Brot für die Welt **ANALYSIS** No. 110

Change Course Now!

Only International Justice Can Create Social Security

Mitglied der actalliance

Brot für die Welt

Publisher
Brot für die Welt
Evangelisches Werk für Diakonie
und Entwicklung e. V.

Caroline-Michaelis-Straße 1
10115 Berlin

Telefon +49 30 65211 0
info@brot-fuer-die-welt.de
www.brot-fuer-die-welt.de

Editors Cornelia Wilß, Nicola Wiebe, Mareike Haase, Michael Billanitsch
Responsible according to German press law Jörn Grävingholt
Photos fivepointsix/Shutterstock, title; Hermann Bredehorst, p. 4; Rawpixel.com/Shutterstock, p. 5; Amazing Travel Lifestyle/Shutterstock, p. 13; Lazhko Svetlana/Shutterstock, p. 16; Karin Schermbrucker, p. 20; Ikechi Ugwoeje, p. 23; Karin Desmarowitz, p. 25; Jörg Böthling, p. 26; Helge Bendl, p. 29; Christoph Püschner, p. 30; Ingrid Rousseau/Shutterstock, p. 33; Florian Kopp, p. 34; Thomas Lohnes, p. 37; Ruwan Walpola/Shutterstock, p. 39; Paul Hahn, p. 42; SOS Corpo, p. 43 top and bottom, p. 46; Manolo Bastos/Shutterstock, p. 45; Christof Krackhardt, p. 48; Slavica Stanković, p. 53; Philanthropy, p. 55
Layout Simon Gümpel, Bildlegenden

Donations
Brot für die Welt
Bank für Kirche und Diakonie
IBAN: DE10 1006 1006 0500 5005 00
BIC: GENODED1KDB

Berlin, April 2025

Table of Content

Foreword

Dear reader,
Social security is a human right and a key to combating hunger, poverty and inequality. Social security promotes cohesion in societies. People with social security, and countries with social protection systems, get through crises such as pandemics or natural disasters better. They can also recover more quickly economically afterwards. In view of the increase in extreme weather events due to the climate crisis, the expected refugee and migration movements caused by crises and conflicts and the increasing division of societies, the right to social security urgently needs to be strengthened. That is why Bread for the World in cooperation with its partner organisations is advocating for social protection systems worldwide, in many partner projects as well as in our political work in Europe. In fact, the Federal Ministry for Economic Cooperation and Development has devoted particular attention to promoting social security systems in countries of the Global South in recent years. The task now is to anchor the international commitment to this in the long term and to take a closer look at why progress has been so slow to date.

In the discussion about how social security can also be achieved in countries of the Global South, the focus is usually only on the responsibility of national governments. The negative international influences on the possibility of realising social security, for example in Serbia, Brazil or Sri Lanka, are neglected. Through their policies, Germany and other countries of the Global North contribute to the fact that governments are not in a position to establish social protection systems. Specifically, this involves issues such as tax justice and debt problems, trade policy, patent policies and the recruitment of skilled labour in the social sector. We must also ask how we can push back dominant neo-colonial or patriarchal paradigms that have a negative impact on the development, participation, financial viability and long-term stability of social protection systems. Partners with whom Bread for the World expect us to work together against policies and power structures that reinforce inequality in their countries.

With this journal, we want to contribute to the debate on policy coherence. Our aim is to sensitise political action in the Global North to these challenges. To this end, we shed light on specific topics and raise questions about complex global economic relationships. The answers to these questions will determine how we will live in global solidarity in the future and whether all people will be able to live their lives in social security. We ask precisely: which policies of the Global North, and Germany in particular, impair the expansion of social protection in the Global South? What needs to be changed here in Germany?

Yours sincerely
Dr Dagmar Pruin
President, Bread for the World

Nicola Wiebe

Introduction

Social Protection: National Responsibility in an Interdependent World

"As a member of society, everyone has the right to social security."

(Universal Declaration of Human Rights, Art. 22)

Social security is a human right that is enshrined in the Universal Declaration of Human Rights and in numerous international agreements. With the help of various instruments, such as health and pension insurance, social transfer programmes or active labour market policies, social protection systems help people to protect themselves against life risks such as illness, unemployment or poverty in old age. Social protection thus makes an important contribution to preventing and combating poverty.

Social protection can also create important conditions for the equal participation of all people in economic, social and political life. This enables self-determined processes of change. Social protection can reduce inequality and overcome discrimination based on class and other characteristics such as age, gender, disability or origin. Social protection also contributes directly and indirectly to the realisation of other fundamental goals, in particular food security, health, gender equality and labour market success as well as social cohesion and social peace.

Social security is a human right regardless of class, age, gender or any other identity characteristic.

Unequal Access to Social Protection

Worldwide, 52.4 per cent of the population now has access to at least one social protection benefit, such as a (social) pension, child benefit or social assistance. This represents an increase of almost ten percentage points since 2015. The differences between regions and country groups remain immense: in Europe and Central Asia (85.2 per cent) and on the American continent (68.2 per cent), the population's access to at least one social protection benefit is still above the global average. In Asia and the Arab states, the coverage rate is 53.6 per cent and 30 per cent respectively, while in Africa it is around 19.1 per cent (ILO, 2024). In low-income countries (LICs) worldwide, the figure is only 9.7 per cent.

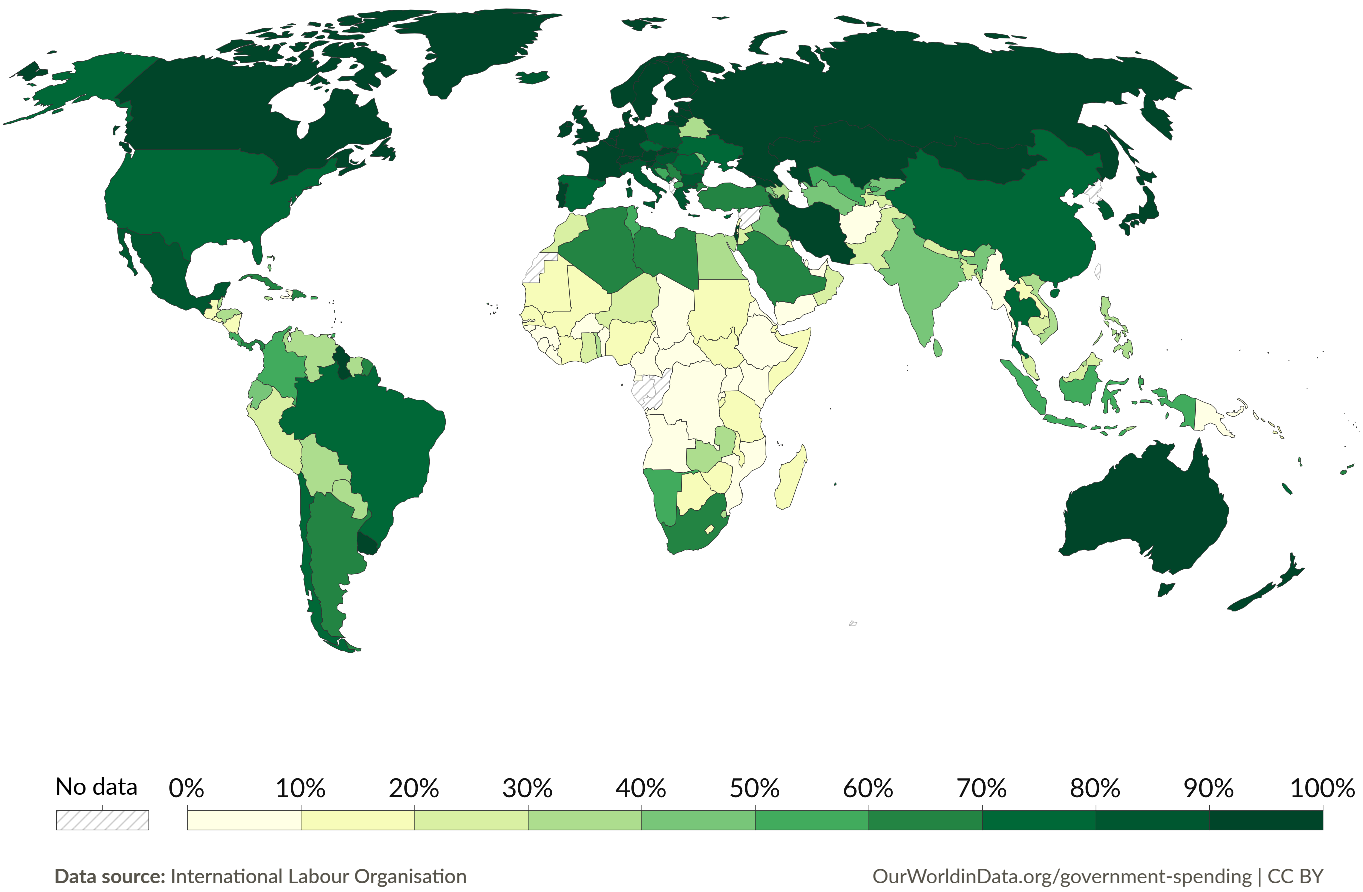


Figure 1: The percentage of the population that either benefits from or contributes to at least one social protection scheme. This includes programs such as maternity benefits, unemployment benefits, and pensions.
Source: https://ourworldindata.org/grapher/share-covered-by-one-social-protection-benefit

Increasing Urgency and Momentum

In the wake of the economic crisis and pandemic and in view of the increasing number of extreme weather events caused by climate change, the topic of social protection has gained momentum in international forums. It is obvious that societies with strong social protection systems are better equipped to deal with shocks and crises. Crises can be mitigated and shortened if, for example, unemployment or crop failures are cushioned by social benefits and demand for goods and services does not collapse. Long-term negative consequences for society and the economy are then reduced.

Against this backdrop, the call for social protection has become louder worldwide. International initiatives have been launched, including the UN initiative *Global Accelerator on Jobs and Social Protection for Just Transitions (GA)* and the initiative for Universal Health Coverage (UHC).

"Global Accelerator" on Jobs and Social Protection

The UN Secretary-General António Guterres has launched the "Global Accelerator on Jobs and Social Protection for Just Transitions" in 2021 (https://www.unglobalaccelerator.org/). It is one of the six central UN initiatives that are intended to enable progress to be made in implementing the Sustainable Development Goals again after the coronavirus pandemic. Complementary to this, at the suggestion of the German Federal Ministry for Economic Cooperation and Development, a multi-stakeholder initiative (M-GA) was set up to complement this, involving the World Bank and regional development banks. The aim is to support interested countries worldwide in a concerted effort to establish and expand their social protection systems and create jobs with decent working conditions in the formal economy. So far, 17 countries (pathfinder countries) have decided to take part, including Malawi, Rwanda, Indonesia, Nepal and Paraguay.

Policy Coherence Remains Underexposed

The prevailing discourse is that guaranteeing the human right to social security is the responsibility of national governments. International actors should therefore only temporarily support the efforts of states to enable them to overcome technical and financial teething troubles in establishing social protection systems. This argument largely ignores international influences on national social protection systems. In practice, however, it is clear that the pronounced power imbalance between the Global North and the Global South contributes in many ways to the fact that national social protection systems in the Global South remain weak or are weakened. International initiatives are desirable and necessary to advance the development of social protection systems under the leadership of national governments. However, "donor countries", philanthropists, economic actors in the Global North and international organisations must also ask themselves to what extent they are prepared to question counterproductive policies that have a negative impact on ensuring social protection in the Global South.

What do we mean when we talk about external influencing factors? We are referring to structural political realities that affect the national mobilisation of financial resources. We need to ask what interests stand in the way of enforcing international tax justice or controlling illegal financial flows. What are the effects of the global division of labour and trade policy? It is about the debt problem and prescribed austerity, which influences national investment decisions for social protection. Finally, dominant post-colonial or patriarchal paradigms must be questioned, as well as the poaching of skilled labour or unequal access to essential medicines. All of these factors have a negative impact on social protection systems: on their inclusivity, efficiency and long-term stability (see Figure 2).

This publication emphasises the question of the influence of international factors, which often remains underexposed in development-policy discourse. The authors contribute experiences and assessments from a variety of thematic areas and different regions of the world. They show which structural policy obstacles stand in the way of social security. The aim is to contribute to a joint and structurally coherent effort to develop social protection systems worldwide.

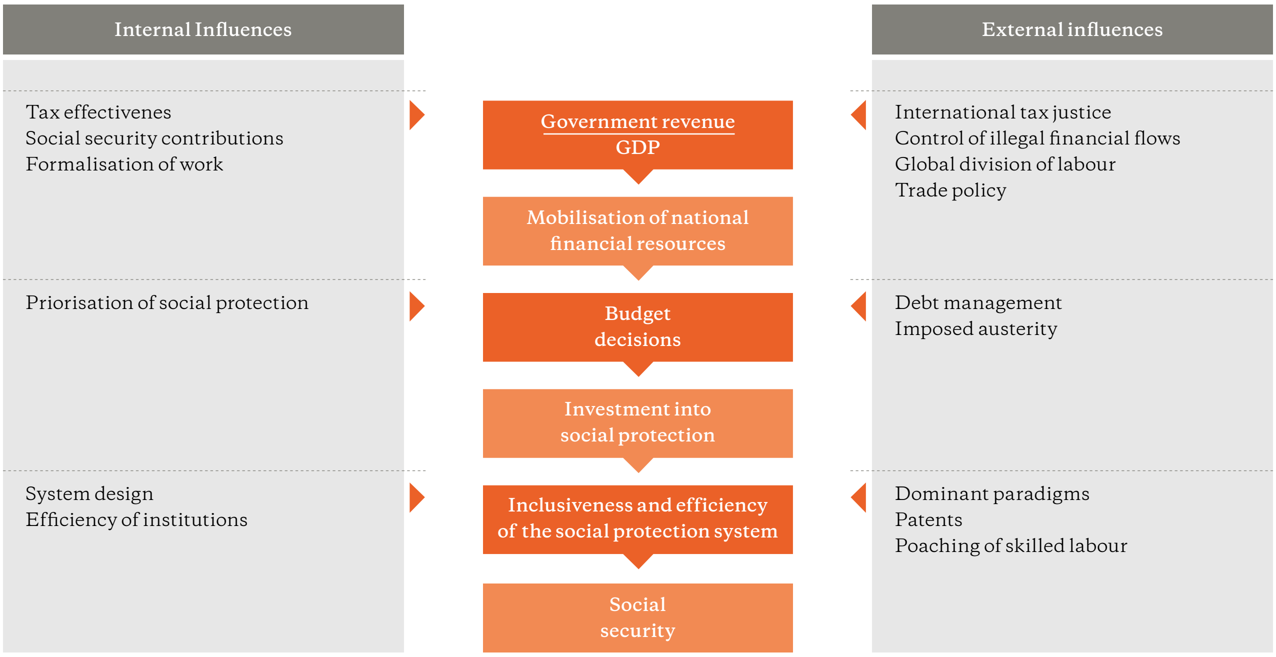


Figure 2: Examples of internal and external factors influencing national social security
Source: Brot für die Welt

The contributions are structured around three topics, the external influences (1) on the **mobilisation of national financial resources** (taxes, social security contributions, other public revenues) (2) on **investment decisions for social protection** and (3) on the **inclusiveness and efficiency** of the social protection system.

External Influences on National Resource Mobilisation

The success of national resource mobilisation is described on the basis of government revenue as a percentage of gross domestic product (government revenue/GDP). On the revenue side, the focus is on tax collection, plus social security contributions and other public revenues. A recent publication (Evans et al. 2023) analyses the current national resource mobilisation and short-term options for making better use of tax and revenue potential. National resource mobilisation currently averages 13.9 percent in low-income countries and 19.4 percent in lower-middle-income countries. In high-income countries, it averages 33.3 per cent of GDP.

The authors estimate that low-income countries would have the potential to increase national resource mobilisation by 2.6 percentage points through more efficient administrative procedures, improved tax morale and corruption control, low- and middle-income countries by around 4.6 percentage points and high-income countries by 9.9 percentage points. These rather sobering results raise the question of what adjustments can be made to shift this current "limit of the possible" upwards in the short and long term.

One possible approach on the revenue side would be, for example, to reduce tax competition between countries with regard to corporate taxation or to introduce or increase other progressive taxes (such as a wealth tax for the super-rich). However, a country integrated into the global economy can neither autonomously determine nor single-handedly control its national resource mobilisation. The lack of international tax justice, the weak regulation, the lack of enforcement and control have an impact on national resource mobilisation and thus on the possibilities of strengthening a country's social protection (see: Dereje Alemayehu: Only International Tax Justice Enables Social Security).

On the tax base side, the estimates of the maximum tax potential are based on the current characteristics of the national economies. Structural transformations are necessary to shift the "limits" of national resource mobilisation upwards. Extractivist models need to be overcome, and economic activities need to be strengthened that include a higher value-added ratio and more jobs in the formal economy with decent working conditions. However, low-income countries in particular are often exposed to structural conditions that are the consequences of a (neo)colonial world order. Economies in the Global South were directly orientated towards the needs and interests of the colonial powers. Pre-colonial economic structures dissolved in the sense of a capitalisation of the economies. The existing social fabric, cohesion and resulting social protection were also damaged (see: Boniface Mabanza: The Long Shadow of Colonialism).

Economic interactions with industrialised countries – particularly with the former colonial powers France, the UK and other EU members – continue to have a profound impact on African economies. These influences manifest themselves in a series of mechanisms and agreements that are intended to promote investment and trade but often restrict economic self-determination and weaken local industries. As part of the structural adjustment programmes, particularly since the 1980s, countries have also been urged to liberalise their economies and continue to rely on the export of agricultural and mineral raw materials. However, the prices of these commodities are often subject to strong fluctuations, which makes planning security, and thus the introduction of rights-based social protection, more difficult (see: Francisco Marí: Social Protection in Africa Requires Economic Decolonisation).

The impact of trade policy on social protection systems in lower-income countries remains one of the blind spots in European foreign trade policy. An old generation of trade agreements was essentially limited to the reduction of tariffs and quotas in the area of trade in goods. This led to shrinking state revenues and increasing dependence on imports, thereby jeopardising the financing of social protection systems. In the new generation of trade agreements, there are also specific restrictions that limit the political room for manoeuvre for the design of social protection systems and the provision of affordable medicines to healthcare systems, for example through TRIPS Plus rules. Finally, the investor-state arbitration procedures provided for in investment protection agreements also impair the ability of governments to determine their social protection systems. This can be illustrated by the example of pension reforms in Bolivia and Argentina (see: Thomas Fritz: Trade Policy: Social Protection Remains a Blind Spot).

	Current revenue: GDP	**Potential revenue: GDP**	**Difference**
LICs (n=27)	13,9 %	16,5 %	2,6
LMICs (n=52)	19,4 %	23,9 %	4,6
UMICs (n=50)	27,7 %	33,4 %	5,7
HICs (n=57)	33,3 %	43,1 %	9,9

Tabelle 1: Average revenue potential, by income group
Source: Calculations and estimations by Evans et al. 2023 based on the method of McNabb et al. (2021) and UNU-WIDER Government Revenue Dataset (Version)

External Influences on National Budget Decisions

Spending on social policy is currently low, particularly in low- and lower-middle-income countries. In low-income countries, public spending on social protection averages 0.8 per cent of GDP and 1.2 per cent for health. In lower-middle-income countries, public spending averages 4.2 per cent and 1.6 per cent respectively (ILO 2024).

Figure 3: Public expenditure on social security as a percentage of GDP (ILO 2024)
Source: https://www.ilo.org/resource/article/world-social-protection-report-2024-26-figures#expenditure

In many countries, civil society and trade unions are campaigning for greater prioritisation of investment in social protection, including health and education. It is not uncommon for them to encounter strong resistance, because ultimately it is a question of distribution. However, international influencing factors also play an important role here. In many countries, these factors include the effects of the debt crisis, which limits the scope for national decisions on resource allocation in general and investment in social protection in particular. The rise in interest rates since 2021 (USA) and 2022 (EU) has further increased the cost of servicing debt and made it even more difficult to manage the debt burden, which rose sharply during the pandemic. In many countries, interest payments are already higher than expenditure on social protection. In the context of debt management, there is powerful austerity pressure and direct external influence on budget decisions, as can be seen in the example of Sri Lanka (see: Ahilan Kadirgamar: Debt Crisis and Social Welfare in Sri Lanka).

External Influences on the Efficiency and Inclusivity of the Social System

The design and efficient implementation of social protection programmes also play an important role. At first glance, the efficiency and inclusivity of social protection also appear to be national matters. However, many of the challenges on the road to universal social protection are rooted in our global economic model and the associated interests and power imbalances. The impact of ideas and paradigms on the design of social protection systems tends to be underestimated.

For example, the dominant economic policy paradigm marginalises care work. It is devalued as *reproductive* labour compared to *productive* labour, is unpaid or poorly paid and takes place disproportionately often in the informal sector. Unpaid and poorly paid care work is predominantly in the hands of women and girls in all their diversity. Intersectionality, the simultaneity of different forms of discrimination against WLINTA* (The acronym WLINTA* stands for: women, lesbian, inter, non-binary, trans and agender people), for example due to sexism, racism, classism, homophobia or transphobia, plays an important role here. This leads to the exclusion and discrimination of already marginalised people in national social protection systems and weakens the national social system as a whole (see: Interview with Maria Betânia Ávila und Rivane Arantes "All People Have a Right to Social Security").

The power of *ideas linked to monetary incentives* is also evident in international co-operation. The promotion of a residual model of social protection, limited to social transfers for the poorest, by large parts of the international donor community and allies at national level is proving to be an obstacle to the development of comprehensive rights-based systems. This is all the more true when certain reform proposals are driven by conditional grants and loans (see: Katja Hujo: The Power of Ideas and Money).

If residual approaches to social protection are supplemented by private investment from global players in the health and insurance industries, there is a risk of fragmentation of the social protection system into private and public subsystems. The principle of solidarity is undermined and redistributive effects in national social protection systems are weakened. Social protection systems are also very directly burdened by various profit interests of the Global North. For example, patent systems, which are strongly defended by the pharmaceutical industry, lead to an artificial shortage in the global supply of medicines and vaccines and to high-priced medicines. In particular, governments and people in countries of the Global South often cannot afford them.

