



International Labour Office



Strategies and Tools against social Exclusion and Poverty
Programme Strategy

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1. Introduction

1. Many developing countries find themselves in unfavourable economic, political and social situations, reflected in a high percentage of extremely precarious and socially excluded people. Women, young people, rural populations and workers in the informal economy generally are particularly affected. These countries have many difficulties in satisfying their citizens' basic needs, their labour market and social rights are marked by disquieting trends, especially with regard to social protection. Yet, although many actors are working to combat phenomena of social exclusion, poverty and socio-economic inequalities, they have not managed to eliminate them in many countries.

2. Social exclusion is a rising phenomenon and of ever-growing interest to political leaders, social partners, those involved in the informal economy and development. Social exclusion, in varied forms and degrees of intensity, is particularly reflected in increasing inequalities in terms of access to the labour market, to education, to health and to fundamental rights. Faced with this situation of poverty and exclusion in developing countries, and following up on commitments made at the World Social Summits of Copenhagen (1995) and Geneva (2000), those involved at national and international level increasingly request integrated solutions to these multi-faceted phenomena. In a similar vein, the Global Campaign on Social Security and Coverage for All, launched in 2003 by the Director-General of the International Labour Office (ILO) and the representatives of governments, workers' and employers' organizations, is intended to ensure that in as many countries as possible, extending social security is placed top of the list of priorities and also to support national and international decision-makers in developing strategies to extend coverage, especially to people working in the informal economy.

3. Actions at national and local level to combat poverty and social exclusion and analytical studies confirm the need to adopt a multi-faceted approach to make these actions more effective. In practice, however, there are relatively few integrated and concrete approaches to combat these phenomena. Against this background, the Strategies and Tools against social Exclusion and Poverty Programme (STEP) in the Social Security Policy and Development Branch (SOC/POL) of the ILO was set up in 1998. STEP combines the development of an integrated framework to combat social exclusion with the development of sectoral technical expertise, particularly that devoted to combating exclusion from social protection. Its action works on two levels:

- Developing an inter-sectoral approach to combating social exclusion at local level,
- Extending social protection to excluded groups, in particular in the field of health.

4. The STEP programme contributes to the *Global Campaign on Social Security and Coverage for All*, by focusing its action on an innovative approach to technical cooperation based on the development of knowledge and partnership. This document sets out the strategic outlines of the programme and its approach in carrying out its activities to combat social exclusion and extend social protection.

2. Concepts of social exclusion and exclusion from social protection

5. Social exclusion can be defined as a state in which an individual does not have access to living conditions which allow him both to satisfy his essential needs (food, education, health, etc.) and to participate in the development of the society in which he lives. Individuals can suffer from different forms of exclusion of an economic, political, cultural or other nature. The concept of exclusion differs from that of poverty notably in the sense that it takes account of factors in addition to resources to characterize inequality within society.

6. Social exclusion is extremely worldwide-spread, as recently confirmed by the World Summit "Geneva 2000) (Copenhagen +5). It affects a large and growing proportion of the world's population¹. No continent is spared by this phenomenon, although it takes on rather different forms and intensities depending on the context.

7. Most studies and conceptual work on social exclusion stress its multi-faceted character and the interrelation between the factors which give rise to it and characterize it. These studies underline the need to view its reality in global terms, to take account of the links between the various causes and expressions of exclusion, to characterize the difficulties encountered by the various groups affected by it. The analysis of exclusion highlights the forces, the mechanisms, people and institutions which give rise to the problems facing the excluded.

8. The multi-faceted character of social exclusion means that it is of interest to those working in a wide variety of fields: education, health, employment and others. The interest lies primarily in the possibility of a better grasp of the interrelation between the various aspects of exclusion and thus greater integration of the various "sectoral" measures intended to reduce it. In practice however, as indicated below, this integration raises problems of methodology which so far have only been partly solved.

