director**

"As the many country experiences discussed have shown, the human rights framework, labour standards, gender equality provide us with a critical compass to realise the new social contract. They can help us guide countries on how to best navigate the hard economic choices and trade-offs they are facing and will continue to face in the coming years. We are now seeing much greater inter-agency collaboration at the country level on joint analysis and joint advocacy and it will be useful to establish a community of practice on a human rights-based approach to economic policy-making. OHCHR will continue to contribute through Surge initiative including its team of economists to promote economic, social and cultural rights and a human rights-based approach to macroeconomics, in line with the recommendations of the UN human rights mechanisms and the SDG framework."

**- Peggy Hicks, Director, Thematic Engagement, Special Procedures and Right to Development Division of OHCHR**

"During the COVID-19 crisis, women and girls across the world have been disproportionately affected, including in job losses, income insecurity, impacts on the care economy as well as the shadow pandemic of violence. For the recovery and a sustainable future for all, we need to pull together as One UN to move beyond rhetoric to reality, reforming macroeconomic frameworks and redefining fiscal space to ensure they respond to our human rights mandate, including labour rights and gender equality, keeping in mind the 'macro-criticality' of the care economy and the environment and climate, including in our strategic engagement with the international financial institutions."

**- Seemin Qayum, Acting Chief of Economic Empowerment, UN Women**

"This workshop has underlined the artificial separation between economic and social policies. Investments in social protection have significant economic impacts, not least to strengthen aggregate demand through counter-cyclical policies in times of crisis – which shows the 'macro-criticality' of social protection. At the same time, it is clear that economic policy always has a social content and social implications. Macroeconomic policies that are considered 'sound' in the sense of balancing the budget, can be unsound if they destroy human capabilities and capacities. We need to go beyond narrow metrics of balanced budgets and GDP growth, and measure the performance of economic policies in terms of their success at securing social protection and human rights standards."

**- Shahra Razavi, Director Social Protection Department ILO**

"Global inequality is not only about unequal incomes but more about disparities of opportunity that exacerbate poverty and reduce upward mobility. It is critical to connect the macro level and the more micro and local level reality in order to address structural challenges in our economies. We need to be aware of new vulnerable groups, including those pushed into poverty by the pandemic, and those on the wrong side of the digital divide. It is imperative to come together at this critical juncture to learn from the past, invest in human development and build forward better for a truly transformative impact."

**- Mansour Ndiaye, Director Inclusive Growth Team, UNDP**



# Participatory Open Brainstorming of Key Takeaways and Next Steps

## Key Take-Away Points

**1.** Historic turn: we have a generational opportunity to re-build forward better  
- Immense risks and challenges: divergent recoveries, debt distress, shrinking of fiscal space

**2.** The building blocks of a new social contract:  
- Inequality at the heart of economic analysis & advice  
- Increasing social spending  
- Stepping up domestic revenue generation

**3.** Inequality requires a better focus on centering people in economic policymaking:  
- Prioritizing disaggregation over aggregation at the macro and micro levels.  
- Understanding distribution and redistribution.  
- Moving beyond averages to prioritizing the median.

**4.** Increasing investment in the social sectors:  
- Renewed collaboration with govt and IFIs over advice on public budgets.  
- Joint advocacy with govt counterparts to influence HR and gender based budgeting.

**5.** Stepping up domestic revenue generation:  
- Prioritizing Public expenditure.  
- Progressive taxation  
- HRBA financing strategies  
- Innovative financing

**6.** Human rights-based economics require: transparency, accountability, protecting space for social dialogue, scrutiny and accountability.

**7.** Key to step up our game: Values and norms are our comparative advantage – int. standards provide an essential compass to build the new social contract to navigate the economic crisis and difficult economic choices/trade offs  
Key: mobilize political will on public expenditure!

**8.** Stronger and more impactful if we work together: joint analysis /advocacy to leverage state's HR obligations . Priority: reinforce inter-agency collaboration in CCA/CF, engagement with the IFIs, etc.