Underfunded healthcare systems, which suffer from various shortages, also offer few opportunities and poor working conditions for healthcare professionals, as can be seen in Serbia (see: Interview with Slavica Stanković: Should I stay or Should I Go). Even though the global distribution of healthcare professionals varies greatly, almost all countries are confronted with a lack of human resources in their healthcare systems. This leads to global competition for healthcare professionals. This competition threatens to further widen the gap in healthcare provision between high-income and economically weaker countries. The direct, massive poaching of healthcare professionals by countries with greater financial strength further weakens national healthcare systems, as illustrated by the example of the German poaching of healthcare professionals from Serbia (see: Julia Stoffner: International Recruitment Requires Ethical Guidelines).

The contributions of all participating authors shed light on the many international factors that have a negative impact on national social protection systems. Together, they come to the conclusion that immense international changes at the structural policy level are indispensable.

While the pioneering countries in the Global South are developing national roadmaps for establishing or expanding their social protection systems, the international community must negotiate a UN tax convention and set of protocols by the end of 2027. Important issues such as the internationally harmonised taxation of multinational corporations, the introduction of a wealth tax for the super-rich, the strengthening of progressive tax systems and the taxation of the digitalised economy must be regulated and made incumbent on all signatories. Together, tax evasion and tax avoidance must be combated and shadow financial centres eliminated.

The decolonisation of the global division of labour and trade relations is long overdue in the struggle to overcome a global economic order characterised by power imbalances. Instead of repeatedly reducing countries to the role of raw material suppliers through interest-driven trade regimes, a higher value-added ratio and jobs in the formal sector with decent working conditions must be made possible. Trade policies must be reformed in such a way that they take into account the protection and strengthening of national social protection systems as an equal goal.

In addition, new procedures are needed for fair debt relief. An international court of arbitration should facilitate a settlement between debtors and creditors that also makes use of payment deferrals and debt cuts and protects social programmes. Debtors and creditors must assume joint responsibility for their lending business so that no new debt traps are created. For countries with very low incomes, grants are the method of choice.

It is also about overcoming internationally dominant paradigms that repeatedly lead to exclusive social protection systems. The design of social policy should be decided in national tripartite discussions including government, social partners and civil society. National egoisms of the Global North in the disposal of people and resources must be put in their place. It is necessary to effectively regulate excessive profit-orientation that ignores the human right to social security. In order to establish truly sustainable, nationally financed and autonomously organised social protection systems, we need a joint redirection for justice. The requirements for this are concrete and the urgency is high.

Dereje Alemayehu

Only International Tax Justice Enables Social Security

The lack of international tax justice restricts national budgets from investing in social security.

Social policy investments are domestic policy issues and each country is responsible for its own social policy. However, in an interdependent world within a globalised economy, no single country can be so autonomous as to determine its own fiscal space. Lack of international tax justice impacts the fiscal space of each country. The international context has thus a big impact on public finance particularly in developing countries. That is why it is very relevant to take both the domestic and international contexts into consideration when dealing with financing problems of social policy issues at the national level. This article will attempt to address challenges arising from both dimensions.

Tax Justice Is More Than a Fair Distribution of Public Revenue

Although the link between tax revenue and social spending is very straightforward, addressing them in conjunction with one another is a recent development. One of the remarkable activities of Civil Society Organisations (CSOs) in the global south and north has been the initiatives they undertook to monitor spending and to campaign for allocation of a given percentage of the national budget to a specific type of social spending.

All these initiatives focussed on fair allocation of given public resources and their transparent and fair spending to minimise abuse and misuse of public revenue. However, this is only one side of the social contract coin. It only looks at the fair distribution of the existing national budget – the already "baked" national pie, not at the ingredients and the overall size of this national pie. Yet tax justice is more than a fair allocation of public revenue. Tax justice is also about who pays in what share.

This is the perspective the *Tax Justice Movement* (https://taxjustice.net) brought into civil society activities focussing on transparency and budget monitoring. The relevance of this perspective is obvious: the sources and overall size of the national budget matters; it determines the fiscal space of a government and is maybe one of the most limiting factors to what extent a government can

Demonstrators in Cape Town call for higher taxes on the rich to make social issues affordable and reduce social inequality."

implement effective (social security) policies. The bigger the total taxable income – the "to be baked" national pie, the bigger the amount of public resources available to be fairly allocated between competing priorities. The combination of these two perspectives – the revenue side and the spending side – can be summed up as fiscal justice. combines The key measures it are progressive taxation – the tax rate increasing proportional to the taxable income; and redistributive spending; that is a spending policy to directly address different forms of inequalities.

The *absolute* size of the taxable income is determined by economic factors as well as the natural resource endowments of a given country. Its relative size, however, is determined by the resource leakages in the economic and fiscal system.

1. Leakages in the form of forgone income due to tax incentives like tax holidays and tax exemptions (UNCTAD calls it "a hidden subsidy") that developing countries are providing to Transnational Corporations (TNCs).
2. Leakages due to a "porous tax system" – owing to corruption, weak enforcement mechanisms; low tax revenue collection capacity, exemptions and other "tax privileges" granted or tolerated by the political system.
3. Leakages due to profit shifting, illicit financial flows and other forms of tax evasion and avoidance, i.e. tax due on income earned by multinationals and then moved offshore without paying appropriate tax (UNCTAD 2020, United Nations. Economic Commission 2015).
4. Leakages in the form of forgone revenue due to untaxed income earned from assets which are held offshore.

Leakages 1 and 2 have domestic causes and their remedies are also essentially domestic. The causes for leakages 3 and 4 are rooted in the global context and their solution can also be found only within the framework of improved international tax cooperation.

The Domestic Dimension of Tax Justice

In terms of domestically caused leakages, national governments in developing countries are responsible for enhancing their domestic resource mobilisation by achieving three things to minimise these leakages:

- they must curb wasteful tax incentives and other forms of internal leakages within the system,
- they must improve the integrity and effectiveness of their revenue services.
- they must expand and deepen the tax base by introducing a progressive tax system.

Developing countries have in recent years slightly improved their ratios of tax to gross domestic product (GDP); however, not by expanding and deepening the tax base but by increasing indirect taxes such as sales taxes or value added tax (VAT). The share of VAT of the overall tax revenue is estimated to be around 60 % of the total, and that is alarmingly high. The problem is that consumers ultimately pay the VAT, and poor people who must spend a large share of their incomes on consumption are burdened by taxes on consumer goods their wealthier compatriots hardly feel. By contrast, making the tax system progressive (i.e. progressive income tax, those who earn more pay more); and by introducing taxes on property and wealth would bolster public budgets and, at the same time, reduce social inequality.

The Global Dimension of Tax Justice

To think of enhancing public resource mobilisation without addressing externally induced leakages is like aspiring to collect water with a sieve. There cannot be enhanced Domestic Resource Mobilisation if the perverse flow of resources within the global economy prevails, which makes the Global South lose vital resources it badly needs for its development.

Illicit Financial Flows and other forms of tax abuse are the main forms of externally caused leakages. These leakages are enabled and perpetuated by the workings of the prevailing international financial architecture. The current international tax system allows corporations to dodge taxes, shift income to tax havens and facilitate illicit financial flows (IFFs). The *Tax Justice Network* estimates that in 2023 globally USD 480 billion was lost to tax dodging. The larger share of USD 311 billion was lost to corporate tax abuse and the remaining USD 169 billion was lost to offshore tax evasion by wealthy individuals.

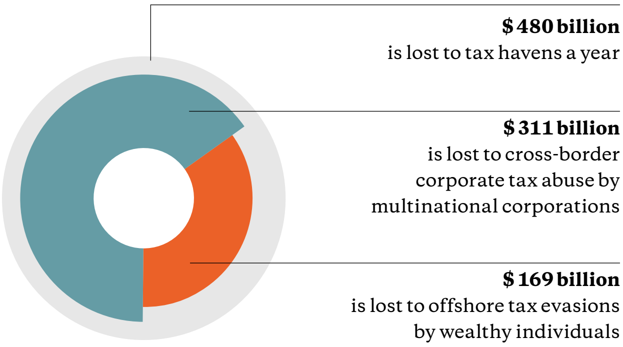


Figure 4: Tax avoidance worldwide
Source: Tax Justice Network 2023, p. 13.

Every year, the African continent loses approximately USD 88.6 billion of tax revenue due to IFFs. This figure constitutes about 3.7 % of the total GDP of the continent and is nearly equal to the combined sum of the annual official development assistance, and the annual foreign direct investment, estimated at $ 48 billion and $ 54 billion, respectively, that African countries receive (African Conference on Illicit Financial Flows 2024; Tax Justice Network 2023; The UN Economic Commission for Africa 2015).

Because of such tax revenue losses, governments are under resourced to finance public services, social protection and to invest in social infrastructure, and, more broadly, to address inequalities, fulfil human rights obligations and meet sustainable development commitments. On the contrary, they are forced to revert to austerity measures that aggravate poverty and affect marginalised groups the most. All resources lost to tax havens could have been invested in public hospitals, schools, transportation, clean water and sanitation, measures to mitigate the effects of and build resilience to climate change, and in institutions or programs that promote gender, racial, intergenerational equality.

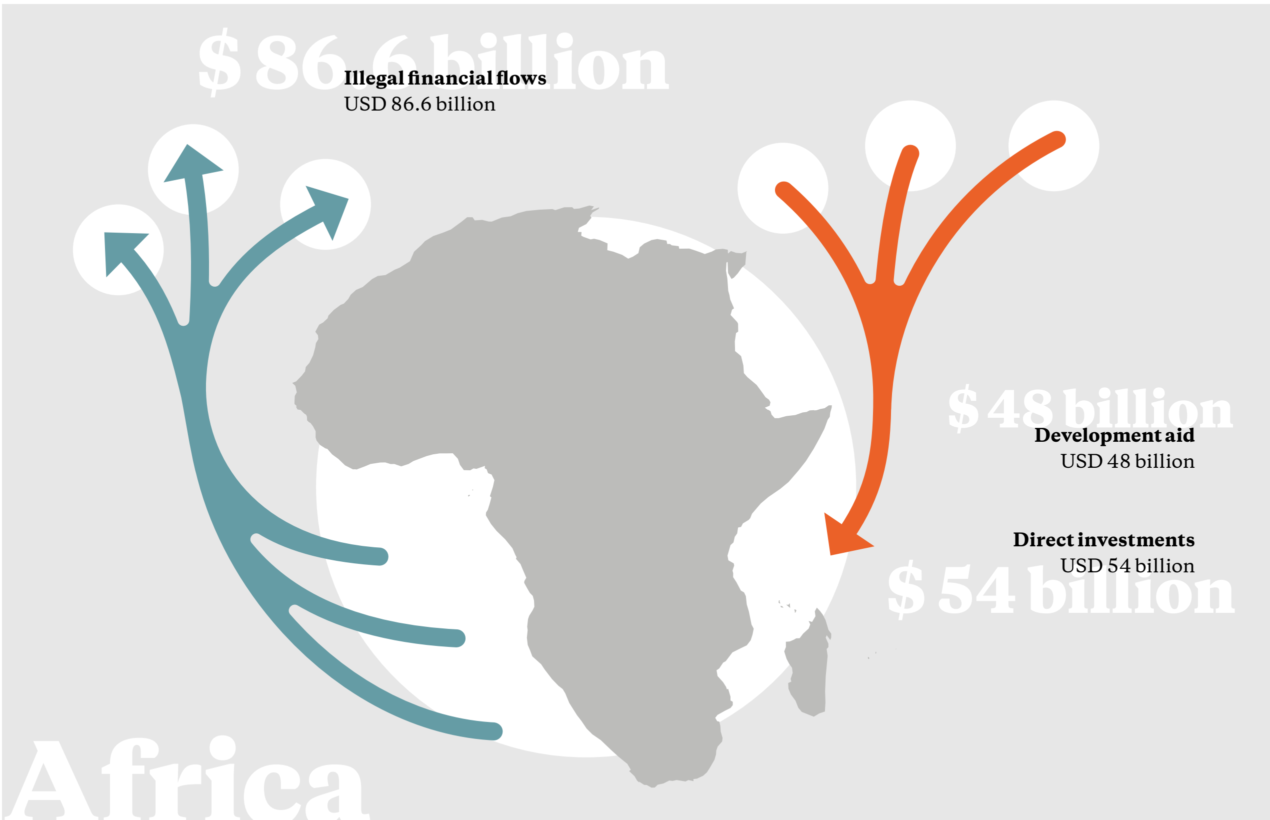


Figure 5: Financial flows to and from Africa
Source: Tax Justice Network 2023 / Graphic: Brot für die Welt

The International Tax System Is Failing

The current international tax system was established over one hundred years ago by the League of Nations, when the majority of today´s nation states were colonies. In the first place, its origin itself makes it biased in favour of former colonial powers. It still favours countries where multinational companies (MNCs) are domiciled as opposed to source countries, where profits are generated. Secondly, its very age makes it outdated because it does not reflect the transformation of the global economy (from brick and mortar to digital) and the business model of MNCs.

> A basic distinction must be made between residence based taxation and source taxation. Residence based taxation requires individuals and firms to pay taxes where they live/are registered, wherever their income comes from. Source taxation requires individuals and firms to pay taxes where they generated their income/profits.

Since as early as the 1940s countries of the Global South have been calling for reforms of the international tax architecture so that it would better reflect changed realities. This has been consistently blocked by rich countries. Since the 1950s, the Organisation for Economic Co-operation and Development (OECD) has usurped the role of setting the international tax agenda without the effective participation of the Global South.

While blocking any move by developing countries to bring issues of international tax rulemaking into a standard setting (e.g. within the UN), the OECD itself started an initiative, called the *"Base Erosion and Profit Shifting (BEPS) initiative"* which it claimed to be an 'inclusive' multilateral process. Yet countries of the Global South still felt left out and criticised this process as not being inclusive at all as they felt that it was still not able for them to participate on an equal footing.

In the end the BEPS Initiative came up with a two-pillar reform proposal to overcome profit shifting and base erosion. Pillar 1 is about the distribution of taxing rights on global profit. However, it only has up to one hundred corporations in scope and a very tiny fraction of their global profits to distribute. Pillar 2 sets global minimum tax at 15 % with a pecking order – the residences of MNC are the first to introduce top up, intermediaries the second and source jurisdictions the last.

Although this can be seen as a first important step against tax dodges and for the appropriate taxation of multinational companies, it is still far from sufficient and far from establishing a fair and cooperative international tax system. Developing countries have now demonstratively said no to the tax deal of the rich in the OECD process to build their tax systems on their own pillars designed in a collective and inclusive process.

A Historic Breakthrough for Tax Justice

At a historic vote on 22 December 2023, the UN General Assembly adopted a *resolution on the promotion of inclusive and effective international tax cooperation* at the UN highlighting the "need for all countries to work together to eliminate tax evasion, tax base erosion and profit shifting and to ensure that all taxpayers, especially multinational companies and transnational corporations, pay taxes to the governments of countries where economic activities occur, value is created and from where revenues are generated".

The preliminary negotiations of the Terms of References of this Convention were finished in August 2024. It has been decided that by the end of 2027, the United Nations (UN) will negotiate a UN Tax Convention and two further protocols covering key issues, including taxation of multinational corporations, wealth taxes, environmental measures, and taxation of the digitalised economy.

Countries of the Global South and Civil Society Organisations welcome the historic UN decision as a beacon of hope for a fair and efficient global tax system. For the first time there is a transparent inclusive tax process where all countries can participate as equals and the public is able to follow the negotiations. The convention should include the following cornerstones:

- The introduction of wealth taxation, especially for the 'super-rich';
- Support for the extension of progressive tax systems;
- The extension of the global minimum tax on corporate profits to an internationally harmonised overall corporate tax as an effective measure to combat tax avoidance and evasion by transnational corporations.

- A publicly accessible UN Register of Companies, which would record the true owners of companies and trusts, as well as data on the global tax payments and economic activities of multinational companies.

At the end of the negotiations a legally binding agreement where UN member states agree that tax policy of a country shall not undermine the tax revenue of another country, will create an international context in which IFF and other forms of tax dodging are not incentivised anymore and cannot be conducted with impunity. It will enable developing countries to retain the resources generated in their economies and use them for the provision of adequate public services and social security investments.

Sufficient tax revenues enable countries to finance social protection systems.

Boniface Mabanza

The Long Shadow of Colonialism

In Africa, the outrages of the European powers continue to have an impact on social security to this day.

African countries face major challenges in terms of social protection for their populations – a situation that has been shaped in part by the long-lasting effects of colonialism on post-colonial developments. Traditional social welfare systems that existed in many African communities before colonialism were often eliminated or replaced by inadequate foreign models that did not reflect the social and cultural contexts of the continent.

The colonial predatory economy was centred on the exploitation and export of agricultural and mineral resources; the profits flowed into the corporations of France, Belgium, Great Britain or Portugal. The taxes, on the other hand, were paid by peasants, village communities or the maltreated workers in the fields and mines. These taxes were used to maintain the colonial system and ensure a comfortable life for the white colonial rulers and their families.

After independence, many African countries made efforts to establish inclusive social protection systems. However, the newly formed states were soon confronted with new challenges. The post-colonial governments had to establish a fair tax system and continue to rely on raw material exports in order to fill their treasuries. However, the governments could rely on the infrastructure and expertise being available in the country, especially in the francophone colonies, as the colonial companies now remained in the country as "economic partners" and were allowed to continue transferring profits to the "mother country". In some socialist-oriented countries (Tanzania, Ghana, Senegal, Zambia), however, the colonial properties were expropriated, and the companies were made national property.

Pre-Colonial Social Protection Systems

Pre-colonial African societies had diverse and often complex social welfare systems. These were based on community, family and traditional values. These systems were not formalised in the same way as modern social protection systems. However, they played a decisive role in supporting those in need and in coping with crises. Interesting examples of this are the treatment of strangers, the elderly, widows and orphans. Non-codified rules ensured that the weakest members of the community were cared for. Those who cared for them received the support of other members of the community. In some societies, food was collected at harvest time or during the high season so that local authorities could provide supplies for those in need. This was intended to fulfil the duty of care towards the weakest members of society. The mechanisms of mutual aid and support in these societies were deeply rooted in the cultural and social structures. They contributed significantly to cohesion and stability. The human being was understood as a vital force that can constantly change through the interplay of social factors. In this philosophy of life, the promotion of life was seen as strengthening a strictly conceived form of community organisation. The idea behind this was that it would pose a threat to society if the interests of individuals were to impair the viability of others (Matondo-Tuzizila 2012).

Here are a few examples to illustrate this:

- In the *Ashanti* Empire (modern-day **Ghana**), a sense of community was highly valued and there was a strong system of mutual support. Traditional insurance systems regulated assistance in the event of illness, death or other emergencies. In the neighbouring *Yoruba* region (present-day **Nigeria**), there was also a system of social support based on kinship ties and community assistance.
- Some pre-colonial societies had a strong hierarchical structure, such as the kingdoms of *Buganda* (now **Uganda**) or *Zulu* (**South Africa**). The higher someone was in the hierarchy, the greater their social responsibility. It was up to the so-called kings and regional leaders to look after the welfare of their subjects. In the event of illness or other crises, they required the communities to provide support. No one was allowed to claim vital resources and relevant knowledge for themselves alone. There were often orders for the redistribution of wealth and supplies, as was practised in the *Kingdom of Kongo*, for example.
- In the *Songai* Empire (today's **Mali**) community support arrived in the event of crop failures through food and seed distribution as an essential task of social

welfare. The aim was to provide short-term aid, but those affected also needed to become productive members of their communities again as quickly as possible. Distributing seeds and enabling them to use the land was the ideal way to put them in a position to contribute to the community's livelihood through their own production.

What all examples had in common was that communities formed social networks to share resources and offer support. Some of these practices are still in place, such as in the fishing village of N'gor in Senegal (Mabanza 2018). Elderly people were cared for by their families and communities, and all had access to healthcare in which traditional healers and medicine women played a central role. As medical knowledge was considered central to livelihood, it was not allowed to cost anything. Only a symbolic gesture of recognition for the healers was expected. Although no legal entitlement could be derived from such support systems, the social control and prestige associated with compliance ensured that they functioned. Anyone who refused to accept or offer support risked a bad reputation and isolation. The latter was considered a severe punishment.

This description of care in traditional systems by no means implies that pre-colonial systems were a perfect world. They were diverse in their organisation and were not without contradictions. Where welfare systems functioned poorly, abuse of power was not excluded.

However, it would be wrong to judge them one-sidedly according to the standards of post-colonial modern systems with regard to their effectiveness. Knowledge of precolonial systems could play a role today in the efforts of African countries to expand social systems on the continent. (United Nations, OSAA 2024, https://www.un.org/osaa/sites/www.un.org.osaa/files/files/documents/2024/publications/un_osaa_policypaper_indigenoussocialprotection.pdf).

The following chapter shows why and how the traditional systems were cancelled out in the colonial logic.