9. To combat social exclusion effectively, not only is it necessary to work in an inter-sectoral framework but also to have appropriate technical solutions for different sectoral problems. Among the sectoral fields covered by the ILO, social protection is probably the one whose technical questions are the most crucial ones. Exclusion from social protection can be defined as the inability of an individual, for a variety of reasons², to obtain access to a package of protection services regarded as the minimum acceptable in the society in which he lives.

10. On the four continents, the extension of social protection to excluded people cannot be achieved solely by increasing the coverage of the existing social security systems. It inevitably involves establishing new mechanisms and systems designed to reach people who have been hitherto excluded. Although some promising experiences in this field are currently in progress around the world, validated technical references are still very rare.

11. The question of extending social protection to the excluded is proving very difficult both because of the technical issues referred to above and the scale of exclusion. Indeed, a very large proportion of the population of the developing world does not have access to such protection. Exclusion from social protection is even on the increase in many countries under the combined effect of the growth of the informal economy and the rising precariousness of employment in the formal economy. Today, this exclusion affects almost 80 per cent of the population in most of the countries of sub-Saharan Africa and south Asia, and almost half the population of a great many countries in Latin

¹ Unlike in the case of poverty, there is no measure of social exclusion at global level. Indeed, except for where it originated, the concept of social exclusion is still relatively little used at international level. Given that social exclusion is a broader concept than poverty (as usually defined), the excluded proportion of the population must be regarded as larger than that of the poor population.

² Exclusion can be caused by financial constraints, a shortfall in service provision, discrimination related to race, sex, the personal risk of the individual (health), etc.

America and the rest of Asia. In Eastern Europe, despite contrasting conditions from one country to another, exclusion is also very considerable.

3. The role of STEP in combating social exclusion and extending social protection

3.1 Combating social exclusion and extending social protection and its place in the work of the International Labour Organization (ILO)

12. *The primary goal of the ILO today is to promote opportunities for women and men to obtain **decent and productive work**, in conditions of freedom, equity, security and human dignity.* The concept of decent work encompasses almost all aspects of improving the world of work: access to basic rights at work, possibilities of obtaining employment and an appropriate income, access to social protection and participation through social dialogue.

13. Work-related problems are one of the prime causes or manifestations of social exclusion. Indeed, most policies aimed at reducing exclusion make employment the prime factor in integration. In this sense, access to decent work must be considered as contributing to social inclusion.

14. For the ILO, the concept of social exclusion provides a broader framework for analysis and action which should allow more effective promotion of decent work. More generally, the ILO, with its mandate to promote social justice, is directly concerned by problems of social exclusion. Indeed, the ILO was one of the first international organizations to promote the concept of exclusion, primarily through the work undertaken on the subject by the International Institute for Social Studies in collaboration with the United Nations Development Programme.

15. As regards social protection, the ILO has long experience. Since its creation, social security has been regarded as a fundamental aspect of the protection of workers and their families (preamble of the ILO Constitution). Its importance was reaffirmed and strengthened in the ILO Declaration of Philadelphia (1944) followed by the Universal Declaration of Human Rights (1948). Throughout its history, the ILO has defined and proposed many conventions and recommendations intended to extend and enhance social protection both in the field of health and other areas³.

16. For a long time, the ILO was concerned only with the social protection of workers in the formal sector of the economy. It was only recently that it took an interest in the provision of social protection to excluded groups, in particular in the informal sector. Today, by making "extending the scope and effectiveness of social protection for all" one of the four strategic objectives for the years ahead, the ILO is clearly stating the priority it attaches to extending social protection.

17. To achieve this goal, the ILO uses various kinds of action: standard-setting, support for the creation and strengthening of institutions, influencing public policy, technical cooperation projects and research. The STEP programme, attached to the ILO's Social Security Policy and Development Branch, is an integral part of these actions.

³ In particular Conventions Nos. 24 and 25, 1927, instituting compulsory health insurance in industry and agriculture respectively, Recommendation No. 69, 1944, which indicates the need for health care to reach "*all members of the community, whether or not engaged in a remunerated activity*", Convention No. 102, 1952, which sets minimum levels of benefits for the nine principal branches of social security, Convention No. 130 and Recommendation No. 134 of 1969, which deal specifically with health care and sickness benefits.