**9.** Better disseminate tools and guidance internally and have them used by other UN agencies

**10.** Pursue sharing of experiences and inter-agency reflection on the building blocks of a new social contract.

*I'd add to point 4 the need to engage with Budget Commissions within Parliaments/ with Parliamentarians in the social sectors as they would support and approve budgets, changes in taxation, and also exercise the important point of regulation and fiscalization*

*The new social contract is also among the people- Older generations with younger ones; what we can expect from the State at different stages of our lives in terms of health and education, security; etc.*

*Economic rights have been seen as optional- this is a fundamental shift towards prioritizing these rights*

*I don't fully understand why we are talking about a "new" social contract - to me what we've discussed is revamping the social contract. What is new? Can anyone clarify?*

*COVID response is a key opportunity that we need to continue to support which isn't featured in the key take-aways*

*at a macroeconomic level, promoting the priority that the state must have a larger role of social spending and social services*

*Would like to ensure intergenerational issues are included and that children's rights are reflected in approaches to budgeting*

*Create better human space for all of humanity - the perfect storm is waiting to happen - we have to address inequalities.*

*All important but priorities to engage with IFIs and governments in their approaches, WB, etc. with a coordinated UN voice on these issues*

## Next Steps

**1.** Create an inter-agency platform and a community of practice to sustain the sharing of experiences, debate and address policy gaps and offer suggestions on implementing human rights-based economics that build the new social contract. As one of our first and immediate objectives, such network could contribute suggestions to the on-going development of the S-G Common Agenda.

**2.** Organise follow up thematic discussions starting with revenue generation/taxation

**3.** Reinforce inter-agency collaboration at the country level, incl. in the context of upcoming CCA/CF and economic recovery plans as we are probably stronger on joint analysis but we may need to upgrade our ability to conduct joint advocacy – could we select priority countries to join forces incl re engagement with IFIs?

**4.** Produce a report of our discussion, outlining impactful experiences and the HR pathways to a new social contract

**5.** Consolidate all tools and guidance developed on applying normative lens to economics and make them easily accessible in one place

*The idea of this platform would be to have economists, social policy and human rights specialists together*

*There is also the UN Economists Network*

*I think the point also relate to the fact that our office has historically had so few economists, and hence, this multidisciplinary environment was also not there due to a "monopoly of lawyers" in our work.*

*Just to say people working on the Common Agenda drafting are here and really appreciated the discussion and all ideas shared. Very open for further connecting*

*Economists need to listen to people from other disciplines to ensure we get new ideas on the agenda. They have great value for human economics*

*The costs of inaction methodology research can be v impactful*

*We need to invest in the advocacy and good examples. We can invest in resources to do unpacking, peer to peer exchanges, knowledge advocacy - cross-fertilization*

*I'd like to add that, at least in the LAC region, it is very relevant to work with IFIs. Actually in the case of Uruguay they have been suggesting more progressive measures than what the government is implementing.*

*Yes, it will be good to feed these ideas into the SG's ideas on the social contract for the Common Agenda report*

*I think that for the new social contract to work better than the previous, we need a recognition not that human rights standards are more important than economic considerations but that they are equally important and need to be mainstreamed into economic thinking.*

*Facilitate the change with a multi-faceted approach. the role of HQs is to see progress happening in one place and distill it globally. The UN can maximize the opportunity that is presented by this challenge*

*If it does not link to the country programs, it does not link to actionable steps.*

*The UN has the comparative advantage of being neutral when compared with the IFIs. This point can be used more effectively by this attempt. Particularly the linking the IFIs' short-to-medium term agenda with the UN's long term perspective.*

*Yes, it will be good to feed these ideas into the SG's ideas on the social contract for the Common Agenda report*

*On inter-agency collaboration, as UNICEF emphasized yesterday- we need to find ways in which the UN can better leverage UN human rights standards and the multiple tools and methodologies we have developed to support governments in defining meaningful minimum core obligations to protect critical public spending.*

*The work at the national level should continue to be a priority, but I also think it is important that we anchored on that work by also working together at the international level, during negotiations in different processes (including the UNFCCC negotiations, the LDC process, and so many other processes where we could have a bigger impact in creating an enabling environment for human rights in different countries.)*

*We need to prioritize our work with colleagues at the national level. It would be useful to discuss strategic partnerships at particularly countries/regions with RCO economics within the contexts of what the New Social Contract could look like.*

*Prioritizing social spending and joint advocacy with national counterparts for HR and gender responsive budgeting*