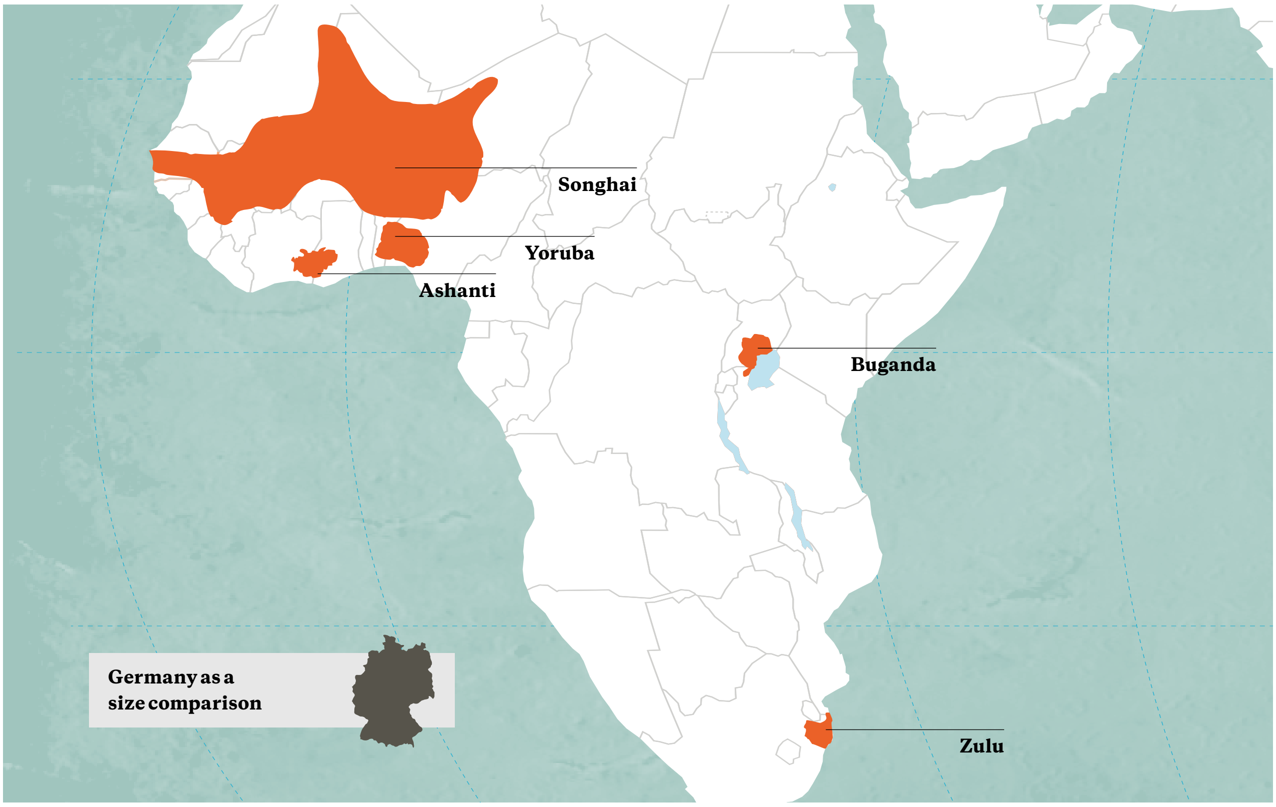


Figure 6: In pre-colonial times, African societies had developed their own social systems.
Source: Brot für die Welt-Graphic

The "Anti-Social" Colonial System

The European colonial powers had little interest in maintaining the existing social structures. Instead, they pushed for systems that promoted their economic interests. In many cases, traditional administrative structures and forms of organisation were weakened or even abolished in the name of the civilising mission, and the colonial administrations imposed European models based on individual ownership and market principles. A particularly serious example is **forced labour**, which was practiced in many African colonies:

- In the *Belgian Congo* (now the **Democratic Republic of the Congo**), the Belgian colonial rulers forced the local population to work in mines and on rubber plantations under often cruel conditions. Traditional social security systems disintegrated as families were torn apart and communities destabilised (Hochschild 1998). Living spaces were transformed into open prisons (Pini-Pini Nsansay 2013). In particular, the introduction of a colonial tax was a major intervention. Until then, the people there had known neither forced labour nor forced levies. They were used to making contributions to support community life.
- There were similar developments in *German East Africa* (present-day **Tanzania**). The German colonial administration introduced a poll tax. This forced the African population to work on plantations and in mines in order to pay the tax. The traditional social security systems were weakened as the men, who were often the main providers for their families, were forced to work far from their villages (Iliffe, 1979).
- The French colonial rulers in West Africa, e.g. **Senegal** and **Côte d'Ivoire**, used a system of forced labour (*corvée*) in which the local population was used for public works (especially road and administrative buildings) and plantation work. Here, too, traditional social structures dissolved, and the colonial rulers did little to ensure the social security of the indigenous population. Instead, most of the resources were used for the profit of the colonial powers and the European settlers (Coquery-Vidrovitch 1988).
- The British colonial rulers in East and Southern Africa also implemented systems that had a negative impact on pre-colonial social security systems. In **Kenya** and *Rhodesia* (present-day **Zimbabwe**), large areas of fertile land were expropriated and handed over to European settlers. The indigenous population was pushed into less fertile reserves and forced to work on the settlers' farms (Berman & Lonsdale, 1992).

In summary, it can be said that the colonial powers relied on systems that promoted their economic interests and provided cheap labour for the extraction of raw materials and agricultural production.

Have the African States Truly Achieved Independence?

After political independence, many African states began to establish new social security systems in order to overcome colonial injustices and improve the living conditions of their populations. These efforts were characterised by different ideological and economic approaches, which were reflected in the different forms of government and political systems. As the states had become independent during the bloc confrontation of the Cold War, some states tended to follow socialist examples in the development of their new social security systems, while others remained true to the market economy principles of their former "colonial administrations".

- Under the leadership of Julius Nyerere and his policy of *Ujamaa* (family community), **Tanzania** tried to find a way between the two economic systems. Nyerere emphasised a return to the traditional African values of community and solidarity. The government promoted the development of co-operatives and collective farming communities to ensure social security and economic independence. Health and education were heavily subsidised and offered largely free of charge. The population contributed mainly through labour in community projects and cooperatives. A substantial part of the national budget was invested in these social programmes, although financial resources were limited, and food supplies increasingly suffered from the consequences of collectivist agricultural policies. (Nyerere 1968).
- **Ethiopia** carried out comprehensive land reforms and nationalisation after the 1974 revolution and the establishment of a Marxist-Leninist state under Mengistu Haile Mariam. The government implemented free healthcare and education programmes as well as food security measures through state control

In Zimbabwe, large areas of land were expropriated by the colonial government. Today, the organisation TSURO supports farmers to regain the knowledge that was lost.

of agricultural projects. Funding came mainly from state revenues from nationalised companies and with the help of international support from socialist countries. The population was involved in various collective and state-organised projects. However, this led to considerable economic burdens and administrative challenges (Clapham 1988).

- After independence, **Kenya** pursued a market-orientated economic policy under Jomo Kenyatta and later Daniel Arap Moi. The government relied on a mixture of state and private participation in the provision of social services. Education and health were partially subsidised, with the population often having to pay fees for services. A significant proportion of government revenue was invested in infrastructure and private sector development to stimulate economic growth. As a result of this policy, social security was unevenly distributed, with urban and wealthier population groups being better protected than rural and poorer communities (Miguel 2004).
- **Nigeria** pursued a similar market-orientated policy, with revenues from the oil sector being used to finance social security systems. Despite the enormous oil reserves and profits, this was only partially successful, as corruption and mismanagement were widespread. Education and health programmes received state support, but the population often had to bear considerable cost-sharing. Investment in social services varied greatly, depending on political priorities and the country's economic situation. (Lewis 2007).

Regardless of ideological orientation, all African countries faced similar challenges: limited financial resources, high population growth rates and often weak institutional capacities. Many governments tried to fall back on pre-colonial forms of social security. They promoted community initiatives and traditional networks of mutual support. In some cases, traditional leaders and structures were integrated into the modern systems to increase the acceptance and effectiveness of the programmes. In particular, this socio-political approach and the integration of international support helped to improve the effectiveness and reach of these systems.

The Collapse of Social Protection Systems

The efforts of African states after independence to establish new, stable and fair social systems were made considerably more difficult by external economic and trade policy influences exerted by industrialised countries and international institutions. These had the effect of reducing state revenues and increasing debt. This in turn put many of these newly developed social systems under massive pressure.

Investment Agreements and Commodity Exports

After independence, many African countries saw foreign direct investment (FDI) as a way to strengthen their economies and promote development. Investment agreements were often negotiated on unequal terms, offering generous tax concessions and other incentives to foreign companies. These agreements often resulted in African countries losing important revenues from the taxation of these companies. A prominent example is the mining industry in the **Democratic Republic of the Congo**. To this day, international mining companies benefit from low tax rates, favourable licensing conditions and the privatisation of state-owned mining companies, while the state only generates limited revenues (Global Witness 2017; Brackmann 2009; Sylla 2015). Ultimately, it is clear that foreign investment has proven to be a licence to plunder African resources, and not only in the former **Zaire** (now **DR Congo**).

The oil crisis of the 1970s had far-reaching effects on global markets and the economies of many African countries. Oil-producing countries such as Nigeria experienced a short-term increase in revenue. However, mismanagement and corruption meant that there was little planning security. The sudden rise in oil prices led to economic volatility and inflationary pressure, which made it difficult to develop and maintain stable social systems. In addition, countries that relied on oil imports got into financial difficulties as the increased costs depleted their foreign exchange reserves and put a strain on state budgets (Bates 2008).

Indebtedness

In the 1980s, many African countries were confronted with a serious debt crisis. The huge national debt, which was often the result of loans taken out for development projects, became even higher as a result of falling commodity prices and rising interest rates. Take **Zambia**, for example. The country's income, which is heavily dependent on copper exports, fell dramatically when copper prices collapsed on the global market. The resulting debt forced Zambia, as well as other countries, to spend significant portions of its government revenue on debt servicing. This had a direct impact on the financing of social programmes, as fewer and fewer funds were available (Rakner 2003). The creditor states and international financial institutions required indebted African states such as Zambia to privatise state-owned enterprises such as mines, so that the state lost control over its resources. This is still being felt today. The **DR Congo** and **Zambia**, for example, can only benefit disproportionately from the current cobalt and copper boom because the mines no longer belong to the states, but to private companies.

Illegal Tax Avoidance and Illegitimate Raw Material Licences

Tax avoidance and the use of illegitimate commodity licences by multinational corporations have further reduced the revenues of many African countries. Tax avoidance strategies such as *transfer pricing* have enabled companies to shift their profits to low-tax countries and thus minimise the tax burden in the producing countries. This led to considerable revenue losses for countries such as **Mozambique**, which are dependent on the taxation of raw material exports. In addition, illegitimate commodity licences were often granted, characterised by corruption and a lack of transparency, which also led to considerable financial losses (Christensen 2019).

Structural Adjustment Programmes and Conditions Imposed by Creditors

In order to overcome their debt crises, many African countries turned to the International Monetary Fund (IMF) and the World Bank. However, since the end of the 1970s, the loans provided were often tied to structural adjustment programmes (SAP), which required a package of economic reforms. These included the liberalisation of markets, privatisation and drastic cuts in public spending, including spending on social services such as health and education. Ultimately, the financial burden of debt and the demands of international creditors meant that financial resources originally earmarked for social security were diverted to debt servicing and economic reforms. This had a devastating impact on the quality of life of the population and exacerbated poverty and inequality in many countries.

- In countries such as **Ghana**, the structural adjustment programmes led to considerable social tensions. For example, patients often had to pay more than 20 per cent of their income for simple healthcare services. This made access to healthcare almost unaffordable for many people (Konadu-Agyemang 2000).
- **Tanzania**, which had made considerable progress in social security in the 1970s under the socialist *Ujamaa* policy, also came under pressure from the measures in the 1980s. The population was confronted with rising costs and a declining quality of services. The introduction of fees for schools and health services placed an additional burden on the population. Parents had to pay school fees, which often amounted to several months' salary, and health services also had to be paid for (Tripp 1997).
- In **Zambia**, the SAP led to the privatisation of numerous state-owned companies and cuts in spending on social services. The introduction of fees for health and education services meant that many people could no longer afford these basic services. The cost of hospital stays, or school fees could amount to up to 50 per cent of monthly income. This was simply unaffordable for many families. (Rakner 2003).
- In **Nigeria**, too, the structural adjustment programmes led to cutbacks in the public sector and the social security systems that had been established after independence. This led to an increase in poverty and social inequality in the country (Lewis 2007).

Recovery Phase in the New Millennium?

In the years following the structural adjustment measures, some of the most affected African countries have recovered to varying degrees. This phase was often linked to an improved macroeconomic situation – fuelled by the combination of rising commodity prices, improved political framework conditions and increasing diversification of the economy. Countries such as **Ghana**, **Ethiopia** and **Rwanda**, for example, made significant progress not only stabilising their economies, but also but also developing new sources of income and strengthening social protection. Many countries reformed their tax systems in order to broaden the tax base and improve the efficiency of tax revenues. This often included the introduction or increase of value-added taxes and special consumption taxes. Countries rich in natural resources such as oil, gas and minerals took advantage of rising world market prices to increase their revenues. This was particularly the case in countries such as **Nigeria** and **Angola**. **Kenya** and **Tanzania** diversified their sources of income by promoting tourism and other non-traditional exports.

Some countries have succeeded in reintroducing basic healthcare or special programmes for needy population groups. **Rwanda**, for example, expanded its health insurance system, which now covers a large proportion of the population. Access to education was improved through the construction of new schools and school fee waiver programmes. **Ghana** introduced free education at secondary level. Some countries have implemented direct cash transfer programmes for the poorest sections of the population in order to combat the direct effects of poverty and inequality. **Ethiopia** and **Kenya** have successfully implemented such programmes.

Other countries have still not managed to recover from the IMF's harsh measures. In particular, the countries that the IMF had recommended to increase their dependence on mineral or agricultural exports have fallen into a permanent loop. They are highly dependent on the ups and downs of global commodity and agricultural markets. This includes **Zambia**, as described above. The country has still not been able to compensate for the loss of thousands of jobs due to extensive privatisation and the fall of many former state employees into unemployment and poverty. The provision of funds for the reconstruction of public health and education services is severely jeopardised due to the dependence on revenue from copper mining. As a result, the country has had to take on high levels of debt again since 2015, always in the hope of high demand for copper. In 2020, during the Covid-19 pandemic, Zambia had to stop servicing its debt. The IMF and China, as the main creditor, attempted to restructure the debt in 2022. **Nigeria** has similar problems due to the volatility of oil prices combined with a high demand for fuel imports. Other obstacles to stable social security systems are population growth, corruption and the fight against terrorist groups. The funds for social services always fall short of requirements.

But even without being dependent on raw materials to the same extent, countries such as **Malawi** are still barely able to offer education and social programs free of charge again, as was the case before the structural adjustment measures. Added to this are food crises caused by droughts, which are forcing countries such as **Zimbabwe**, **Niger**, **Mali**, **Somalia**, **Sudan**, **Malawi** and **Eswatini** to subsidise the agricultural sector rather than invest in social programs.

International companies in Nigeria benefit from tax breaks in the oil and gas sector, while the social security system is underfunded.

Rwanda's health insurance now reaches a large part of the population.

Cameroon and **Côte d'Ivoire** experienced considerable economic and social challenges during and after the SAPs. In **Cameroon**, the reduction in public spending hit the social sector hard. Similar measures in **Côte d'Ivoire** resulted in a decline in public investment in health and education. In both countries, the privatisation of state-owned companies and the deregulation of markets led to short-term economic difficulties without any positive effects on the population at large.

Senegal, on the other hand, has developed somewhat differently. Although the SAPs also posed major challenges here, particularly with regard to cuts in the social sector, the country managed to stabilise and expand some of its social protection programmes over time. Senegal invested in programmes aimed at improving basic services and social protection to support the most vulnerable population groups.

Outlook

Social systems share a fate not only in Africa. Alongside food systems, they are the first social structures to collapse very quickly in the face of external influences, be it pre-colonial conflicts, colonial land grabs or post-colonial economic crashes such as debt or low commodity prices. This is all the truer in cases of war, internal conflicts or natural disasters, which often force people to flee. It would therefore be essential to build more resilient social systems, as they are particularly needed in crisis situations. This need became clear worldwide during the COVID-19 pandemic.

Despite economic growth in some countries, there is still a long way to go before the destructive effects of colonialism and neoliberal policies can be overcome in such a way that sustainable social security can be guaranteed. This can neither consist of a return to the past nor the mere implementation of foreign models. Rather, it can only consist of a kind of synthesis between the surviving elements of lost traditions and the context-appropriate translation of practices that function in other contexts.

The article "No chance of social protection in Africa without economic decolonisation" takes a critical look at the effects of other external economic factors – in addition to structural adjustment measures – that still hinder the adequate financing of social security today.

This article was written in collaboration with Francisco Marí.

Francisco Marí

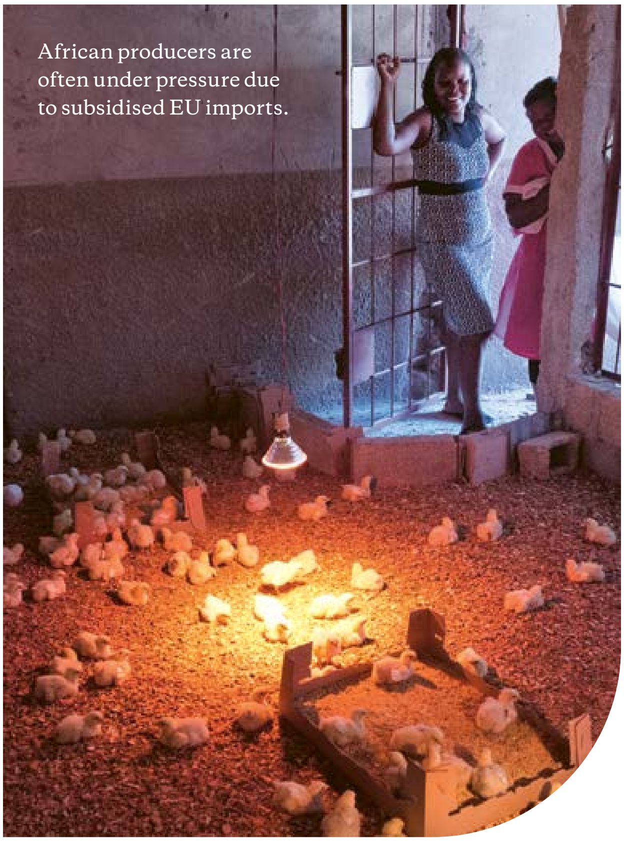
Social Protection in Africa Requires Economic Decolonisation

Recently, especially after and during the Covid-19 pandemic, there has been renewed discussion about how social protection should be organised in Africa. The pandemic has caused African countries to experience a considerable shortfall in their budgets. Due to the consequences of the Russian attack on Ukraine and the fact that wheat and fertiliser prices initially rose significantly, many countries have slipped back into a spiral of debt. Unlike in the last decade, this development has so far not been cushioned by high growth rates.

It is therefore important to look at the structural economic obstacles to the sustainable financing of social security systems. Despite large deposits of agricultural and mineral raw materials, countries on the African continent are unable to increase their export revenues. This is also due to the fact that the so-called vertical integration of raw materials is at a low level. This prevents industrialisation through the processing of raw materials into end products, as called for by the African Union's *Agenda 2063*. An increase in formal jobs would also improve the financing of pension, health and social insurance schemes.

In the 1990s, the World Bank imposed structural adjustment programmes (SAPs) on many African countries as debt relief requirements. Contrary to what the World Bank and the International Monetary Fund (IMF) had propagated at the time, these measures cancelled out social protection systems. The coffers for social spending were not empty because the state was involved in the economy, health, education and social security. Rather, the social and economic development of African countries has been characterised by external influences since their "independence" from colonialism. These have a considerable impact on the revenue and regulatory options of these states. It is only gradually that African states can start to finance social programmes again (Belli et al 2022).

In particular, economic interactions with industrialised countries – especially the former colonial countries France, Great Britain and other EU members – have a profound impact on African economies. These influences manifest themselves in a series of mechanisms and agreements that are intended to promote investment and trade but often restrict economic self-determination and weaken local industries.



African producers are often under pressure due to subsidised EU imports.

Investment Protection Agreements and Foreign Direct Investment

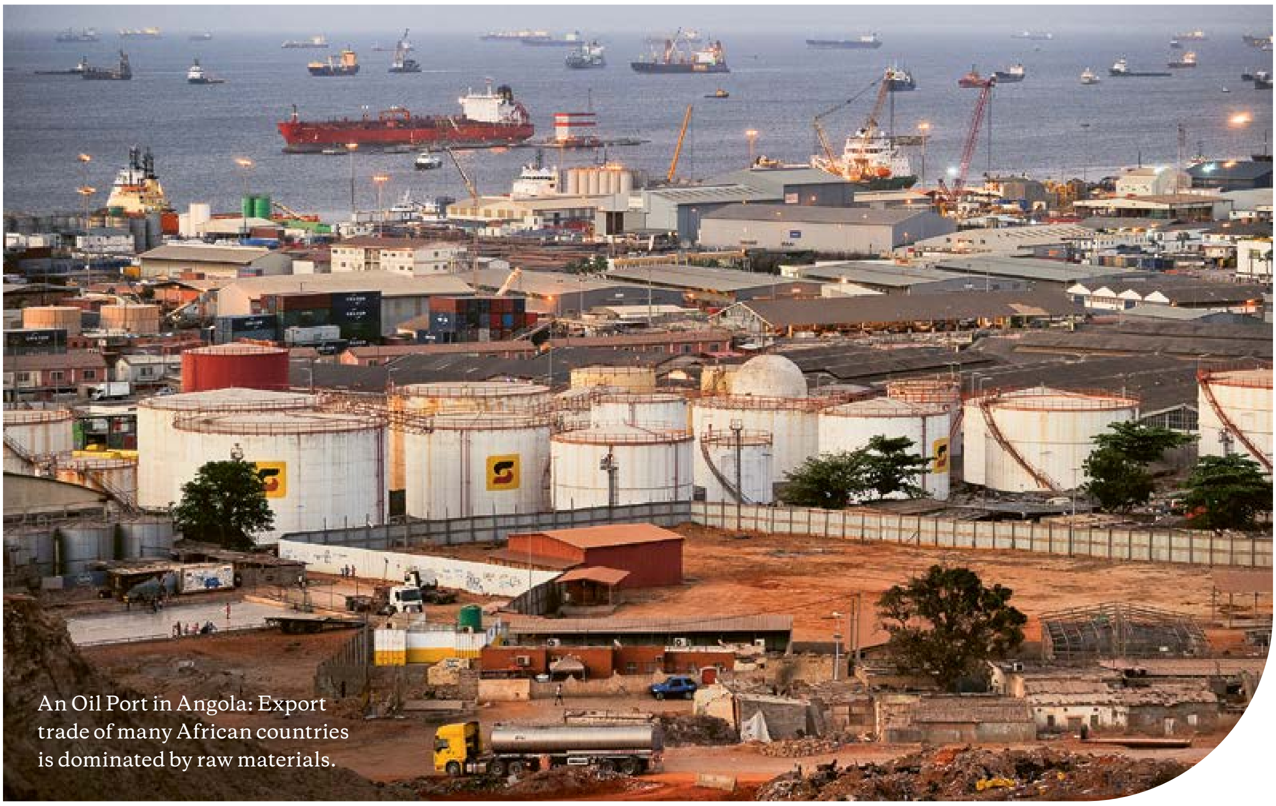
Bilateral investment treaties (BITs) are intended to promote foreign investment in African countries and at the same time protect the rights of foreign investors. Germany in particular concluded such BITs at an early stage and has now concluded them with 38 African countries. Most of them are still in force. BITs are the oldest instruments that directly influence the fiscal and economic decisions of African countries (GTAI 2021). It is not uncommon for them to prevent host countries from enforcing regulatory measures that would protect their own economic and social interests. Investment protection agreements also enable foreign companies to transfer profits abroad. This can lead to a significant outflow of capital from African countries, which in turn results in fewer funds being available for investment in local development and public services. This was emphasised, for example, in a study by the *Tax-Justice-Network-Africa* (2015) for sub-Saharan countries such as Uganda and Zambia. (see: Dereje Alemayehu: Only International Tax Justice Enables Social Security)

BITs often contain clauses that are intended to prevent double taxation. These provisions can be used by companies to minimise tax payments through aggressive tax planning and avoidance. A study conducted by UNCTAD in 2015 found that BITs can facilitate the use of tax havens by multinational companies. Profits from African countries are then shifted to countries with lower or no taxation. According to a report by *Christian Aid* cited in the aforementioned UNCTAD study, between 120 and 160 billion US dollars were lost to African countries in tax revenues in 2015 as a result (UNCTAD 2015).