3.2 STEP's areas of operations

18. STEP is a programme for combating social exclusion which comes within the framework of the follow-up of the major world summits on social development (Copenhagen 1995 and Geneva 2000 especially) and the ILO's efforts to promote decent work. By its action to combat social exclusion, STEP is also contributing to poverty reduction.

19. STEP's contribution to combating social exclusion takes place at two levels:

- Development of an inter-sectoral approach to combating social exclusion at local level;
- Extension of social protection to excluded groups. Here STEP focuses its action on the field of health. Health is considered by everyone as a universal right, yet over half the world's population does not have access to basic healthcare. The needs in this area are enormous.

20. In combating social exclusion, STEP is developing an inter-sectoral approach at local level which takes into account the multiplicity of aspects of exclusion and the interrelation of the factors that cause it⁴. Studies on social exclusion show that approaches seeking to reduce it that concentrate on one of its aspects or causes are not very effective. However, although there is a large number of theoretical or analytical works on exclusion, there are very few technical reference works available concerning the implementation of a local, inter-sectoral approach designed to reduce this phenomenon. There is thus a need to develop a reference and action framework, based on shared concepts, principles and methods, to link the contributions of the various sectors whose contribution would otherwise be limited.

21. As regards extending social protection, STEP is dedicated to innovative strategies and mechanisms specifically designed to cover those excluded from existing systems. STEP works mainly in the field of health⁵ which is particularly complex because of the large number of actors, services and functions involved. Depending on the social, economic and institutional context, STEP works on decentralized initiatives undertaken by local actors (micro-insurance schemes, for example), special social security schemes aimed at the excluded, regulation of social security schemes to prevent the exclusion of people regarded as at high risk. STEP also works on the linkage between those various mechanisms of extension and national social protection systems. On the other hand, STEP does not involve itself directly in the reform of social security systems which are not aimed at reducing exclusion. STEP's area of operations is characterized by a strong need, firstly for validation, capitalization and dissemination of existing experience at global level and, secondly, experiment and innovation.

22. STEP thus combines the development of a framework for the integration of sectoral inputs (inter-sectoral approach) with sectoral competency relating to a key area to exclusion (social protection). In both cases, STEP's contribution is mainly in the area of methodology. STEP seeks to provide the various operators world wide with the technical knowledge to allow them to enhance the effectiveness of their actions.

23. In its technical approaches to combating exclusion and extending social protection, STEP attaches great importance to the participation of the excluded and strengthening their organization. Indeed it is by organizing themselves that these people can assemble the means and skills necessary to engage in viable economic or social activities. It is also thanks to such organizations that these people are in a position to acquire

⁴For example, a person who does not have access to housing will have great difficulty in finding a job; in consequence, that person will face financial difficulties, among other things, and no social protection, which will further reduce his opportunities for integration.

⁵ STEP's action in this area is conducted in close collaboration with the other United Nations agencies concerned, notably WHO, UNICEF and UNFPA.

representation, visibility and bargaining power allowing them to defend their interests and assert their views at local, national and, indeed, international level. These organizations generally take the form of associations, cooperatives or mutual organizations. They belong to the social economy sector.

3.3 The choice of knowledge development

24. Social exclusion in general and exclusion from social protection in particular are very widespread problems. The ILO, given its mandate in the international sphere and the responsibilities assigned to it at the major world summits⁶, must put forward effective solutions to these problems to achieve a broad impact. In this sense, the ILO cannot restrict its involvement to a few localized activities which, moreover, can be executed by civil society operators, particularly non-governmental organizations (NGO). The STEP programme, which is one of the ILO's main instruments in these two fields, should position itself in line with the organization.

25. The methodological gaps indicated above both in combating social exclusion and extending social protection are a major obstacle to the effectiveness of global measures in these two fields⁷. The strategy of the STEP programme is to fill, in part, these methodological gaps⁸ and to disseminate the related knowledge to the various operators concerned worldwide. This strategy is based on the assumption that this knowledge input will help to enhance the effectiveness of these operators' actions. There will thus be a considerable increase in impact in reducing social exclusion and extending social protection.