*★ = Support received from participants*

## Key Takeaways

- COVID-19 outbreak occurred after decades of austerity policies, which severely reduced budget for social spending.
- Our discussion provided an important review of the building blocks of a new social contract: placing inequality at the heart of our economic analysis and advice. This means increasing investment in social sectors, including health, education, social protection, while stepping up domestic revenue generation for social spending.
- Inequality (in income, gender, race, ethnicity, age, geography, etcetera) requires a better focus on centering people in economic policy-making. We can redress inequality by prioritizing disaggregation over aggregation at the macro- and micro levels. For example, going beyond social spending as a percentage of Gross Domestic Product (GDP) to understanding distribution and redistribution (as necessary) to different regions/communities. Similarly, moving beyond averages to prioritizing the median. For example, the median income is a better measurement of whether and to what extent decent work is present in societies and in different communities.
- Increasing investment in the social sectors. Renewed collaboration with governments and international financial institutions over advice on public budgets. This means moving from analysis to joint advocacy with key government counterparts, including Ministries of Finance, to influence human rights and gender-based budgeting.
- It is equally important to step up domestic revenue generation. We agreed that there is value in reinforcing our joint analysis and advocacy on options for prioritizing public expenditure, progressive taxation and human rights-based financing strategies. This includes, for instance, looking at innovative financing mechanisms, like social bonds and green bonds.
- Human rights-based economics also requires transparency, accountability, protecting space for social dialogue, scrutiny and accountability. These should be key objectives in UN economic strategies.
- Values and norms are our comparative advantage. Human rights, labour standards, and gender equality provide us with an essential compass to build the new social contract. They help us navigate the economic crisis and difficult economic choices and trade-offs. States make legally binding commitments to align national and local budgets with economic and social rights. This is key to mobilise political will on public expenditure (for example, setting priorities, ring-fencing and scaling up social spending). Human rights impact assessments are useful tools to evaluate proposed fiscal and debt consolidation policies to ensure that they do not violate economic, social and cultural rights.
- We will be stronger and more impactful if we work together, developing joint analysis and joint advocacy that leverage state's obligations on human rights, labour standards and gender equality. We should make it a priority to reinforce inter-agency collaboration in Common Country Analyses/UN Sustainable Development Cooperation Frameworks, engagement with the International Financial Institutions, etcetera. One cannot build trust alone – we all have different sets of partners; this workshop shows growing collaboration, which is producing results on the ground. We should continue pursuing this path.
- There is an impressive number of tools and guidance developed by UN entities involved in this discussion that help with normative based approaches to macroeconomics. We need to better disseminate these tools and guidance internally and ensure that they are used by other UN agencies.
- It is important that we pursue sharing experiences and inter-agency reflection on the building blocks of a new social contract. This calls for sustaining an inter-agency platform on human rights-based approaches to economics. Such a platform can help us go deeper into some of the policy discussions (e.g. integrating human rights into definitions of fiscal space, underlining the 'macro-criticality' of human rights, social protection and the environment). It will also give us a space to keep exchanging on strategies and impactful practices, including on the UN's strategic engagement with governments and the international financial institutions

## Next Steps

1

### **Sustain Inter-Agency Collaboration Through a Community of Practice**

*This will sustain the sharing of experiences and help us address policy gaps, while offering suggestions on implementing human rights-based economics that builds the new social contract. As one of our first and immediate objectives, such a network could contribute suggestions to the on-going development of the S-G Common Agenda.*

2

### **Organise Follow-Up Thematic Discussions Starting with Revenue Generation/Taxation**

3

### **Reinforce Inter-Agency Collaboration at the Country Level**

*This includes in the context of upcoming Common Country Analyses/UN Sustainable Development Cooperation Frameworks and economic recovery plans.*

4

### **Produce a Report of our Discussion, Outlining Impactful Experiences and the Human Rights Pathways to a New Social Contract**

5

### **Consolidate All Tools and Guidance Developed on Applying a Normative Lens to Economics and Make Them Easily Accessible in One Place**

## **Thank you for participating in this three-day workshop!**

Should you have any questions, please contact [Marcella Favretto](#) or visiting the [dedicated webpage](#) for this workshop. Our workshop's Miro board summarizes all of your participation and can be accessed [here](#) with the password NewSocialContract