It is unlikely that this situation in African countries will change in the near future with the *international agreement on Global Minimum Tax* (GMT) concluded in 2023. No West or South African state has yet implemented the signed agreement, nor have industrialised and emerging countries such as the USA, Japan or Brazil. Others, such as Nigeria, Ghana or Kenya, reject the agreement in principle or, like Egypt, Uganda or Ethiopia, have shown no interest in negotiating the structure of the agreement from the outset. It is also criticised that the club of "rich industrialised countries", i.e. the OECD, administers the agreement. Partner networks of Bread for the World and many civil society actors agree with this criticism[i], as do tax experts. They warn of the many loopholes that make it possible to circumvent the provisions of the agreement.

Another challenge is that investment protection agreements can thwart governments if they intend to favour local companies in public tenders. This is because the agreements guarantee foreign investors the same "treatment" as domestic providers. This is required, for example, in BITs between EU states and African countries, including the agreement between Germany and Ghana. This agreement stipulates that foreign companies can compete for public contracts on an equal footing with local companies:

The dispute resolution mechanisms set out in the BITs also enable investors to file lawsuits against African states. This is possible if investors assume that the country's government's measures will have a negative impact on their investment activities. This can act as a deterrent in the sense that laws and regulations that are in the public interest, particularly in areas such as environmental protection and social justice, are not enforced. The



An Oil Port in Angola: Export trade of many African countries is dominated by raw materials.

World Conference on Trade and Development, *UNCTAD* and the think tank *ICSID* list various cases in which African states have been sued by companies. The accusation was that the countries had violated the investment conditions agreed in the agreement with new environmental and social requirements. For example, the case of the Canadian company *Bilcon* against South Africa or the case of *Cortec Mining* against Kenya. *Cortec Mining* had filed a lawsuit against new environmental regulations for the mining of "rare earths" as a violation of the BIT agreement after the contract was concluded. The British company argued that it had lost profits due to the new requirements that the Kenyan government wanted to enforce.

These and other – usually protracted – disputes are often decided in favour of the investors. They illustrate how international dispute resolution mechanisms can be used by foreign investors to act against African states. African nations are often thwarted in their efforts to regulate the use of their natural resources or enforce environmental and social standards. Such interference raises questions about sovereignty, the right to regulate in the public interest and the impact of investment protection agreements.

Bilateral Trade Agreements – A Partnership of Equals?

Until the year 2000, most sub-Saharan states retained almost free access to the European market as former colonies. This meant that colonial agricultural or mineral supply chains – often still owned by British or French companies – could be maintained after independence. This was sealed in customs agreements with the former colonies of Africa, the Caribbean and the South Pacific in the so-called *Yaoundé and Lomé Conventions*.

Following a successful complaint by South American countries against the EU at the World Trade Organisation (WTO) due to the preference given to Cameroonian and Ghanaian bananas over banana imports from Ecuador and Costa Rica, which were subject to high tariffs, the EU had to react. After 2001, it was decided to divide the former colonies, known as ACP states, into different categories. According to the definition of the United Nations, these are the so-called least developed countries (LDCs) and the states that are better off in terms of criteria such as literacy, annual income, infant mortality, etc.

Most LDCs are located on the African continent; according to WTO rules, they are allowed to unilaterally continue to export all products – apart from weapons and ammunition – to the EU duty-free in a so-called EU preference system. The statistically somewhat more developed countries such as Nigeria, Ghana, South Africa, Kenya or Cameroon lost de jure duty-free access with the WTO ruling in 1999. As a result, these countries would have had to pay the same duty as all other EU trading partners and therefore have found themselves in a difficult situation. Exports from these countries would have become much more expensive due to the EU tariffs compared to other African countries, as well as other global competitors such as Brazil or Thailand, which produce much more cheaply in comparison. And this is against the backdrop that the IMF and World Bank had virtually urged them to increase their exports, especially agricultural exports, in order to obtain foreign currency.

The EU then offered the middle-income countries and the regional African economic communities, which also include the less developed countries, bilateral trade agreements. All partners were to be granted free market access to the EU, with one decisive difference: market access also applied to European exports from the time the current rules came into force in a multi-year transition – tariffs in Africa were also to be dropped. Most African countries initially rejected the EU's request, especially the less developed countries, which already had free access to European markets due to the EU preferential system. The so-called non-LDCs, however, concluded bilateral (individual) *Economic Partnership Agreements* (EPAs) in the following years. This concerns Ghana, Côte d'Ivoire, Cameroon, Kenya, Mozambique, South Africa, Namibia and Zimbabwe, in addition to some smaller island states and landlocked countries. Although tariffs on EU products do not have to be abolished immediately after the agreements come into force, the loss of revenue is now clearly noticeable in all African countries with EU agreements and is missing from the respective budgets.

This is becoming clear in Cameroon. Because the country had to reduce customs duties for a large group of industrial imports from the EU for the first time in 2016. According to its Ministry of Finance, it will lose a total of over 100 million Euros in customs duties on imports by 2024 (Ecomatin 2023) This trend will intensify over the next few years until Cameroon is no longer allowed to levy customs duties on EU products at all, with the exception of agricultural products. Conversely, Cameroon does not benefit de facto from the economic agreement, unless it is calculated – purely theoretically – that the EU would have been allowed to levy higher tariffs against Cameroon if the agreement had not existed.

The promise that investors from the EU will now be flocking to Africa, as they will no longer have to pay customs duties on their imports of intermediate products, has also hardly materialised. On the contrary, weak small-scale industrial production is unlikely to get back on its feet if industrial products from the EU gradually become cheaper than those produced in Africa. Very soon after the conclusion of the EPA agreements, the restrictions or even the ban on levying export taxes on unprocessed raw materials such as gold or diamonds will have a financial impact on Cameroon and especially on EPA countries in southern Africa such as Namibia, Botswana and South Africa. According to the World Customs Union, customs revenue is an important part of tax revenue for African countries. In contrast to the European Union, for example, where they account for eight per cent, they make up 34 per cent of all tax revenue in West Africa and 26 per cent in Eastern and Southern Africa (World Customs Organisation 2023).

If these revenues fail to materialise in the coming years, it is foreseeable that the first thing to be cut will be funding for social protection programmes. There is no economic necessity to force Africa into these agreements. As in the negotiation phase from 2000 to 2008, the EU could apply to the WTO for a waiver. Under this condition, it could continue to grant middle-income countries access to the EU market without forcing African states to abolish their own tariffs.

Agricultural Imports Are Not Affected by Tariff Reductions

An often-discussed strand of negative influence on African policies, especially agricultural and food policy, cannot be confirmed, contrary to frequently read opinions. In the EPAs, which only ensure market liberalisation in the few countries mentioned, the EU has allowed the partner countries to maintain their agricultural tariffs as protective measures. The many descriptions of the negative impact of cheap imports from the EU cannot be attributed to these agreements. Chicken meat, wheat, tomatoes or milk powder destroy local markets despite high protective tariffs, as the production conditions under factory farming (meat) or EU agricultural subsidies (wheat) create such favourable surpluses that they slip through any customs barrier. West Africa has imposed a maximum tariff of 35 per cent on these agricultural imports. However, with export prices for chicken meat from the EU of 0.70 Euro cents per kilo of chicken parts, no local producer can compete with this regardless of the high tariff. This means that apart from the VAT on imported products, African countries are losing revenue from the entire production chain, in this case from meat. In addition, important foreign currency has to be spent on these imports, which is then not available for the import of medicines. Poultry imports alone cost Africa 700 million Euros – sums of money that are missing out on its own value creation. The state would therefore have to subsidise agriculture more, otherwise it will lose even more ground to cheap imports from the EU. Countries such as Nigeria, Cameroon and Senegal show how successfully African countries can defend themselves against such imports and create income for producers. Millions of jobs have been created in the poultry industry there because these countries banned imports 15 years ago – not necessarily in accordance with the rules – and strictly control the ban. The employees can feed their families, maintain their health and send their children to school, thereby relieving the burden on social protection systems. After all, the best social protection system is one that does not have to be utilised because there is no need.

Commodity and Agricultural Exports are Volatile Revenues

In contrast, the increase in agricultural exports as part of the structural measures is dangerous ground for securing long-term income. The EPA countries Côte d'Ivoire and Ghana in particular have become highly dependent as a result. This is because the concentration in the export business on a few agricultural products (cocoa, coffee, bananas, tea, peanuts) makes them susceptible to price fluctuations. The income to cover social protection systems is therefore highly volatile.

The detrimental experience of exporting raw materials has been experienced by extractive industries for decades. Nigeria, Burkina Faso, Mozambique, Angola and the Democratic Republic of the Congo are rich in natural resources, but most of the resulting profits either flow abroad or are monopolised by a small elite. There are positive approaches in Angola and Ghana, where the revenues from the extractive industry are used to finance the state budgets and are explicitly invested in social welfare systems. However, the volatility of commodity prices on the world market, as can also be seen in the case of Zambia regarding the price of copper, makes these revenues unstable and difficult to plan. This repeatedly leads to economic and social instability. The extractive industry generates enormous profits for the now often privatised licenses, mostly foreign mining and oil companies. If they have their company headquarters in industrialised countries and pay profit and sales taxes there, this benefits the social protection systems there.

Investors' Paradises: The Special Economic Zones

In addition to the recommendations to deregulate "barriers to investment", as proposed by the G20 in the *Global Compact with Africa*, the establishment of free trade zones is another measure. It is recommended by industrialised countries and the EU to attract foreign investors. Global industrial or service providers who invest in an African country are offered tax advantages, the suspension of environmental and labour legislation or a reduction to the "bare minimum". In return, foreign investors are usually allowed to transfer their profits to tax havens. This does create some jobs, sometimes even a little supply, if not everything is imported into the zone anyway, duty-free of course. Not even VAT or export duties are levied when the products are taken out of the country. In principle, it is a "duty free" zone, like the ones at airports. Such "gifts" reduce the revenue of countries and rarely promote industrialisation.

At the beginning of the 2000s, Kenya had created such permissive special economic zones for Chinese textile factories to circumvent a quota that was too low for Chinese interests at the time. When this agreement expired in 2005 and China was able to produce as much as it wanted in its own country, the factories in Kenya were

A Health Centre in Cameroon: Guaranteeing the right to health is extremely difficult owing to the state's fluctuating income.

dismantled after five years and rebuilt in China or Bangladesh. Thousands of jobs were lost in the East African country. Revenue was less affected as the Chinese companies had not paid any taxes. Instead, Kenya is now allowed to import cheap textiles from China or old clothes from Europe. Neither contributes much to value creation and revenue for the Kenyan state.

The Multilateral Trade Rules as an Obstacle to Revenue Generation

Finally, the industrialised countries do not only exert bilateral influence on the revenue opportunities of African countries. Multilateral trade rules, which were mostly formulated in favour of the industrialised countries in the WTO in 1995, leave African countries limited scope for independent development. Obligations that African countries enter into within the framework of WTO agreements such as *GATS (General Agreement on Trade in Services)*, *GATT (General Agreement on Tariffs and Trade)* and *AoA (Agreement on Agriculture)* often only serve to further open up markets. They set framework conditions that significantly restrict the member states' ability to levy tariffs and introduce special trade barriers (https://globaltaxjustice.org/wp-content/uploads/2022/08/2021-10-08-Read-GATJs-statement-EN-PDF.pdf).

The principle of most-favoured-nation treatment and equal treatment of foreign companies makes it difficult for countries to differentiate between domestic and foreign products and service providers. This restricts the use of protectionist measures to protect local industries. Incidentally, this is a requirement that the EU would like to negotiate into the African bilateral trade agreements, together with measures to open up the services markets. In the bilateral agreements with the Caribbean states, in Latin America and in the agreement with Vietnam, the EU has already pushed through the opening of these markets. This means that these markets will also be open to suppliers from the European Union in future, along with corresponding tax benefits for foreign investors. Local providers or even state providers will lose out and generate hardly any tax revenue.

Outlook

Tax revenues in many African countries are often insufficient to finance comprehensive social protection systems. This is partly due to the dominance of informal small businesses and markets, which are rarely taxed, and partly due to the low consumption of consumer goods, which limits the revenue from VAT. In addition, international agreements and the associated opening of markets mean that local companies are often unable to compete with imported goods and services. This in turn reduces the tax revenue that companies would have to pay.

These diverse external influences present African countries with the challenge of organising their economies in such a way that they are both internationally competitive and internally balanced and inclusive. The need for a reorientation of international economic relations to promote a fairer and more sustainable global economic order is obvious. African countries need support to strengthen their own capacities and promote local economic cycles that can ensure long-term social and economic security.

The orientation of the African Free Trade Area adopted in 2019 has been widely criticised as neoliberal. Nevertheless, aligning local industry and services with the African domestic market would at least promote value creation and revenue distribution within Africa. However, this would require closing all the loopholes described above that give the EU and other industrialised countries advantages in Africa.

Whether this succeeds will also depend on civil society movements, which have long been demanding the protection of their production in the agricultural sector and have been successful in some cases. Trade union movements to protect national industries are less developed. Social movements that would call on their states to focus more on local and national investments that contribute to state budgets instead of attracting foreign investors with tax benefits are even weaker. The best-case-scenario would be to ensure that only those foreign investors who comply with the rules and tax laws of the host countries, create jobs, pay social security contributions, use the domestic market, do good business, but also reinvest their profits in the host country, including in training and labour protection, are permitted to operate within the country.

Thomas Fritz

Trade Policy: Social Protection Remains a Blind Spot

The European trade policy has a significant impact on social protection systems in the Global South.

The impact of trade policy on social protection systems, particularly in economically weaker countries, is one of the blind spots in European foreign trade policy. The European Commission does sustainability impact assessments of its trade agreements; however, these do not include systematic analyses of the impact on national social systems. Social protection is important as it cushions risks such as illness, old age, unemployment, invalidity or maternity. It therefore represents a key instrument in the fight against poverty and has so far been largely neglected in official EU trade policy.

There Is a Lack of Research on the Tense Relationship Between Trade and Social Protection

The effects of trade liberalisation on collective social systems, specifically in developing and emerging countries, are not simply a largely blank space in political practice. Blind spots can also be seen in research. Most academic studies on the relationship between trade and social protection focus on industrialised countries such as the USA or EU member states. These studies usually examine the effects of imports from emerging economies on wages, jobs and the social protection of industrialised workers. One important topic here is the so-called *"China shock"*. This term is used to describe the competition from imports of mass-produced, often low-priced Chinese industrial goods and the social policy measures taken in response. Such initiatives include specific programmes designed to cushion the loss of income or jobs due to import shocks, such as *Trade Adjustment Assistance* in the USA or the *European Globalisation Adjustment Fund* in the EU (see Shaffer 2018, Rodrik 2021, Claeys/Sapir 2018).

Studies that analyse the relationship between trade and social protection from the perspective of economically weaker countries are similarly structured. They examine how state social policies react to market openings as a result of globalisation, liberalisation and structural

A Port in Cape Town: Trade agreements have an impact on the design of social protection systems.

adjustment measures. The focus here is on examining two competing assumptions: the *efficiency hypothesis* and the *compensation hypothesis*.

The *efficiency hypothesis* states that governments react to trade liberalisation by forgoing taxes and social security contributions as well as introducing social security cuts to attract investment and increase the competitiveness of the export economy. According to the *compensation hypothesis*, on the other hand, protests by losers of liberalisation – such as workers who lose their jobs as a result of market openings – can pose a risk for governments, which they try to contain with targeted social programmes. In reality, however, it is possible for both hypotheses to apply in a country and for governments to increase social spending for some groups and reduce it for others (Dumal 2006, Olawale/Adebayo 2017).

Ray M. Desai and Nita Rudra (2019) have supplemented such studies with the question of how given trade and production structures influence the social policy measures that developing countries take as a result of liberalisation. One result of their research shows that countries that generate export surpluses from agricultural production tend to extend social benefits to poor rural groups. After all, they form an important labour pool for export agriculture, even if the level of benefits may be inadequate. In countries that import more food than they export (so-called net food importers), on the other hand, the authors note that there is often a lack of incentives and resources to compensate for food price shocks with sufficient social benefits.

According to Desai and Rudra (2019), the situation is different in countries that have integrated themselves into global manufacturing supply chains, for example in the textile or electronics sector, and generate export surpluses. As companies in these sectors are often financed by foreign direct investment, there is considerable pressure on governments to keep taxes and social security contributions low. This in turn hinders the financing of universally accessible social systems. Integration into industrial supply chains therefore favours a social policy that prioritises a few employees with higher qualifications at the expense of the vast majority of the working poor.

Studies of this kind make it clear that a poverty-oriented trade policy would have to take very precise account of the consequences of liberalisation in the various sectors and groups of the working population. They can also indicate which social policy support and adjustment measures would be necessary to reduce poverty risks as a result of

Transport of Agricultural Products in Argentina: Trade policy must pursue the strengthening of social protection systems as an equal goal.

market liberalisation. What these studies do not do, however, is analyse the effects of specific trade policy instruments such as trade and investment agreements on social protection systems in countries of the Global South.

Market Liberalisation Is a Stress Test for Social Protection Systems

The dearth of research is remarkable. This is because the influence of trade agreements on both the possibilities and the concrete organisation of social protection systems has increased significantly over the past two decades. It is primarily a result of the founding of the World Trade Organisation (WTO) in 1995, which led to an expansion of international trade law from trade in goods to domestic regulations. The WTO introduced new regulations, particularly in the areas of services, investments, subsidies, intellectual property and public procurement. The EU and the USA in particular have driven this expansion of trade law even further as part of their new generation of bilateral trade and investment agreements (Koivusalo/Perehudoff 2018, Hoekman 2018). The old generation of trade agreements, on the other hand, is essentially limited to the reduction of tariffs and quotas in the area of trade in goods, which can also have a negative impact on social protection (see: Francisco Marí: Social security in Africa requires economic decolonisation).

Risks arise here on the one hand from shrinking state revenues as a result of the agreed reductions in customs duties and taxes, and on the other hand from increasing import dependency, particularly in the area of staple foods. In the new generation of trade agreements, there are also specific restrictions that limit the political room for manoeuvre for the design of social protection systems. Some recent EU trade agreements, for example, focus on government programmes that attempt to achieve the goal of poverty reduction through price controls, social tariffs and subsidies.

As part of the renegotiation of the *EU-Mexico agreement*, the EU has published a draft energy chapter that only allows price regulations if they are proportionate and temporary. In addition, the calculation methods are to be published in advance – a requirement that opens up opportunities for foreign companies to object (European Commission 2018). As a result, price regulations that are not only intended to curb one-off inflationary shocks, but also to ensure that poor groups have permanent access to essential goods such as energy and food, are vulnerable. Such social price regulations exist in Mexico, for example in the area of electricity tariffs (Sustainable Energy for All 2020).

Another important goal of national social policies is to ensure the affordability of medicines, especially as these are often subsidised by state healthcare systems. To this end, it is important to approve cheap copycat preparations of patented products from pharmaceutical companies – so-called generics – on the market at an early stage. However, numerous EU trade agreements provide for several years of exclusivity for test data from pharmaceutical companies. During this period, pharmaceutical authorities in the partner countries are not allowed to use this test data as a basis if generic manufacturers apply to the competent authorities for authorisation of a generic product with the same composition.

Data exclusivity of five years or more can be found in the EU trade agreements with Colombia, Peru, Ecuador, South Korea, Vietnam and the Caribbean states. These rules are significantly stricter than the provisions of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The EU implemented another so-called TRIPS-plus rule in its agreements with Vietnam, South Korea, Singapore, Ukraine, Moldova and Georgia. The minimum term of patent protection of 20 years stipulated in TRIPS is extended by five years in these agreements. This means that all of these trade agreements make access to medicines more expensive at the expense of private households and the public healthcare system. As they jeopardise the supply of medicines to low-income groups in particular, they are highly questionable from a human rights perspective (Fritz 2021).

Investment Protection Versus Social Protection

Finally, the Investor-State Dispute Settlement (ISDS) procedures provided for in investment protection agreements also restrict the ability of governments to organise their social protection systems. ISDS procedures grant foreign investors the exclusive privilege of bypassing national courts and claiming compensation before international arbitration tribunals if government measures impair their profit opportunities. Several of these proceedings have involved pension schemes whose privatisation proved to be a mistake and was reversed by governments.

After Bolivia brought the system of private pension funds back under state administration in 2009, the major Spanish bank BBVA, which had managed private pensions there, initiated ISDS proceedings against the country in accordance with the investment agreement between Spain and Bolivia. The case was heard by a *tribunal of the World Bank's arbitration institution*, ICSID, for short, which ruled in favour of the claimant in 2022. The tribunal ordered Bolivia to pay compensation of USD 95 million (Montero Frasson 2022).

Argentina also ended the experiment with private pensions and nationalised private pension funds in 2008. Ten years later, Nationale Nederlanden, the financial group affected by this, sued Argentina before the ICSID and demanded compensation of 500 million US dollars. The financial group used the ISDS option provided for in the bilateral investment treaty between Argentina and the Netherlands (Verbeek 2023) for its claim.

Another ICSID lawsuit against Argentina's reversal of pension privatisation was filed by the US insurance company Metlife in 2017. In these proceedings, seven human rights organisations, including the Berlin-based *European Center for Constitutional and Human Rights* (ECCHR), submitted a statement in 2021 – an *amicus curiae brief*. In it, the organisations made it clear that the Argentinian government had a human rights obligation to tackle reforms in view of the considerable shortcomings of the privatised system. The privatised pension system did not meet the requirements of a dignified universal pension scheme, either in terms of its scope or the level of pension payments (ECCHR et al. 2021).

Despite the perceived risks to social systems, the EU is nevertheless maintaining the ISDS system in its trade policy towards third countries and has integrated the mechanism into other trade agreements, such as the agreements with Canada, Singapore, Vietnam and Chile. This is all the more questionable given that the EU has now initiated an exit from the system of bilateral investment protection agreements, including the ISDS procedure, in its internal relations with EU member states. The European Commission justifies the agreed cancellation of the intra-EU investment agreements on the grounds that they violate EU law (European Commission 2020). However, this puts it under pressure to justify itself if it continues to adhere to an arbitration system vis-à-vis third countries that hinders the state's scope for ensuring social security and other public welfare obligations.

Trade Policy Priorities Must Be Shifted

This cursory overview of the relationship between trade and social security shows that European trade policy still follows a traditional approach, which legal scholar Gregory Shaffer (2019) has labelled a "two-stage model". In the first stage, governments sign trade agreements that are intended to curb protectionism and increase general prosperity by trading the most favourable goods. However, since the gains in prosperity are distributed unequally and trade liberalisation produces winners and losers – as those involved in official trade policy fully acknowledge – state social policy comes into play in the second stage. It is intended to compensate for the social consequences of market liberalisation and free trade.

However, as it has been shown time and again that social inequality can grow as trade barriers fall and the power of transnational companies increases, this model is becoming fragile. Due to financial constraints, social policy is less and less able to provide the compensation that losers of liberalisation expect. As a result, governments and democracy are losing legitimacy and social conflicts are becoming more acute.

In order to stop this downward spiral, trade policy would therefore have to be reformed in such a way that it pursues the strengthening of social protection systems as an equal goal. However, European and multilateral trade policy is still a long way from achieving this. Such a progressive shift in foreign trade priorities requires persistent commitment and public pressure from social and development policy and human rights actors.

Ahilan Kadirgamar

Debt Crisis and Social Welfare in Sri Lanka

When debt problems accelerated worldwide with the Covid-19 pandemic and the war in Ukraine, Sri Lanka was one of the first countries that defaulted on its external debt in April 2022. The roots of this crisis go back to the way Sri Lanka was first integrated into the global financial system. This article examines the historical development and underlying causes of Sri Lanka's rising public debt. It further shows the serious consequences for the country's population and social security system caused by the harsh austerity programmes imposed on the country by the International Monetary Fund (IMF).

Debt Crisis and Social Welfare

What will become of the welfare of the citizens if a debt crisis overwhelms a country's social policies? Sri Lanka has gone through many crises in its post-colonial period including insurrections, the global economic downturn of the 1970s, a long protracted civil war and the tsunami of 2004, all leading to tremendous social suffering, massive loss of life and physical devastation. However, never since Independence in 1948, has Sri Lanka been so vulnerable to altogether losing its much-cherished social welfare system as today.

In the 1970s, Sri Lanka was considered a model development state alongside Cuba and the Indian State of Kerala, because it's human development indicators – from literacy to life expectancy – were high, even though it's per capita GDP was low. This was due to free education, universal food subsidy, and free healthcare measures dating back to the 1940s and 1950s at the very start of decolonisation.

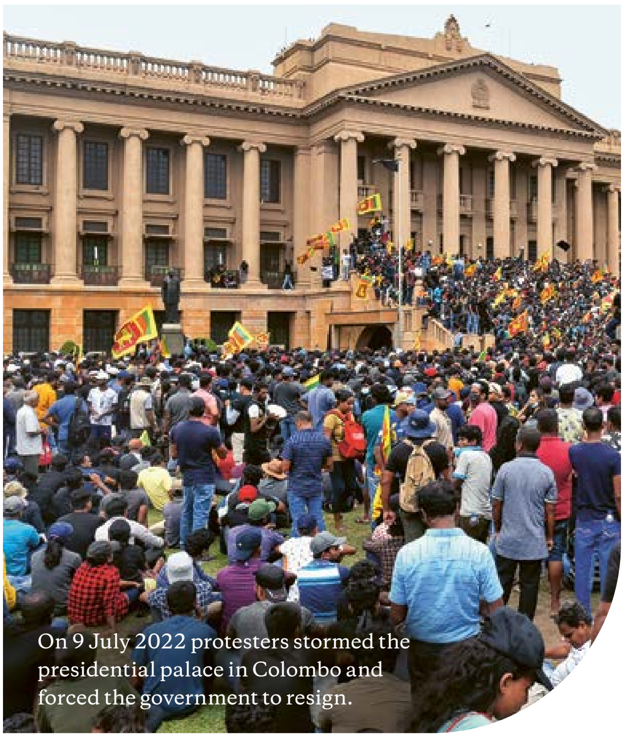
The global economic downturn of the 1970s, and the emergence of an authoritarian neoliberal regime in Sri Lanka later in the decade, led to the undermining of social welfare policies. The universal food subsidy was whittled down to a meagre targeted cash transfer in subsequent years. State allocation for education reduced to 1.5 % of GDP in 2011 and to 1.2 % GDP in 2022, one of the lowest in the world (World Bank 2024).

In the 1970s, Sri Lanka, with its free education, was regarded as an example to all. Today, state spending on education is among the lowest in the world.

In principle, however, the system remained intact with free education up to university level. The same is true for free healthcare, where anyone had the possibility to go to a government hospital and receive free treatment. Furthermore, affordable public utilities like electricity and water services were universally accessible until the economic crisis.

Default and the Role of the International Monetary Fund

Following the binge of global capital flows to the emerging markets in the wake of the Global Financial Crisis of 2007 and 2008, Sri Lanka increased its external debt with large amounts of commercial borrowings in the international capital markets reaching unsustainable levels. In 2007 Sri Lanka floated its first *International Sovereign Bond* (ISB) of USD 500 million at the high interest rate of 8.25 %. The stock of ISBs at such high interest rates was 31 % of Sri Lanka's external debt stock. Furthermore, Sri Lanka's total external debt as a percentage of Gross National Income (GNI) had risen from 43.6 % of GNI in 2007 to 68.6 % of GNI in 2022 when it defaulted (Chandrasekhar 2023).



On 9 July 2022 protesters stormed the presidential palace in Colombo and forced the government to resign.

Difficult Coordination of Creditor

Debt restructuring is fraught with difficulties given the different interests of the multilateral agencies, bilateral donors and commercial lenders. Multilateral agencies are exempted from debt restructuring on the basis of their claimed preferred creditor status, which is being challenged by Sri Lanka's major bilateral donor, China. Next, there is little coordination between the two major camps of bilateral donors with China on one side and Japan along with India on the other, particularly given their geopolitical rivalry in controlling Sri Lanka in the Indian Ocean. The commercial lenders, including major investment funds which hold Sri Lanka's international sovereign bonds, are reluctant even to provide the minimal haircut proposed by the IMF's Debt Sustainability Analysis (DSA). Instead, they are negotiating hard to gain their pound of flesh. (see: Global Sovereign Debt Monitor 2024, https://erlassjahr.de/en/news/gsdm2024)

When a country defaults on its debt, the reconciling of the different interests of all creditors for debt restructuring is a complex exercise. External creditors such as the group of Western bilateral creditors known as the Paris Club insist on the International Monetary Fund (IMF) as the arbiter, and the IMF's debt sustainability analysis as the framework for debt restructuring. However, instead of being a neutral arbiter, the IMF programme for Sri Lanka primarily aimed at protecting the interests of past creditors and future investors. This is characterised by the provision of minimal debt relief, ensuring a high level of debt servicing after debt restructuring and carrying out drastic economic reforms characterised by cuts in social welfare programs. The imposition of these kinds of austerity measures clearly only exist to ensure that governments can repay their creditors.

Austerity and Social Haemorrhage

Since its default in April 2022, having approached the IMF, Sri Lanka began implementing austerity measures including cuts to state expenditure, an increase in indirect taxes, market pricing of energy, a massive rise in interest rates and the sudden devaluation of the rupee, leading to a tremendous rise in the cost of living (Kadirgamar 2023 https://www.dailymirror.lk/print/opinion/IMF-Austerity-and-Social-Protection/172-257659). The rise in policy rate of the Central Bank from 6 % to 16.5 % and the sudden devaluation of the rupee from LKR 200 to 360 per USD were in line with the IMF recommendations prior to the IMF agreement, which the IMF Executive Board eventually approved in 2023 (International Monetary Fund 2023).

Over 500,000 formal sector jobs were lost in the year after the default, particularly with the collapse of small businesses following the rapid increase in interest rates. Real wages plunged to about half, and for informal sector workers their incomes halved while the cost of living doubled. Poverty levels, however underestimated by the data, doubled (Hadad-Zervos 2022). According to the United Nations Development Programme (UNDP), over 56 % of the population is multi-dimensionally vulnerable. Child malnutrition and school dropouts are on the rise. People are borrowing to purchase food, eating less nutritiously and skipping meals regularly (UNDP 2023). For a country of 5.6 million households with more or less universal access to electricity, close to 1.3 million electricity connections have been disconnected (https://www.themorning.lk/articles/j5QJ1We8L0FN2W1SFtGn). This is just the tip of the iceberg of hunger and darkness, as the fallout from these dynamics will end in at least one if not more lost generations. The costs of the resolution of the debt burden are socialised by passing them on to the working people and it means that the economic future of generations of Sri Lankans are now being wagered to satisfy the interests of powerful external financiers.

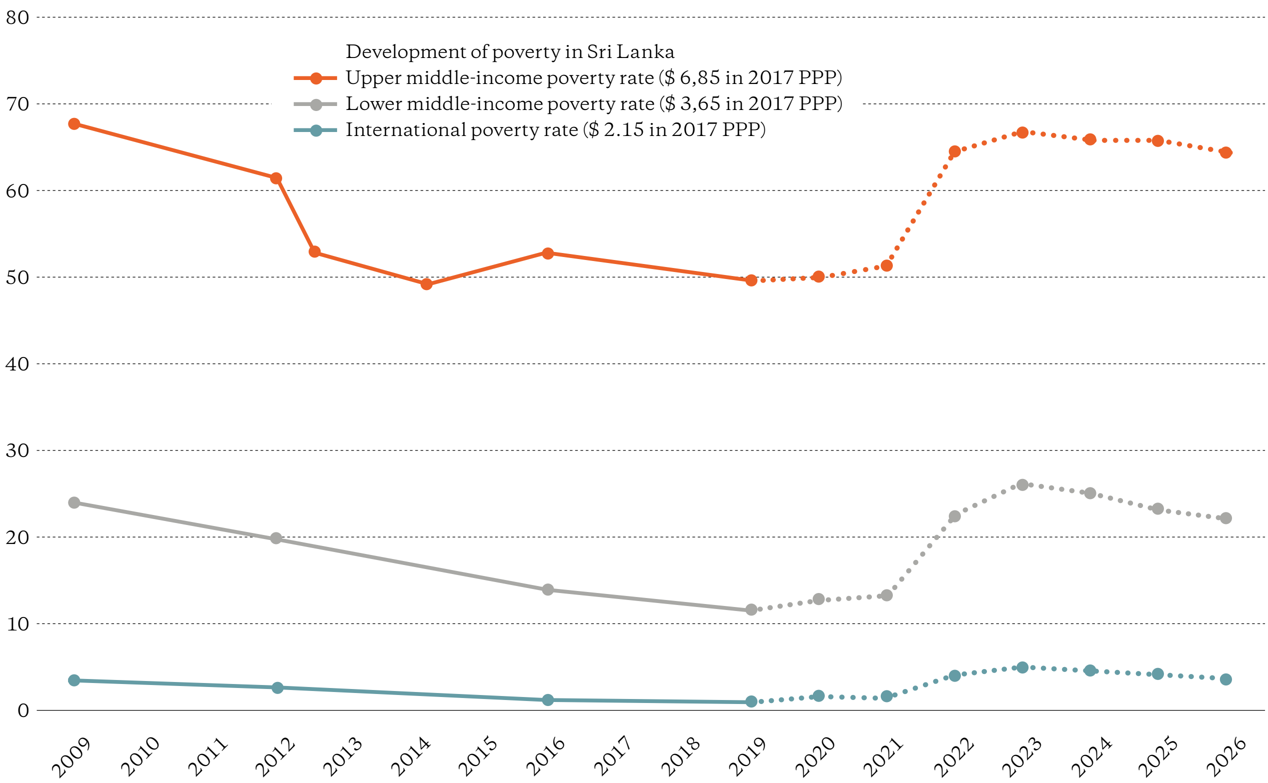


Figure 7: Poverty has increased for four consecutive years. The three curves show the development based on three different poverty thresholds.
Source: World Bank 2024, S. vii

Yet those at the helm of imposing these austerity measures, including the IMF, the World Bank and the authoritarian regime in power in Sri Lanka, say the country is now recovering. Why? Because Sri Lanka's foreign reserves are increasing, and it is in a better place they believe to repay its external creditors. Indeed, the IMF program is clear in its priorities. By the end of its four-year program in 2027, the IMF program's target is for Sri Lanka to float an International Sovereign Bond (ISB) for USD 1.5 billion. However, this does not take into consideration the fact that such ISBs as explained above were the main culprits for the debt crisis in the first place with 31 % of the external debt constituted by ISBs. Furthermore, following the program, 4.5 % of GDP or close to 30 % of government revenue will be allocated every year to repay Sri Lanka's external creditors. (UNDP 2023).

It is not that the IMF was unaware of the consequences of its austerity program. It claimed that those most affected by the crisis will find a safety net of targeted social protection. However, the problem is that the allocation in the IMF program for targeted social protection was just a mere 0.6 % of GDP (while it sets aside (maximum) 4.5 % of GDP per year for foreign currency debt servicing). This policy must be considered through the lens of heightened socio-economic stresses where poverty levels have doubled and needs have risen sharply as a result of the aforementioned regressive taxes, price hikes, etc.

In addition, the World Bank-designed *Aswesuma social protection program* introduced in 2023 (replacing the previous social protection mechanism *Samurdhi*) claims to provide better targeting. However, the failure of the Aswesuma program is all too clear from the women's protests that have taken place since it was launched.

> Sri Lanka already had a targeted social protection mechanism called **Samurdhi**. Under the Samurdhi social protection program, households considered to be poor were given a small cash transfers based on their household size. Samurdhi was also a weak successor to many such targeted cash transfer program, after the strong universal in-kind food subsidy was undone with IMF and World Bank Structural Adjustment Program of the late 1970s.

The failure of the *Awesuma* program can be seen very clearly in the women's protests that have taken place since its implementation (See a detailed account in Kadirgamar, N. (2023) https://www.unwomen.org/sites/default/files/2024-01/social_assistance_in_crises_and_austerity_sri_lanka_en.pdf)

Given that two-thirds of the population draw their income from informal livelihoods that are seasonal and subject to disruption when shocks affect fuel and other input costs, targeting would mean providing support to more or less only two-thirds of the population. This kind of targeting ignores the fact that the entire population would be vulnerable to economic shocks and that all people who do not belong to the defined group will conceivably not be protected by the social safety net.

Reclaiming Social Welfare

The working people of Sri Lanka face a deeply debilitating crisis. The supposed solution of economic recovery that has been forced upon them dispossesses them of any reasonable expectations of prosperity. The IMF, World Bank and Sri Lanka's own high officials' negligence and disinterest in the livelihoods of informal workers betrays class interests. The domestic debt restructuring already implemented will take away close to half of the retirement funds of the formal sectors workers over the next sixteen years (Daily Financial Times (2023). The external debt restructuring is on the verge of delivering a sweet deal to Sri Lanka's most extractive creditors in the form of bondholders. The IMF program and the government were looking for a "haircut", or reduction in the present value of the debt, on the order of 30 %. That level of debt relief itself was inadequate and likely to push Sri Lanka into another default with another major shock. The bondholders on the other hand wanted to provide even less debt relief and the final agreement that has been agreed to provides just 11 % reduction or less than USD 1.5 billion in the present value of debt, which is the amount that the IMF proposes Sri Lanka should start borrowing from bondholders each year after the end of the program in 2027 (Daily Financial Times (2024) https://www.ft.lk/opinion/FAQ-Understanding-the-myths-and-challenges-around-debt-restructuring/14-767223).

The reality is that there is no middle path and no amount of tweaking of the IMF program and the World Bank Country Partnership Framework over the next three years is going to address the social and economic concerns of the working people of Sri Lanka. If one is serious about social protection and social security, there is no option but a complete overhaul of the current policy trajectory.

Since Sri Lanka took the path of liberalisation four and half decades ago, the market claimed to ensure economic prosperity. In the process planning, industrial policy, self-sufficiency particularly in food, and the promotion of local production to substitute for imports were all thrown out. Furthermore, free trade and the free flow of capital, particularly with free trade agreements and capital account convertibility have led to massive imports. These include luxury goods and the inflow and flight of capital, resulting in repeated shocks and a vulnerable economy.

Sri Lanka has important lessons from what it did after the Great Depression of the 1930s and the disruptions of the Second World War, when it created a robust universal social welfare system soon after. The current debt crisis is the worst since that period and is seen as an opportunity for global finance capital and the national elite to extract more from the working people over the next few decades. However, it can also be a moment to reclaim universal social welfare – a system that has proven to work. Work has to begin in Sri Lanka, in other countries affected by debt distress and internationally more broadly to reclaim social welfare as a universal right of all people.

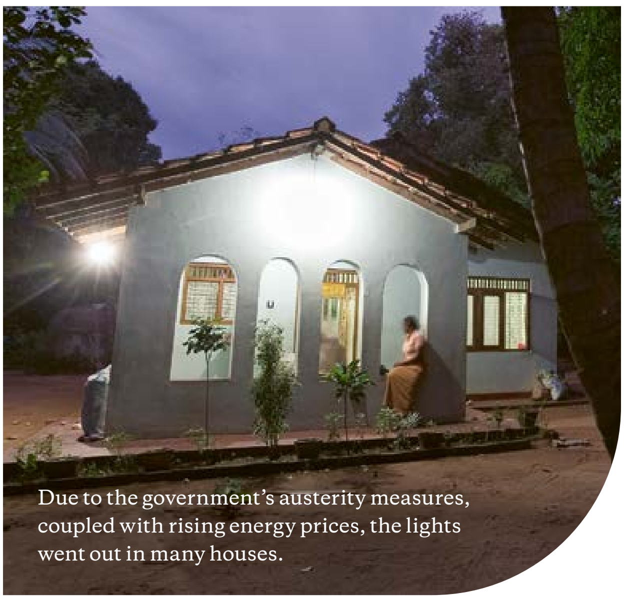
Which Way Forward?

What is at stake for the daily lives of people in countries like Sri Lanka that are going through debt distress and IMF programs? What will their future generations face in the context of severe austerity measures imposed by the IMF and forcefully implemented by their governments? What alternative paths exist for the protection, security and wellbeing of working people? These processes, triggered by the IMF, have to be reversed. Local production and self-sufficiency have to be encouraged with suitable forms of development finance, particularly concessionary finance, under the control and planning of democratically elected representatives in Sri Lanka. Such measures should also form the contours of a new international financial architecture that would reduce inequality between countries around the world and within countries of the Global South.

Specifically, it is about the international engagement of a range of actors, from the United Nations to global social movements. The progressive policies of states affected by the crisis and the struggles of the affected working people themselves who are making political demands to secure their social and economic lives must be prioritised. In the face of increasing efforts to target and commercialise social security and public services, clear and robust demands must be made for universally free education, free health care, access to food and affordable energy and water.

In Sri Lanka the International Monetary Fund has once again proved itself to be much more a part of the problem rather than the solution. This is why its role as an “arbiter” in debt restructuring must be questioned. Instead of the IMF the United Nations would be a much more appropriate institution to mediate in debt restructuring.

Commercial borrowing for development promoted by the IMF for countries like Sri Lanka has only pushed them into unsustainable debt. To find sustainable alternative sources of external development finance for the Global South will be the major task of the reform of international financial architecture in the coming years. Such development financing has to be structured in a way that countries retain sufficient autonomy to drive development in the interests of their own citizenry. Sri Lanka is no exception. It is becoming increasingly clear that it is necessary to create industrial policies suited to specific local markets and to consider policies of self-sufficiency in food and essentials to weather external shocks without sacrificing the basic needs of the people.



Due to the government’s austerity measures, coupled with rising energy prices, the lights went out in many houses.

Farina Hoffmann

"All People Have a Right to Social Security"

Brazil was a model for progressive social policy. Today the feminist movement faces challenges.

With capitalism, the global North has created a system that divides labour into "productive" and "reproductive" labour. As a result of this division, reproductive work is devalued and either poorly paid or often not paid at all. A counter-model is the care economy. In concrete terms, this means that care work, such as looking after children and the elderly, is organised collectively and seen as a priority for a functioning society.


Rivane Arantes


Maria Betânia Ávila

Brazil was known for its progressive social policy and its right to social security enshrined in the constitution, which civil society fought for as part of the constitutional process in 1988. However, even in Brazil, the social security system has repeatedly faced pressure from neoliberal interest groups, i.e. pressure to privatise these services. This is because some companies that are active in these sectors cooperate with foreign corporations. International corporations from the Global North influence governments in the Global South through lobbying so that they can make substantial profits from the privatisation of social security systems such as pensions and health insurance. German business representatives expressed their delight at Jair Bolsonaro's election success. They sensed the ripe opportunities for privatisation and profit. As a result, companies have succeeded in pushing back state structures, e.g. in administration and in the implementation of social policies. This has led to one thing in particular: The most vulnerable and discriminated people, which includes Black, impoverished and LGBTQIAPN+ (lesbian, gay, bisexual, trans*, queer, inter*, asexual/aromantic/agender, pansexual/polyamorous and non-binary), are increasingly less socially protected.

We spoke to **Maria Betânia Ávila** and **Rivane Arantes** from our Brazilian partner organisation *SOS Corpo* about these challenges. In August 2023, a group of feminist organisations and movements, including SOS Corpo, published the "MANIFESTO – For a national care policy that fights inequalities from the perspective of the concept of Bem Vivir – Good Life for All." The interview questions are based on information provided by the partners.

Bem Vivir (Good Life for All) is an indigenous South American concept that focuses on reducing social inequality, solidarity in the economy and society and balance with the earth. The concept is a system-critical response to Western development thinking. It is based on an indigenous cosmovision and focuses on a good life for all instead of better, faster and further for the few.

You write in your manifesto that the Brazilian social security system is under pressure. Who is responsible for this?
Since 1990, the Brazilian system has been exposed to various threats and restrictions due to the forced implementation of the neoliberal state model by various national governments. Education, health and social security are strategic areas for social policy with extensive public budgets. As a result, they repeatedly come under the scrutiny of actors in the private sector who are keen to tap into these funds. National and transnational corporations try to disqualify the public social security system with misleading arguments such as "social security is in deficit, it only makes losses and cannot sustain itself". These companies have large lobbying capacities in Brazil's National Congress and have, for example, managed to negatively influence the recent pension reforms. For precarious workers, and women in particular, this means that they will have a smaller pension available to them when they get old.

A number of measures intended to combat the impoverishment of the population, such as the Bolsa Família social assistance program, are linked to conditions. In practice, these relegate women to a role as solely responsible for care work. What are other causes of the discrimination and exclusion of women?
Every day we see Black, impoverished, disabled, marginalised and especially LBTQIAPN+ women working and living in risky conditions. However, the reality of their lives is not sufficiently reflected in the statistics, especially when it comes to the situation of women with disabilities, as there are no official counts or surveys. The only available data is from 2022, when the Brazilian Bureau of Data and Statistics (IBGE) announced that 2.9 million people over the age of 18 in Brazil described themselves as lesbian, gay or bisexual. From our work, we know that being lesbian, trans*, non-binary* or inter* means being pushed into informal or precarious work or being excluded from the labour market altogether. In other words, a very large group of women in this country are exposed to uncertain employment, strenuous working hours, low wages and a complete lack of protection due to informal employment and continued impoverishment.

Another reason is that women are still socially penalised by the obligation to do housework and care for the family. This is by no means due to a lack of competence, skills or education. On the contrary: studies show that gender is the decisive factor for poor pay and strenuous working conditions.

Could you please be more specific?
This means that domestic work in Brazil is still almost exclusively the responsibility of women, regardless of racism, discrimination based on sexual orientation and identity or even class. Women from the wealthier classes are just as exposed to patriarchy, but they can outsource the care work. They transfer this work to another working woman, who is usually impoverished and Black, in return for payment.

This is not possible for women from the poorer classes. They have to rely on a network of women around them to take care of the tasks in addition to their paid work. The fact that neither the state nor companies nor male members of the family absorb these additional burdens is a decisive factor in the inequality between women of different classes.

Public daycare centres, one of the historic demands of feminism, are a right for children and not for women in Brazil. They are part of the education system and not part of a care policy. Can care economies be a solution to improving gender inequality?
We see care work as a fundamental necessity to ensure people's well-being and as an ethical dimension of human relations. We are therefore committed to placing care work as a social practice at the centre of society and the economy. This requires public policies that set the framework and promote the social democratisation of care work. We also believe that debates on care work should consider the use of time as a political resource. On top of the burden of care work, where is the time to stand up for one's own rights?

A patriarchal state like Brazil, where general care work is not anchored in the state, makes it impossible for us women to work full-time in jobs that guarantee better pay. This constantly puts us in uncertain situations and reinforces the process of further impoverishment.

What role do (international) church actors play?
In Brazil, we are seeing an upsurge in the founding of neo-Pentecostal Christian churches, which are deeply fundamentalist in nature. They are spreading in peripheral areas and state institutions and have a network of

connections to the military and local militias (drug gangs). They use their position of power to influence public policy at election times in particular.

These churches contribute significantly to the subordination of women by reinforcing the traditional role of women as providers for the family and seeking to enforce the patriarchal family model as an ideal. Important figures in these churches occupy influential positions in the community, in the legislature and in the local executive. Through state institutions, they appropriate public funds intended for the implementation of welfare measures, e.g. for the homeless, drug users, delinquent children and young people. In this way, these 'saviours' manage to fill in the gaps and gain more and more influence where the state does not come to the aid of individuals and families. By doing so, they gain people's trust.

For us, this is very worrying because it disregards the principle of the secularity of the state and reproduces discrimination and violence against marginalised population groups in a very acute way and "in the name of God". It is not uncommon for these organisations to violate human rights through, for example, "gay cures" or "cures" for drug addiction through abuse, harassment, private imprisonment and torture.

Demonstrators in Florianópolis, Brazil protesting against gender based violence.

You are campaigning for social security in Brazil with SOS Corpo. What exactly do you want to achieve with your fight?
Despite the restrictions caused by the reforms of recent years and the uncertain situation of public services and policies, social security in Brazil after the Bolsonaro era is guided more than ever by the important task of guaranteeing social rights. This is precisely what distinguishes it from the model of many countries, especially in the Global North, where the logic of privatisation of social security policies has taken over. However, it must be made clear that the state of social security for us can only be achieved when all human rights are truly guaranteed, not just the right to certain social benefits. Social assistance is only a right for a limited group of people who are unable to work for a certain reason (e.g. illness, disability, old age). Social insurance is mostly contribution-based, i.e. only accessible to those who are formally employed and pay into the social security funds. According to *Bem Viver’s* concept, however, everyone should have economic, social, cultural and ecological rights regardless of gender, age, sexual orientation and identity, formal or informal work (Brazilian acronym *“Dhesca”*).

We are therefore fighting to ensure that all people have the right to social security. We are fighting for social security to be universal, i.e. a guaranteed right for all people who work and not just for those who can afford it. We understand work, as we have already explained, in a broader perspective than productive and reproductive work. For us, every person who does paid productive work or reproductive care and domestic work, even if it is unpaid, should have the right to social security. This is of great importance. Because the state must then guarantee that people are socially protected in times when they are unable to work (due to pregnancy, illness, disability, for example). But even in the future, in old age, people must have the certainty that they are covered by pensions and other social benefits.

We also want to ensure that social security is based on solidarity. This not only means solidarity between the generations, but also that those who work contribute so that those who cannot work, or those who have worked and can no longer work, benefit from it.

We want social security to be redistributive, i.e. a policy that combats socio-economic, gender and racial inequality by taking differentiated measures for each specific situation of inequality.

SOS Corpo is committed to social security and gender equality.

Finally, we want social security to be feminist and anti-racist. This means that it must take into account the systemic discrimination based on gender, ethnicity, class and other forms of discrimination imposed on women in their different conditions of inequality in everyday life, in the labour market and in society as a whole. The state must take measures that strengthen women’s autonomy and not force them into the positions of victims, needy or providers.

The Interview was conducted by Farina Hoffmann.

Katja Hujo

The Power of Ideas and Money

Why the residual social protection paradigm is an impediment for realising the right to social security

The Current Context

The Covid-19 pandemic has made it crystal clear: countries that count on comprehensive and universal social services and social protection systems were much better prepared to cope with the immense challenges a global health crisis of this dimension produced, protecting both their populations and economies through unprecedented public health interventions, income transfers, adaptations in service delivery and economic stimulus. However, the expectations that the crisis would drive a shift in social policy approaches and an extension or even institutionalisation of some of the programmes that had been introduced on a temporary basis during the pandemic has not necessarily materialised. To the contrary, in a context of multiple crises and a sluggish recovery of the world economy, economic challenges low- and middle-income countries face are more and more daunting, with adverse consequences for social investments, well-being and sustainable development (UNRISD 2022; ILO 2024). As a result, developing countries are less resilient in times of crisis, have less resources to invest in social security and are more exposed to external pressures.

What are the obstacles for implementing comprehensive social security systems? While the focus is often on domestic factors that limit social protection coverage, for example high levels of labour market informality and insufficient fiscal revenues, many obstacles are rooted in our global economic model and the highly unequal North-South relations that underpin it. Furthermore, when discussing structural impediments, the role of ideas and narratives tends to be neglected.

This article will focus on how the promotion of a residual social protection paradigm by large parts of the international donor community and national-level allies act as a constraint for building comprehensive systems, especially when reform proposals are supported through conditional grants and loans – the power of ideas and money.

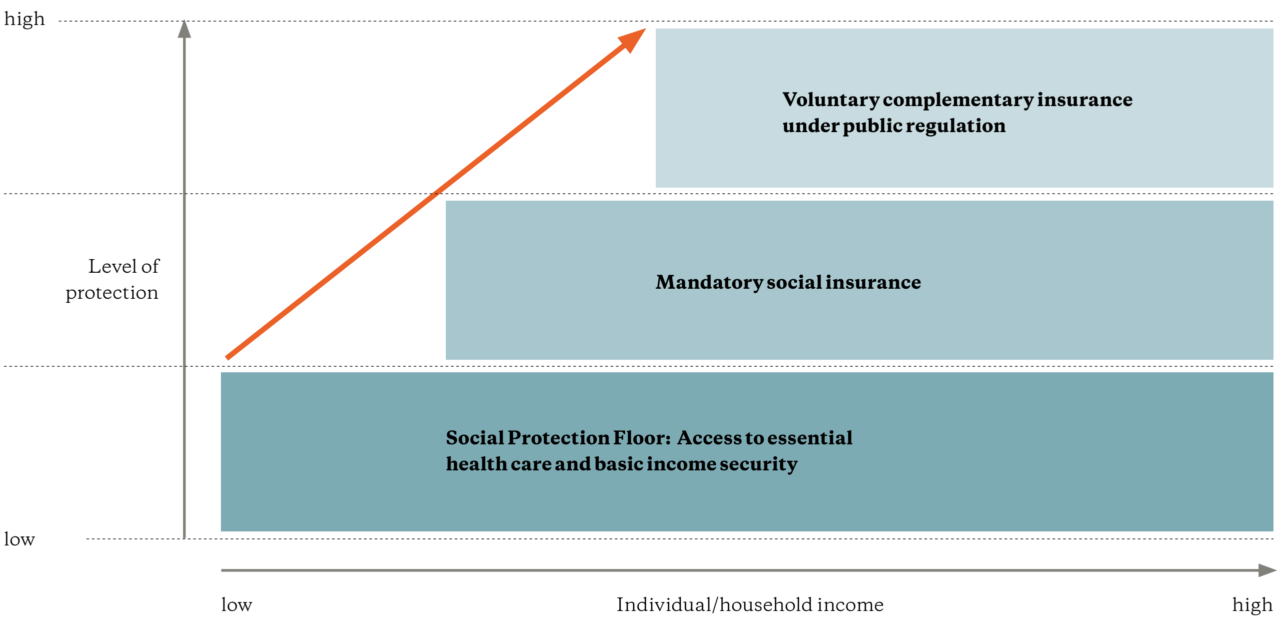


Figure 8: The social protection staircase
Source: ILO / Graphic: Brot für die Welt

How External Actors and Mainstream Paradigms Shape Social Security Systems

While social policies are a crucial pillar of national social contracts, governments in the global South encounter various obstacles in designing and implementing social policies that would be desirable from a social, political and economic point of view. They are not only confronted with colonial legacies and path-dependencies that undermine developmental success and might not be adapted to local contexts, but also with significant donor influence when it comes to design and implementation of social policy reforms (see for example Adesina 2020; Deacon 2013; von Gliszczynski and Leisering 2016; Lavers and Hickey 2021; Seekings 2021). Theoretically, this influence takes different shapes depending on the interests and models that external actors promote and how these resonate with national elites. In practice, external influence on social policymaking in the global South in the era after the fall of the Berlin Wall has mostly reflected the dominant economic mainstream of neoliberalism, which considers social policy as an add-on to growth-oriented policies and an instrument of last resort when markets and households fail to adequately respond to risks.

What Is the Residual Approach and Why Is It Popular?

Following this logic, the residual social policy approach, or the residualist paradigm, understands social protection as an instrument that protects people against risks and shocks and alleviates the worst forms of poverty. In the residual approach, states play a secondary role and individual responsibility as well as private provisioning is privileged. In practice, the residual paradigm has been associated with public expenditure cuts and state retrenchment, privatisation of social protection systems and a general shift towards social funds, safety nets and market-based schemes – an individualisation of risks which has undermined social security and well-being of the majority population in the global South (Hujo 2021a, 2021b). The residual approach was spearheaded during the period of stabilisation and structural adjustment policies in the 1980s and 1990s and has been consolidated in the 2000s.

Targeted Cash Transfers at the Core of the Residual Paradigm

One particular social protection instrument, cash transfers targeted at poor and vulnerable groups and usually funded out of general budget revenues and aid, epitomises the residual approach. Conditional cash transfers (CCTs) and other targeted social assistance programmes have been the social protection instrument of choice of many governments and donors since they were first introduced in Latin America in the 1990s and have only recently been endorsed in the World Bank publication *"Revisiting targeting"* (Grosh at al. 2022). Cash transfers are lauded as an effective instrument to protect populations affected by conflicts, natural disasters or humanitarian emergencies, as reflected in the World Bank approach of Social Risk Management and Adaptive Social Protection (World Bank 2003, 2020). They are also deemed fairer and more redistributive compared to universal programmes (Grosh et al. 2022). They have seen a spectacular increase in a growing number of countries during neoliberal globalisation, after the 2008 global financial crisis and in the context of the Covid-19 pandemic (Cook and Hujo 2014; Gentilini 2022): Cash transfers coverage reached 1.36 billion people in 2021, which represented 17 percent of the world's population (Gentilini 2022:7). Cash transfers are one of the most researched and evaluated social policy instruments (Devereux and Kapingidza 2020; Bastagli et al.2016). Studies have found several positive impacts, for example poverty and inequality reduction and improved nutrition, gender equality, child development, education or health indicators, though broader and durable impacts depend on programme coverage and benefit adequacy (Cook and Hujo 2024).

What Are the Problems of the Residual Approach?

In view of the manifold positive social outcomes resulting from cash transfers targeted at the poor, what are the problems? First and foremost, poverty targeting through means-testing or proxy-means-testing remains controversial, especially in contexts where poverty is widespread. Concerns about targeted CCTs, those that are granted to eligible households under the condition that families comply with school attendance and health check-ups for children have been raised in particular with regard to high administrative costs, stigmatisation risk, inclusion and exclusion errors, fragmentation and creation of dualist systems, increasing inequality (Mkandawire 2005; Razavi et al. 2022; Cook et al. 2022). Quality social services might not be available to fulfill conditions, and gender bias in care provisioning might be reinforced if women are responsible for CCTs. A particular risk associated with targeting benefits based on means testing is the delinking of access to social protection from rights of citizenship, which can enhance the discretionary power of authorities, especially at the local level. Assigning benefits may thus create incentives for undesirable behaviour such as corruption or bias, while also increasing the risk of ad-hoc cuts in times of budget constraints. Finally, cash transfer programmes, especially if donor-funded, tend to be limited in size and of short duration, therefore not providing a sustainable solution to social protection needs in developing countries.

What Is the Alternative?

An alternative social policy paradigm promotes universal, rights-based social protection, encompasses social insurance, social assistance and labour market policies, and covers all contingencies and all population groups. This model has been successfully implemented in most countries in the global North and several countries in the global South, for example in Argentina, Costa Rica, Mauritius or South Korea (UNRISD 2010, 2016). A universal system protects people across the lifecycle while playing important roles for production, reproduction and redistribution (Mkandawire 2004). According to the Universal Declaration of Human Rights (1948) social protection is a fundamental human right for all people (Hujo et al. 2017). Universal and adequate social protection schemes which are progressively financed redistribute risks, income and resources in ways which favour groups with lower income, status, or other disadvantages, leading to more equitable social outcomes and productive societies. In this paradigm, social policy is a necessary complement to economic policy fostering macroeconomic stability, productivity and innovation, equal opportunities and more equal outcomes across class, gender, ethnicity, age or location (Hujo 2021a). These systems can be built up gradually, in line with ILO recommendation No. 202 on National Social Protection Floors (2012). They can start prioritising the universal coverage of particular social groups such as children, older persons or persons with disabilities and move progressively towards covering the entire population with adequate benefits.

In this model, social assistance has a role to play, but is not considered the most important intervention. Social assistance cash transfer programmes can be used to extend social protection to sectors of the population traditionally excluded from statutory contributory social insurance because they are not in formal employment, or their incomes are too low to make contributions. As part of a broader universal system consisting of contributory and tax-financed benefits, they can help to realise the right to social protection and to prevent poverty. However, if seen as the main component of social protection, they ignore the development function of social protection and fall short of realising the human right to social protection. As the ILO social protection team rightly states: *"There is an important difference … between a system where means-tested benefits constitute the main strategy and a system where means-tested schemes play a secondary, residual role"* (Razavi et al. 2022: 452).

If the residual model is fraught with problems and alternatives exist, what explains the continuous influence of the residual social protection model in development cooperation and national policy processes? There are several possible answers.

- Firstly, social assistance or cash transfers fit well into the project-based approach of international donors and the aid community in general and their allocation of a fixed amount of time-bound resources. Universal, nation-wide programmes and institution-building is a more complex endeavour outside the purview of most external actors. From a donor perspective, supporting these national processes produces less visible results (especially in the short term) that are not easily attributable to a particular intervention.
- Secondly, a residual social policy approach matches ideologically with neoliberalism and mainstream economic policy advice of lean states, commercialisation and privatisation of services and low fiscal spending. Especially for developing countries with frequent current account and fiscal deficits, the rhetoric that one should "live within one's own means" may lead to a quasi-permanent imposition of fiscal austerity, despite the fact that these policies undermine state legitimacy and tend to be socially and politically unsustainable in the longer term. Despite

existing human rights obligations and international conventions, in practice, economic motives and business interests are given priority over human rights considerations and social and ecological development objectives. This contradiction can be interpreted as a problem of normative hierarchy of the various development objectives and “pillars” that make up the Sustainable Development Goals (SDGs) (UNRISD 2016). This means also that a universal, comprehensive social policy paradigm requires a reversal of this hierarchy and calls for re-embedding markets in social and ecological norms, including human rights.

- Thirdly, the residual model is popular because it serves various short-term objectives, however at the cost of ignoring longer term political and financial implications. Social policy is a key pillar of social contracts and failure to deliver on social protection and social provisioning or lack of domestic funding for social policy reflects low state capacity and distorted accountability mechanisms, where governments respond to donors instead of their own electorate (Hujo and Bangura 2021). In addition, a safety-net approach that targets the poorest income group in society risks losing the support of middle classes and national elites who are or should be funding the bulk of the social contract. The result can be a vicious circle where low social spending and lack of access to quality public services for all income groups undermines incentives to pay taxes and can result in decreasing trust and credibility of state institutions.
- Fourthly, another blind spot in the residual model is the important link between social protection and labour markets. Decoupling social protection from employment is oftentimes advocated to reduce wage costs and flexibilise labour markets. However, this decoupling has negative implications for decent work, the coverage and funding of social protection, while also reducing the bargaining position of workers (formal and informal) vis-à-vis states and employers (Alfers 2022). While many governments in the global South with youthful populations and large informal sectors are keen to promote employment, this goal seems to have lost urgency and priority for the donor community.

Social security needs more than targeted welfare support for the poorest sections of the population.

Conclusion

This article argues that a residual social protection approach, supported financially and ideologically by the international donor community, is an impediment for building comprehensive social protection systems that effectively guarantee the right to social protection and decent work. It has also argued that ideas become much more powerful if supported by grants and loans in contexts where governments are stripped of resources (Devereux and Kapingidza 2020). The appeal of the residual approach and the coalitions that are regularly forged between external donors promoting it and market-oriented national elites, are powerful and leave little policy space for civil society organisations, trade unions and progressive social movements who advocate for universal public services and solidarity-based social security programmes. External actors should be aware of the crucial role social policy plays in national social contracts and promote a plurality of options and reform models in line with international commitments and national strategies of partner countries. They should focus their support on building resilient and sustainable institutions that promise to provide long term solutions and strengthen the social contract. They should ask the question whether an approach that is suitable for externally funded projects is equally suited for national social policy strategies which ultimately need to rest on domestic financing sources, national institution and broad political support.

Julia Stoffner

Should I Stay or Should I Go?

Interview with Slavica Stanković: Why do Serbian healthcare professionals migrate to Germany?

Bread for the World spoke to Slavica Stanković, Director of *Bread of Life*, to get a better picture of the current situation in the Serbian healthcare system and to understand the concrete effects of Germany's active recruitment of staff in Serbia. The civil society organisation has existed since 1992 and provides healthcare for elderly people living in poverty. In the interview, the factors that push Serbian healthcare professionals to migrate in search of better working conditions become clear. The active recruitment of healthcare staff from a country like Serbia, which is already facing a blatant shortage of healthcare professionals, is a decisive incentive. In order to reduce the pressure on healthcare staff to emigrate, Germany should refrain from active recruitment and instead contribute to improving conditions in the healthcare sector for healthcare staff and in terms of quality healthcare through bilateral cooperation. Thank you very much for your time, Mrs Stanković.

Could you please introduce us to *Bread of Life*?
Slavica Stanković: *Bread of Life* offers health support to poor, less mobile older people. They are often not well informed about the healthcare system and need help in solving health problems and exercising their rights in the healthcare system. They also have no relatives to help them.
We offer a wide range of support activities. For example, we help older people to visit their general practitioner or specialist, collect prescriptions for them, arrange appointments with specialists and help them to obtain aids such as wheelchairs or nappies for adults. Other services also include information and counselling. This includes help with realising the entitlement to a cash allowance for nursing care, the entitlement to home nursing care for those who have returned from hospital, etc. We also support people in analysing medical findings and treatment instructions. Many of these services are not standardised services provided by the healthcare system.

To what extent is *Bread of Life* affected by the exodus of well-trained healthcare professionals?
Slavica Stanković: We, but also our patients, are affected by this phenomenon. The insufficient number and overworking of medical staff contribute to the deterioration of the healthcare system. Healthcare poses major problems for older people in particular. We see this directly in our work. There is a lack of appointments for specialist examinations and the waiting times for a planned specialist examination or operation can take months. And it can take one to two years before an operation is performed. Since many health services were cancelled during the coronavirus crisis, waiting times have only got longer. Because of all these obstacles, older people often give up pushing for treatment. This jeopardises their quality of life.

Bread of Life is also directly affected by the departure of nursing staff. In the past three months, two out of five of our carers have left for Germany. The reasons are primarily economic, as carers' salaries are low and devalued by inflation. Our ability to increase salaries is limited; the state does not give us any subsidies. Our organisation has managed to hire a new carer, but we have been looking for another person for more than two months; ensuring public services has become a particularly big problem in Serbia – especially in retirement homes.

Why do you think so many people from Serbia are leaving the country?
Slavica Stanković: The reasons for the exodus of healthcare professionals are manifold: they range from poor pay in a difficult economic situation, to the impossibility of personal advancement in the profession, to insufficient public investment in the healthcare sector. This is reflected in poor working conditions and overwork among healthcare staff. At the same time, there is a great desire for a better life, a secure livelihood and more recognition.

In addition, a large number of young doctors leave the country if they cannot find employment. Young doctors wait one to two years for a position. Then they have to wait another year or two to specialise. For young people, this is a waste of time. When you talk to students, you often hear that they want to go abroad after their studies.

In addition to the economic situation, I believe that the poor working conditions are an even more important reason for the exodus. The lack of medicines and resources, the lack of safety in the workplace, an insufficient number of workers, outdated equipment, dilapidated buildings with inadequate hygienic conditions for the work of staff and the treatment of patients – all of this is a major problem. To be honest, these are understandable reasons why healthcare professionals in Serbia decide to go abroad.

What recommendations do you have for the Serbian government?
Slavica Stanković: A government strategy is needed to improve the entire healthcare system in order to achieve decent working conditions and to recognise the value of the healthcare professions. The cancellation of the Triple Win Agreement with Germany is primarily a step towards reducing migration, but this is not enough.

Firstly, it is necessary to increase the salaries of healthcare workers. Secondly, it is necessary to recruit new doctors and nurses. Despite the obvious shortage of staff and the huge overload of healthcare personnel, more than 1,500 doctors and more than 4,000 nurses were still waiting for employment in March 2023, according to statistics from the National Labour Administration. In addition, young doctors should be given permanent employment and the opportunity to specialise as quickly as possible. It is also essential to restore the dignity of the healthcare professions. Unfortunately, medical professionals are very often the ones on whom the anger about the malfunctioning of the healthcare system, but also in other areas of the system, is vented. Corruption and bribery in healthcare institutions are seen as a problem by a large proportion of citizens. It is also necessary to improve the working conditions of doctors and the treatment conditions of patients. This includes investment in new medical equipment and the provision of medicines and materials. Finally, the work of general practitioners needs to be upgraded. So far, their work has been reduced to writing referrals for specialists, prescriptions and referrals. They could do much more to reduce the pressure on hospitals.

Thank you very much for the interview, Mrs Slavica Stanković.

The interview was conducted by Julia Stoffner.


Slavica Stanković

Julia Stoffner

International Recruitment Requires Ethical Guidelines

Germany is recruiting healthcare staff from Serbia. This exacerbates the shortage of skilled labour in the Balkan country.

Migration makes many positive contributions to social development worldwide. The mobility of healthcare personnel in particular is a reality. It is important to ensure that this is based on human rights and, above all, to minimise the negative effects of active recruitment by third parties, such as governments and private agencies, for each individual, local society and the health systems of the countries of origin.

Even though the global distribution of healthcare professionals varies greatly, almost all countries are confronted with a lack of human resources in their healthcare systems. This leads to global competition for healthcare professionals, which threatens to widen the gap in healthcare provision between high-income and economically weaker countries. The *Bread of Life* (https://www.breadoflife.org.rs) organisation in Serbia, for example, which Bread for the World supports in its work, is experiencing this painful situation where the healthcare sector is suffering massively due to the brain drain. To break this negative spiral, there is only one solution: the noticeable upgrading of every healthcare system. International third parties must refrain from actively recruiting staff from countries with severe staff shortages.

The Exodus from Serbia's Healthcare System

"Shortage of nursing staff is worsening", "Biggest nursing crisis in decades" – these and similar worrying messages can be found regularly in the German media. And it is a reality: Germany is experiencing a growing staff shortage in the healthcare system. Society is getting older and so are the healthcare professionals. Furthermore, poor staffing ratios, high workload density and an enormous increase in the workload for staff are leading to high levels of frustration, which is why many positions remain unfilled. Germany is also losing many doctors to other countries. The growing shortage of trained specialists in the German healthcare system has serious consequences for the provision of care. For this reason, the German government is increasingly focusing on the international recruitment of healthcare professionals to actively recruit specialists from other countries such as Mexico, the Philippines, or South-East Europe, and to facilitate the immigration of skilled workers.

Germany's approach leaves its mark on the countries of origin: A reduction in the number of staff can lead to the insufficient supply of healthcare systems there. In the worst-case scenario, Germany contributes to the fact that basic healthcare is no longer possible and social security systems are weakened. This is exactly what happened in Serbia.

Challenges in the Recruitment of Skilled Workers

Serbia is a landlocked country in the Balkan region of south-eastern Europe with a population of around 6.76 million. As the Serbian population is one of the oldest in Europe, and the fertility rate is very low, natural population growth is). In 2022, Serbia's total population figures reached a record low, meaning that the country recorded one of the highest growth losses in the world (declining (CIA 2023; Worldbank 2023).

However, it is not only for the reasons just mentioned that negative trends are intensifying and impairing the country's development. In 2021, more than one in ten people in Serbia were unemployed (CIA 2023). The situation of younger people in particular is precarious, as more than one in three people between the ages of 15 and 24 were without a permanent job in 2021. The average income of around 700 US dollars is also extremely low by European standards. In 2018, 23 % of the population lived below the poverty line (CIA 2023). This is why young, educated Serbs in particular are leaving their country to work in other European countries. Serbia is one of the countries with the highest brain drain in the world. (Friedrich-Ebert Stiftung 2020).

Although the country's healthcare system has been reformed, it continues to face major challenges such as corruption, low wages, a poor image of the nursing professions and a decline in state healthcare spending (see further details in the interview with Slavica Stanković, Director of the Serbian organisation Bread of Life). Access to high-quality healthcare services, particularly in rural areas, is problematic and is exacerbated by the fact that young professionals are leaving the country to work in other European countries Worldbank/UNICEF 2022). As a result, Serbia is one of the countries with the poorest health workforce in Europe.

German Recruitment Practices

By signing the Global Code of Practice on the International Recruitment of Health Personnel of World Health Organisation (WHO) in 2010, Germany pledged to avoid the negative consequences of active recruitment for countries of origin. However, Germany's state recruitment policy as part of the Triple Win program and the so-called Western Balkans regulation, are having the opposite effect and are contributing significantly to the declining number of healthcare professionals in Serbia.

The Triple Win program is an initiative of the German government to recruit nursing staff from outside the European Union. The name "Triple Win" is intended to emphasise that three parties benefit from such an agreement: Migrants* are to be given career prospects, countries of origin benefit by easing the pressure on their labour market and German employers gain skilled workers who

If medical professionals leave their country of origin, this can lead to bottlenecks in healthcare provision there.

are well prepared in terms of language and technical skills. According to the German government, the placement is sustainable and fair (Deutscher Bundestag 2023). The prerequisite for a Triple Win program is a bilateral agreement between Germany and the country of origin. A Triple Win program has been in place with Serbia since 2013. The prerequisite for participation is that the Serbian applicants have a degree in nursing and have gained professional experience (Hochschule Fulda 2020):

Between 2013 and 2021, 825 Serbian nurses were recruited through this program (Deutscher Bundestag 2023).

In 2016, Germany also set up the Western Balkans regulation (Cf. section 26 (2) of the Ordinance on the Employment of Foreign Nationals), which facilitates access to the German labour market for nationals from Serbia and other countries. The regulation is not limited to healthcare workers, but generally allows access for skilled workers. According to information from the Federal Employment Agency, in 2020 around 40,000 permits to take up employment were granted to Serbs between 2016 and 2020, 68 % of whom had a qualifying degree (Wissenschaftliche Dienste des Deutschen Bundestages 2022). Originally, the Western Balkans regulation was due to expire at the end of 2023, but it has been extended as part of the new Skilled Labour Immigration Act and the quota has been increased from 25,000 to 50,000 workers per year (Die Bundesregierung 2023).

However, according to the Expert Council for Integration and Migration, the majority of Serbs who applied for recognition in the field of healthcare and nursing in Germany came to Germany via private channels. This is also due to private recruitment agencies that proactively recruit healthcare staff. The type and scope of support varies depending on the agency. On the one hand, they offer a wide range of services: from the search for personnel to help with official procedures and support after arrival. On the other hand, there are also agencies that not only provide inadequate information to interested individuals, but also deliberately exploit people's lack of knowledge. It is not known how many such recruitment agencies place healthcare professionals from Serbia, or how many people are recruited (Sachverständigenrat für Integration und Migration 2022). Furthermore, from the point of view of German civil society organisations, there are neither legal requirements for private agencies nor sufficient controls by state authorities to ensure that recruitment is fair and in the interests of all parties involved.

Brain Drain from the Serbian Healthcare System and the Consequences

As a result of state and private recruitment efforts from Germany, the brain drain, i.e. the emigration of qualified specialists, from Serbia is enormous (Pütz et al. 2020). In the last ten years, Serbia has become one of the five most common countries of training for the profession of healthcare and nursing in all recognition procedures in Germany (see Figure 9):

In 2020, almost 10,000 Serbian nurses worked in Germany. The growth rates from 2010 to 2020 were +73 % for Serbian healthcare and nursing professionals and +36 % in geriatric care. Serbia is also one of the most important countries of origin for foreign doctors. For example, 1,782 Serbian doctors worked in Germany in 2020, with 1,516 new hires between 2010 and 2020 (+569.9 percent) (Sachverständigenrat für Integration und Migration 2022).

Years of migration to Germany have had serious consequences for Serbia. The entire healthcare system, an important pillar of social security, has been weakened. Serbia now has one of the lowest densities of healthcare professionals in relation to its population in Europe. In some rural areas in particular, there are no more healthcare professionals and municipal centres for basic medical care are therefore being closed. As a result, patients have to travel long distances for medical care and wait a long time for appointments for treatment. In addition, the public care system for the elderly is overburdened and the waiting lists for care facilities are correspondingly long (Feedback from Bread for the World's Serbian partner organisations and other local civil society organisations).

However, the brain drain is also weakening other social protection systems. Although around eight percent of Serbia's gross domestic product (GDP) is made up of remittances from its emigrants, studies show that these do not contribute to Serbia's economic development. The authors of a case study from Serbia calculate that pension funds, for example, are less well-funded as those who stay behind pay in less due to their unemployment or low earning potential. In addition, emigrants no longer contribute to domestic GDP. According to estimates, Serbia loses around 14 percent of its GDP every year, which can no longer be invested in social protection, among other things (Radonjic and Bobic 2020). In addition, the emigration of

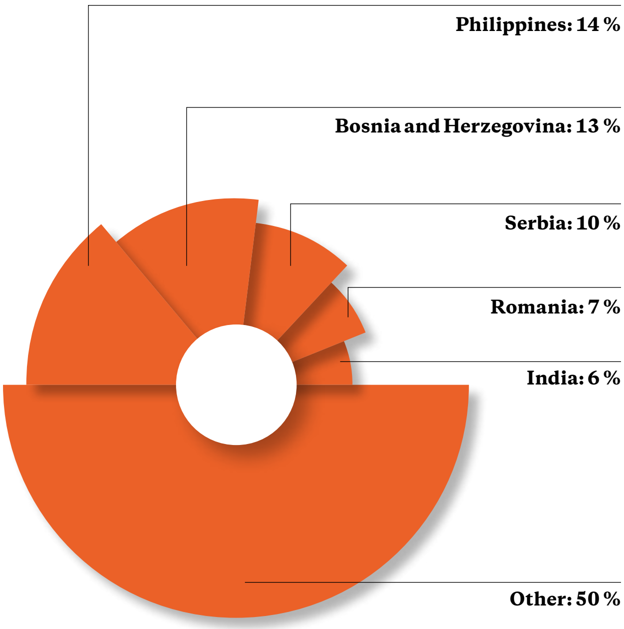


Figure 9: Most common countries in which healthcare professionals who have applied to have their training recognised in Germany have completed their training.
Source: Böse et al. 2024, 14.

female healthcare staff jeopardises family care structures. This is because the women who decide to take this step can no longer care for the elderly and children in Serbia in the usual way. The so-called unpaid care work they perform includes all social care, education, and nursing activities. If female healthcare staff leave the country, the traditional informal structures of social protection can usually no longer be guaranteed.

In 2020, Serbia began prosecuting private recruitment agencies working in Serbia without formal accreditation in order to prevent a further large exodus of healthcare professionals. The Ministry of Trade imposed fines on several German companies for recruiting nurses without a state permit and therefore illegally (Correctiv 2020).

In addition, the Serbian government unilaterally suspended the Triple Win agreement with Germany in 2020 to minimise further emigration of its trained nursing staff (Ärzteblatt 2020). However, the effectiveness of this measure is questionable, as the number of these nurses who emigrated via Triple Win is far lower than the number who come to Germany under the Western Balkans regulation.

Demand for Ethical Principles of International Recruitment

The brain drain in Serbia, which was partly caused by Germany, is a frightening example of how entire social protection systems in countries of origin can be weakened. Germany as a recruiting country is not an exception in this case; other industrialised countries such as France, the USA and the UK are also recruiting healthcare professionals from economically poorer countries on a large scale, leaving huge gaps in the pool of personnel in the countries of origin.

In order to prevent an exodus of health workers such as that which is taking place in Serbia, Bread for the World believes it is important that the international recruitment of health workers is carried out in accordance with ethical principles – as stipulated by the WHO Code of Practice for the International Recruitment of Health Personnel. The negative impact on the health systems of the countries of origin must be kept as low as possible. The following aspects are particularly relevant:

- Industrialised countries should first and foremost work towards training and retaining enough skilled workers themselves before recruiting from other countries. Bread for the World therefore urges that local working conditions for health professionals be made more attractive (including higher salaries, effective personnel planning), as required by the WHO Code of Practice for the International Recruitment of Health Personnel, in order to employ existing staff and attract new professionals, such as migrants already living in Germany.
- Health personnel from economically poorer countries may only be recruited in exceptional cases and always in accordance with the WHO Code of Practice on the International Recruitment of Health Personnel. This also includes comprehensive data collection and accompanying research into state and private recruitment procedures, whereby local, civil society expertise should also be included. The Triple Win program and the Western Balkans regulation must be comprehensively evaluated and, if necessary, adjusted or stopped.

- The German government should create legal requirements for private recruitment agencies with correspondingly effective regulatory mechanisms. In addition, the Federal Employment Agency should cooperate with the Federal Ministry for Economic Cooperation and Development and independent civil society organisations from the countries of origin in the development of bilateral agreements so that the interests of economically poorer countries are given greater consideration.
- The German government has a responsibility to increase its financial resources for strengthening healthcare systems and promoting human resources. The aim is to provide comprehensive healthcare for all worldwide, to continuously train healthcare staff, to build and maintain a modern infrastructure and to finance all of this sustainably. It must also be ensured that international debt policy does not lead to austerity measures in healthcare and social systems. This requires debt relief for economically poorer countries.

The international recruitment of skilled workers that causes such immense damage to the social protection of other countries cannot be the solution to the shortage of skilled workers in Germany. Regardless, since the COVID-19 pandemic, the German government has stepped up its efforts to recruit healthcare professionals from abroad. Although the German government wants to avoid creating further difficulties for Serbia, it is now focusing on distant third countries (Bundesministerium für Gesundheit 2021). It is therefore only a matter of time before the same exodus as in Serbia is repeated elsewhere.

References

Nicola Wiebe
National Responsibility in an Interdependent World

Evans, M., Manuel, M., et al. (2023). Financing social assistance in lower-income countries post-Covid-19: An exploration of realistic options (ODI Working Paper). London.

International Labour Organisation (ILO). (2024). World Social Protection Report 2024-26: Universal social protection for climate action and a just transition. Genf.

Manuel, M. (2022). Financing social protection: Domestic and external options in low-income countries. Brot für die Welt/Friedrich Ebert Stiftung.

McNabb, K., Danquah, M., & Tagem, A. M. (2021). Tax effort revisited: New estimates from the Government Revenue Dataset (No. 2021/170, WIDER Working Paper).

Ortiz, I., et al. (2019). Fiscal space for social protection: Handbook for assessing financing options. International Labour Organization. Geneva.

Dereje Alemayehu
Only International Tax Justice Enables Social Security

An African Conference on Illicit Financial Flows (IFFs) and Taxation (2024). Africa's Tax Agenda in Combatting Illicit Financial Flows: From Words to Action. Tunis. https://au.int/sites/default/files/newsevents/conceptnotes/43786-CN-Final_AU_PAC_Concept_Note_26042024_1.pdf

Tax Justice Network (2023). State of Tax Justice. https://taxjustice.net/wp-content/uploads/SOTJ/SOTJ23/English/State%20of%20Tax%20Justice%202023%20-%20Tax%20Justice%20Network%20-%20English.pdf

UN Economic Commission (2015). Illicit financial flows: report of the High Level Panel on illicit financial flows from Africa. https://repository.uneca.org/handle/10855/22695

UNCTAD (2020). Counting the cost: Defining, estimating and disseminating statistics on illicit financial flows in Africa. https://unctad.org/system/files/non-official-document/IFFsAfrica_Final-Report_20221121.pdf

Boniface Mabanza
The Long Shadow of Colonialism

Bates, R. H. (2008). The logic of state failure: Learning from late-century Africa. Conflict Management and Peace Science, 25(4), 297–314. https://doi.org/10.1080/07388940802397376

Berman, B., & Londsdale, J. (1992). Unhappy valley: Clan, class & state in colonial Kenya.

Brackmann, C. (2009). Der Katanga-Boom: Kupfer und Kobalt locken Investoren in den Süden des Kongo. Le Monde diplomatique, Afrika: Stolz & Vorurteile, 5, 69–75.

Christensen, J. (2019). The looting machine: Warlords, oligarchs, corporations, smugglers, and the theft of Africa's wealth. Public Affairs.

Clapham, C. (1988). Transformation and continuity in revolutionary Ethiopia. Cambridge University Press.

Coquery-Vidrovitch, C. (2008). Africa: Endurance and change south of the Sahara (D. Maisel, Trans.). University of California Press.

Global Witness. (2017). Regime cash machine: How the Democratic Republic of Congo's booming mining exports are failing to benefit its people. https://www.globalwitness.org/en/campaigns/oil-gas-and-mining/regime-cash-machine/

Hochschild, A. (1998). King Leopold's ghost: A story of greed, terror, and heroism in colonial Africa. Houghton Mifflin Company.

Iliffe, J. (1979). A modern history of Tanganyika (African Studies Series 25). Cambridge University Press.

Konadu-Agyemang, K. (2000). The best of times and the worst of times: Structural adjustment programs and uneven development in Africa: The case of Ghana. The Professional Geographer, 52, 469–483. https://doi.org/10.1111/0033-0124.00239

Lewis, P. M. (2007). Growing apart: Oil, politics, and economic change in Indonesia and Nigeria. University of Michigan Press.

Mabanza Bambu, B. (2018). Zwischen kolonialem Erbe und globaler Ökonomie: Wirtschaft, Arbeit und die Kunst des Überlebens. In Afrika gibt es nicht: Beiträge zur Dekolonisierung des Alltagsdenkens – Materialien für die politische Jugend- und Erwachsenenbildung, 20–22. Bildungsvereinigung Arbeit und Leben Bremen e. V. https://www.aulbremen.de/projekt/afrika-gibt-es-nicht/Handbuch%20komplett%20f%C3%BCr%20HP%20AuL.pdf

Matondo-Tuzizila, S. (2012). Aspekte des Christusbekenntnisses im heutigen Kongo: Zur kontextuellen Herausforderung der Christologie. In T. Schreijäck & K. Wenzel (Eds.), Kontextualität und Universalität, 68–94.

Miguel, E. (2004). Tribe or nation? Nation building and public goods in Kenya versus Tanzania. World Politics, 56(3), 327–362. https://doi.org/10.1353/wp.2004.0018

Nyerere, J. K. (1968). Ujamaa: Essays on socialism.

Pini-Pini Nsansay, E. (2013). La mission civilisatrice au Congo: Réduire des espaces de vie en prison et en enfer. AfricAvenir/Exchange & Dialogue.

Rakner, L. (2003). Political and economic liberalisation in Zambia 1991–2001. The Nordic Africa Institute.

Sylla, N. S. (2015). From a marginalised to an emerging Africa? A critical analysis. Review of African Political Economy, 41(sup1), 7–25. https://doi.org/10.1080/03056244.2014.996323

Tripp, A. M. (1997). Changing the rules: The politics of liberalization and the urban informal economy in Tanzania. University of California Press.

United Nations, OSAA. (2024). Indigenous social protection schemes as building blocks for extending social protection coverage in Africa. United Nations. https://www.un.org/osaa/sites/www.un.org.osaa/files/files/documents/2024/publications/un_osaa_policypaper_indigenoussocialprotection.pdf

Francisco Marí
Social Protection in Africa Requires Economic Decolonisation

Belli, P. et al. (2022). Seizing the crisis moment: Advancing social protection in Africa. https://blogs.worldbank.org/en/africacan/seizing-crisis-moment-advancing-social-protection-africa

Ecomatin. (2023). Les moins-values fiscales pour le Cameroun bondissent de 31 à 18 milliards FCFA en 2023. https://ecomatin.netape-les-moins-values-fiscales-pour-le-cameroun-bondissent-de-31-a-18-milliards-fcfa-en-2023

European Commission. (2022). Global minimum tax falls short of expectations. Euractiv. https://www.euractiv.de/section/finanzdienstleistungen/news/globale-mindeststeuer-bleibt-hinter-erwartungen-zurueck/

Global Tax Justice. (2021). Statement on the GATJ's advocacy and policy on global tax reform. https://globaltaxjustice.org/wp-content/uploads/2022/08/2021-10-08-Read-GATJs-statement-EN-PDF.pdf

GTAI. (2021). Afrika-Investitionsschutzverträge zwischen Deutschland und anderen Ländern. Germany Trade & Invest. https://www.gtai.de/de/trade/angola/recht/afrika-investitionsschutzvertraege-zwischen-deutschland-und-58612

Tax Justice Network. (2015). Tax treaties in Sub-Saharan Africa. https://martinhearson.net/wp-content/uploads/2015/11/tjna_treaties.pdf

United Nations Conference on Trade and Development (UNCTAD). (2015). FDI, tax, and development. https://www.tralac.org/images/docs/7262/fdi-tax-and-development-unctad-working-paper-march-2015.pdf

World Customs Organization (WCO). (2023). Annual report 2022–2023. https://www.wcoomd.org/-/media/wco/public/global/pdf/about-us/annual-reports/annual-report-2022_2023.pdf

Thomas Fritz
Trade Policy: Lack of Social Protection

Claeys, G., & Sapir, A. (2018). The European Globalisation Adjustment Fund: Easing the pain from trade? Bruegel Policy Contribution, Issue 05, March 2018. https://www.bruegel.org/policy-brief/european-globalisation-adjustment-fund-easing-pain-trade

Desai, R. M., & Rudra, N. (2019). Trade, poverty, and social protection in developing countries. European Journal of Political Economy, 60, December 2019. https://doi.org/10.1016/j.ejpoleco.2018.08.008

Duman, A. (2006). Are social safety nets protected in developing countries in the age of globalisation? Central European University. https://politicalscience.ceu.edu/sites/politicalscience.ceu.hu/files/attachment/basicpage/59/anilduman.pdf

ECCHR, et al. (2021). Amicus Curiae Submission, ICSID Case No. ARB/17/17, 30 March 2021. https://www.cels.org.ar/web/wp-content/uploads/2021/03/Amicus-Curiae-Brief-ICSID-Case-No.-ARB1717_no-signatures.pdf

European Commission (2018). EU-Mexico agreement: The agreement in principle, Energy and raw materials. https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mexico/eu-mexico-agreement/agreement-principle_en

Fritz, T. (2021). Marktkonforme Pandemie: Wie die EU die Freigabe geistiger Eigentumsrechte in der WTO bekämpft. Attac Deutschland, Blog, 19. Juni 2021. https://www.attac.de/blog/detailansicht/news/marktkonforme-pandemie-wie-die-eu-die-freigabe-geistiger-eigentumsrechte-in-der-wto-bekaempft

Hoekman, B. M. (2018). 'Behind the border' regulatory policies and trade agreements. East Asian Economic Review, 22(3), September 2018. https://cadmus.eui.eu/handle/1814/59916

Koivusalo, M., & Perehudoff, K. (2018). What future for global health governance and the right to health in the era of new generation trade and investment agreements? Global Health Governance, XII, Spring 2018. https://core.ac.uk/download/pdf/188642936.pdf

Olawale, K., & Adebayo, T. (2017). Openness and government size: The compensation and efficiency hypotheses considered for Nigeria. MPRA, 17 October 2017. https://mpra.ub.uni-muenchen.de/82022/

Montero Frasson, M. (2022). Bolivia found liable for violating the FET standard and the prohibition to adopt arbitrary measures when implementing nationalization on the pension system. IISD, 26 December 2022. https://www.iisd.org/itn/en/2022/12/26/bolivia-found-liable-for-violating-the-fet-standard-and-the-prohibition-to-adopt-arbitrary-measures-when-implementing-nationalization-on-the-pension-system-marina-montero-frasson/

Rodrik, D. (2021). A primer on trade and inequality. NBER Working Paper 29507, November 2021. https://www.nber.org/papers/w29507

Shaffer, G. (2019). Retooling trade agreements for social inclusion. University of Illinois Law Review, 2019. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3217392

Sustainable Energy for All. (2020). Energy safety nets: Mexico case study, Policy Brief. https://www.seforall.org/publications/esn/mexico

Verbeek, B.-J. (2023). Dutch bilateral investment treaties: 60 years of protecting multinationals. SOMO/Both Ends/TNI, May 2023. https://www.somo.nl/dutch-bilateral-investment-treaties-60-years-of-protecting-multinationals/

Ahilan Kadirgamar
Debt Crisis and Social Welfare in Sri Lanka

Chandrasekhar C. P., Ghosh, J. and Das, D. (2023). Paying with Austerity: The Debt Crisis and Restructuring in Sri Lanka, Working Paper.

Daily Financial Times. (2023). Frequently asked questions on domestic debt restructuring, 12. September 2023. Frequently asked questions on domestic debt restructuring. https://www.ft.lk/opinion/Frequently-asked-questions-on-domestic-debt-restructuring/14-752873

Daily Financial Times. (2024). FAQ: Understanding the myths and challenges around debt restructuring, 27 September 2024. https://www.ft.lk/opinion/FAQ-Understanding-the-myths-and-challenges-around-debt-restructuring/14-767223

Daily Mirror (2024). Crooked Bond Deals and the IMF Trap, 7. Oktober 2024. https://www.dailymirror.lk/opinion/Crooked-Bond-Deals-and-the-IMF-Trap/172-293205

Schuldenreport 2024 (2024). Eine gemeinsame Publikation von erlassjahr.de – Entwicklung braucht Entschuldung e. V. und Bischöfliches Hilfswerk MISEREOR e. V. https://erlassjahr.de/wordpress/wp-content/uploads/2024/04/SR24-online-final.pdf

Hadad-Zervos, F. (2022). Resilience: Sri Lanka's strength to navigate an uncertain future. https://blogs.worldbank.org/en/endpovertyinsouthasia/resilience-sri-lankas-strength-navigate-uncertain-future

Internationaler Währungsfonds (2023). Sri Lanka IMF Report of 20 March 2023: https://www.imf.org/en/Publications/CR/Issues/2023/03/20/Sri-Lanka-Request-for-an-Extended-Arrangement-Under-the-Extended-Fund-Facility-Press-531191

Kadirgamar, A. (2023). IMF, Austerity and Social Protection, Red Notes Column, Daily Mirror, 17 April 2023. https://www.dailymirror.lk/print/opinion/IMF-Austerity-and-Social-Protection/172-257659

Kadirgamar, A. et al. (2023). Frequently asked questions on domestic debt restructuring. Daily Financial Times, 12 September 2023 https://www.ft.lk/opinion/Frequently-asked-questions-on-domestic-debt-restructuring/14-752873#

Kadirgamar, N. (2023). Feminist Collective for Economic Justice: Targeting social assistance in the context of crises and austerity: the case of Sri Lanka, Expert Paper UN Women and International Labour Organization, EGM/WS2024/EP.8. https://www.unwomen.org/sites/default/files/2024-01/social_assistance_in_crises_and_austerity_sri_lanka_en.pdf

Ministry of Finance (2024). Press Release vom 16 April 2024 https://www.treasury.gov.lk/api/file/bdfd5073-3639-4c0b-bcda-a52d85e33daa

The Morning (2024). SLPP MP's power disconnected. 12. Mai 2024 https://www.themorning.lk/articles/j5QJ1We8L0FN2W1SFtGn

UNDP Report (2023), Understanding Multidimensional Vulnerabilities: Impact on People of Sri Lanka, 1 September 2023. https://www.undp.org/sites/g/files/zskgke326/files/2023-10/undp_multidimensional_vulnerability_report_sri_lanka.pdf

World Bank Group (2024). Government expenditure on education, total (% of GDP) – Sri Lanka, https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?end=2022&locations=LK&start=1973

World Bank (2024). Bridge to Recovery. Sri Lanka Development Update, April 2024. https://documents1.worldbank.org/curated/en/099634104012434919/pdf/IDU14d149f9f15575148271bd701a03bee9543b1.pdf

Katja Hujo
The Power of Ideas and Money

Adesina, J. (2020). Policy merchandising and social assistance in Africa: Don't call dog monkey for me. Development and Change, 51(2), 561–582.

Alfers, L. (2022). Informal workers co-producing social services in the global South: Task shifting or political strategy towards a new social contract? In K. Hujo & M. Carter (Eds.), Between Fault Lines and Frontlines: Shifting Power in an Unequal World, 226–241). London: Bloomsbury.

Bastagli, F., et al. (2016). Cash transfers: What does the evidence say? A rigorous review of programme impact and the role of design and implementation features. London: Overseas Development Institute.

Cook, S., Agartan, T., & Kaasch, A. (2022). Forum introduction: Revisiting targeting and universalism. Global Social Policy, 22(3), 426–433.

Cook, S., & Hujo, K. (2024). Social protection in development context. In V. Desai & R. Potter (Eds.), The Companion to Development Studies (4th ed., 495–502). London, New York: Routledge.

Deacon, B. (2013). Global social policy in the making: The foundations of the social protection floor. Bristol: Policy Press. Devereux, S., & Kapingidza, S. (2020). External donors and social protection in Africa: A case study of Zimbabwe. In C. Schmitt (Ed.), From Colonialism to International Aid: Global Dynamics of Social Policy, 239–258. Cham: Palgrave Macmillan.

Gentilini, U. (2022). Cash transfers in pandemic times: Evidence, practices, and implications from the largest scale-up in history. Washington, DC: World Bank.

Gliszczynski, M. von, & Leisering, L. (2016). Constructing new global models of social security: How international organizations defined the field of social cash transfers in the 2000s. Journal of Social Policy, 45(2), 325–343.

Grosh, M., Leite, P., Wai-Poi, M., & Tesliuc, E. (Eds.). (2022a). Revisiting targeting in social assistance: A new look at old dilemmas. Washington, DC: World Bank.

Hujo, K., Behrendt, C., & McKinnon, R. (2017). Introduction: Reflecting on the human right to social security. In K. Hujo, C. Behrendt, & R. McKinnon (Eds.), International Social Security Review, 70(4), 5–12. Special Issue – The Human Right to Social Security.

Hujo, K. (2021a). Social protection and inequality in the Global South: Politics, actors, and institutions. Critical Social Policy, 41(3), 343–363.

Hujo, K. (2021b). Rethinking social policy in Africa – A transformative approach. In J. Adesina (Ed.), Social Policy in the African Context, 29–43. Dakar, Pretoria: CODESRIA and South African Research Chair in Social Policy.

Hujo, K., & Bangura, Y. (2020). The politics of domestic resource mobilization for social development: An introduction. In K. Hujo (Ed.), The Politics of Domestic Resource Mobilization for Social Development, 1–20. Basingstoke: Palgrave Macmillan and United Nations Research Institute for Social Development.

International Labour Organization (ILO). (2024). World Social Protection Report 2024–26: Universal social protection for climate action and a just transition. Geneva: ILO.

Lavers, T., & Hickey, S. (2016). Conceptualising the politics of social protection expansion in low income countries: The intersection of transnational ideas and domestic politics. International Journal of Social Welfare, 25(4), 388–398.

Mkandawire, T. (2005). Targeting and universalism in poverty reduction. Social Policy and Development Programme Paper No. 23. Geneva: United Nations Research Institute for Social Development.

Razavi, S., Behrendt, C., Nesterenko, V., Orton, I., Bista, C. P., Chaves, A. R., Schwarzer, H., Stern-Plaza, M., & Wodsak, V. (2022). Building universal social protection systems for all: What role for targeting? Global Social Policy, 22(3), 449–463.

Seekings, J. (2021). International actors and social protection. In E. Schüring & M. Loewe (Eds.), Handbook of Social Protection in Development, 491–506. Cheltenham: Edward Elgar.

United Nations Research Institute for Social Development (UNRISD). (2022). Crises of inequality: Shifting power for a new eco-social contract. Geneva: UNRISD.

United Nations Research Institute for Social Development (UNRISD). (2016). Policy innovations for transformative change: Implementing the 2030 Agenda for Sustainable Development. Geneva: UNRISD.

United Nations Research Institute for Social Development (UNRISD). (2010). Combating poverty and inequality: Structural change, social policy and politics. Geneva: UNRISD.

World Bank. (2003). Social risk management: The World Bank's approach to social protection in a globalizing world. Washington, DC: World Bank Group.

World Bank. (2020). Adaptive social protection: Building resilience to shocks. Washington, DC: World Bank Group.

Julia Stoffner
International Recruitment Requires Ethical Guidelines

Ärzteblatt. (2020). Serbien setzt Kooperation zur Vermittlung von Pflegekräften aus. https://www.aerzteblatt.de/nachrichten/109530/Serbien-setzt-Kooperation-zur-Vermittlung-von-Pflegekraeften-aus

Böse, C., Schmitz, N., Zorner, J. (2024). Heilberufe des Bundes – Bestandsaufnahme zur Anerkennung von im Ausland erworbenen Berufsqualifikationen. https://datapool-bibb.bibb.de/pdfs/Boese-et-al_Heilberufe.pdf

Bundesministerium für Gesundheit. (2021). Richtlinie zur Förderung von Vorhaben zur ethisch hochwertigen Gewinnung von Pflegefachkräften in weit entfernten Drittstaaten im Rahmen des Programms „Faire Anwerbung Pflege Deutschland" vom 23.06.2021, 1. https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3_Downloads/B/Bekanntmachungen/210629_Foerderbekanntmachung_Faire_Anwerbung_Pflege_Deutschland.pdf

Die Bundesregierung. (2023). Das neue Fachkräfteeinwanderungsgesetz auf einen Blick. https://www.make-it-in-germany.com/de/visum-aufenthalt/fachkraefteeinwanderungsgesetz

CIA (2023): The World Factbook. Serbia. https://www.cia.gov/the-world-factbook/countries/serbia/#people-and-society

Correctiv. (2020). Serbien geht gegen deutsche Vermittler von Pflegekräften wegen illegaler Anwerbung vor. https://correctiv.org/aktuelles/gesundheit/pflege/2020/11/27/serbien-geht-gegen-deutsche-vermittler-von-pflegekraeften-wegen-illegaler-anwerbung-vor/

Deutscher Bundestag. (2023). Antwort der Bundesregierung auf die Kleine Anfrage des Abgeordneten Stephan Brandner und der Fraktion der AfD. Drucksache 20/7861. https://dserver.bundestag.de/btd/20/078/2007861.pdf

Friedrich-Ebert-Stiftung. (2020): Leaving Serbia. Aspirations, intentions and drivers of youth migration. https://library.fes.de/pdf-files/bueros/belgrad/16219.pdf

Hochschule Fulda. (2020). Integration internationaler Pflegekräfte in regionale Einrichtungen der Kranken- und Altenpflege. Länderdossier Republik Serbien. https://www.hs-fulda.de/fileadmin/user_upload/RIGL/IntIP/Laenderdossier_Serbien.pdf

Pütz, R., Kontos, M., Larsen, C., Rand, S., & Ruokonen-Engler, M.-K. (2019). Betriebliche Integration von Pflegefachkräften aus dem Ausland: Innenansichten zu Herausforderungen globalisierter Arbeitsmärkte. Study. Hans-Böckler-Stiftung.

Radonjic, O., & Bobic, M. (2020). Brain drain losses – A case study of Serbia. International Migration, 59(1), 2021.

Sachverständigenrat für Integration und Migration. (2022). Jahresgutachten 2022. Systemrelevant: Migration als Stütze und Herausforderung für die Gesundheitsversorgung in Deutschland. https://www.svr-migration.de/wp-content/uploads/2022/05/SVR_Jahresgutachten_2022.pdf

Wissenschaftliche Dienste des Deutschen Bundestages. (2020). Einzelfragen zur Fachkräftemigration aus der EU und ausgewählten Drittländern nach Deutschland sowie Auswirkungen auf die Herkunftsländer nebst weiteren Fragestellungen, September 2020.

Weltbank. (2023): Serbia, https://data.worldbank.org/country/RS

World Bank & UNICEF. (2022). Serbia: Toward a more effective, efficient, equitable, and resilient health system. https://www.unicef.org/serbia/media/23221/file/Toward%20a%20more%20effective,%20efficient,%20equitable%20and%20resilient%20health%20system%20in%20Serbia.pdf

All hyperlinks were last checked on March 4, 2025 checked.

Authors

Dr Dereje Alemayehu, prior to his current work at GATJ, served as the founding chair of *Tax Justice Network Africa* (2008–2016) and GATJ (2014–18). While on these voluntary functions he worked as Senior Economic Justice Advisor at *Christian Aid*. Prior to that he was Christian Aid's Country Manager for East Africa for 15 years. Before joining the CSO sector, he worked as a Lecturer at the Free University Berlin from 1987-98. He holds an MA in Development Studies and PhD in Economics from the same university.

Rivane Arantes is a lawyer and works as a trainer and researcher at *SOS Corpo Instituto Feminista para a Democracia* (Feminist Institute for Democracy). She is a feminist activist of the *Mulheres Negras de Pernambuco* (Network of Black Women of Pernambuco) and the *Fórum de Mulheres de Pernambuco* (Women's Forum of Pernambuco) and the *Articulação de Mulheres Brasileiras* (AMB) (Association of Brazilian Women), as well as the *Articulação Feminista Marcosul* (AFM) (Marcosul Feminist Association).

Maria Betânia Ávila is a sociologist and researcher at *SOS Corpo Instituto Feminista para a Democracia* (Feminist Institute for Democracy). As a feminist activist, she is part of *Articulação de Mulheres Brasileiras* (AMB) (Association of Brazilian Women) and *Articulação Feminista Marcosul* (AFM) (Marcosul Feminist Association).

Thomas Fritz is a consultant for trade and investment policy at the Berlin-based non-governmental organisation *PowerShift* and an advisor on economic and sustainability topics. He also works as an author and consultant on economic and sustainability issues. He analyzes global supply chains and drafts recommendations for the socio-ecological transformation of trade and industry.

Farina Hoffmann has been working as a gender justice consultant for gender policy issues at *Bread for the World* since 2023. Prior to this, Farina worked at the interface of climate and gender justice and has been following the global climate negotiations (UNFCCC). Other activities were in the fields of energy transformation and resource extraction.

Dr Katja Hujo is Senior Research Coordinator in the Social Policy and Development Programme of UNRISD and member of the Institute's Senior Management Group. She is coordinator and lead author of the latest UNRISD flagship report "Policy Innovations for Transformative Change – Implementing the 2030 Agenda for Sustainable Development" and coordinated the international conference on "Overcoming Inequalities in a Fractured World: Between Elite Power and Social Mobilization".

Dr Ahilan Kadirgamar is Senior Lecturer in the Department of Sociology at the University of Jaffna, Sri Lanka. He holds a PhD in Anthropology from the Graduate Center, City University of New York, and a Master of Arts in Economics from the New School for Social Research. He is a fortnightly columnist in the Daily Mirror and is an editorial board member of the Sri Lanka *Journal of Social Sciences*. His research interests include agrarian change, co-operatives and economic alternatives. He is currently Honorary Chair of the Northern Co-operative Development Bank and a member of the Executive Committee of the International Development Economics Associates (IDEAs).

Dr Boniface Mabanza was born in Congo, he completed his doctorate on the topic of *"Justice can only exist for all. Criticism of globalisation from an African perspective"*. He has been working as the coordinator of the *Church Office for Southern Africa at Werkstatt Ökonomie*/Heidelberg since 2008, focusing on trade policy, raw materials policy and globalisation. He is also a trainer for development policy and anti-racism for various institutions. He is active in numerous networks of the African diaspora in Germany and Europe. He was a member of the German government's expert commission on the causes of flight.

Francisco Marí has been a policy advisor for lobby and advocacy work in the areas of global food security, agricultural trade and marine policy at *Bread for the World* since 2009. His work focuses on food security, artisanal fisheries, WTO, EU-Africa trade and fisheries agreements, deep sea mining and the impact of food standards on small-scale producers. Francisco Marí represents *Bread for the World* on the Board of the Long Distance Fleet Advisory Council (LDAC), the Advisory Council of the Coalition for Fair Fisheries Agreements (CFFA), the International Council of the World Social Forum and the Stakeholder Forum of the German Marine Research Alliance (DAM).

Slavica Stanković has been working in Serbia since 2001 on the development of the *Bread of Life* program, which deals with the care of vulnerable older people. She is currently working with representatives from civil society to promote the rights of older people with dementia and informal caregivers. She also fights against discrimination, neglect and violence against older people, especially older women.

Julia Stoffner has been an international health policy officer at *Bread for the World* since the beginning of 2023. Her work focuses on the participation of civil society organisations in national and international processes in the field of global health policy, the role of the World Health Organisation, access to medicines and the migration of health workers. Julia Stoffner has a Master's degree in Media and Political Communication and a Master's degree in Public Health. Her professional background includes positions in the German Bundestag and in government development cooperation abroad.

Nicola Wiebe is a policy advisor for social protection at *Bread for the World*. Together with network partners worldwide, she works on the right to social security with a focus on financing issues and inequality. She previously worked in government and civil society development cooperation in the areas of social policy and basic social services. In various research projects, she dealt with labour market policy and basic social protection.

Brot für die Welt
Evangelisches Werk für
Diakonie und Entwicklung e. V.

Caroline-Michaelis-Straße 1
10115 Berlin

Phone +49 30 65211 0
info@brot-fuer-die-welt.de
www.brot-fuer-die-welt.de