26. The methodological aspects of an intervention to combat exclusion are not the only determinants of its success. Other elements are important factors to success, such as reconciling needs and the volume of resources available, the commitment of those involved or even the possibility of achieving the necessary political consensus. Finding a solution to the methodological problems does not, therefore, guarantee the success of the action. However, such a solution is a necessary condition and it can reasonably be supposed that helping a large number of operators to obtain useful methodological knowledge will contribute to a relatively high success rate among their actions. This justifies the assumption made in the previous paragraph.

27. The STEP programme strategy is based on a second assumption that knowledge is transferable. According to this assumption, one piece of knowledge can meet the needs of different operators and it is possible for these operators to appropriate knowledge which they have not generated themselves. This second assumption has been well substantiated by the history of the development of science and technology. This very history also shows the need to adapt knowledge to the particular context in which it is used. Nor is the process of appropriation immediate. It requires the use of specific methods which must be integrated to the process of knowledge dissemination.

28. On the basis of the previous assumption, it may be considered that a variety of operators in different locations can benefit from the investment in terms of methodological creation made by a single (or group) of operators(s) in a given location. For the "recipient" operators, the transfer of knowledge allows:

- investment gains (no need to "re-invent the wheel");
- enhanced technical quality of the methods to be used;
- time savings.

⁶ In particular the Social Summit in Copenhagen 1995 and Geneva 2000.

⁷ The significance of these methodological gaps is patent not only from a review of the literature but also in the light of the needs expressed directly by the operators, for example in national and international meetings.

⁸ The term "methodology" here encompasses both purely technical considerations and aspects of institutional mechanisms.

29. In this way, the effect of the initial investment in the creation of knowledge is multiplied and the overall efficiency of the operators' actions as a whole is increased. The higher the number of "recipient" operators, the greater the efficiency gain. The cost of adapting knowledge reduces the efficiency gain but this cost is still lower or much lower than the cost of creating that knowledge to the "recipient" operators.

30. Thus, the advantage of targeting the programme at the development of knowledge stems first of all from the fact that the methodological needs are very considerable in the programme's two fields of action, and secondly the possibility of reaching a large number of operators through the dissemination/transfer of knowledge created from a limited investment. With respect to the above-mentioned assumptions, the cost/effectiveness (impact) ratio of knowledge development for the fields concerned is more advantageous than direct investment for a limited number of target groups. Knowledge development offers other advantages, such as the creation of synergies as a result of the establishment of direct relations between operators through dissemination.

31. The establishment of STEP at global level is a major advantage in the development of knowledge. The programme has a broader scope to identify the most interesting methodological innovations and the number of operators that it can reach through dissemination is not limited by geographical constraints⁹.

4. The process of knowledge development

4.1 The knowledge development cycle

4.1.1 The cyclical character of knowledge development

32. Knowledge development must be approached from two angles:

- *Creating new knowledge.* This means generating new know-how, new methods which can contribute to reducing social exclusion and/or extending social protection.
- *Sharing available knowledge.* This means disseminating available knowledge among all those engaged in the two areas, at country, regional or global level.

33. Sharing and creating knowledge is a cyclical process. The creation of knowledge is indeed determined by the stock of existing knowledge and the consequent need for knowledge. Once knowledge has been created, it is then shared and serves to define new needs for the creation of knowledge, which leads to the start of a new cycle.

34. The different phases of the knowledge development cycle are central to the objectives of the STEP programme. The term "phases" indicates that there is a certain logical sequence between the different activities. In reality, the sequence of phases is sometimes much more complex than the cyclical chain suggested above. In order to simplify the presentation, the former is nevertheless the type of chain that will be described below.

4.1.2 The different phases of the knowledge development cycle

4.1.2.1 Producing a stock of existing knowledge

35. Producing a stock of knowledge is necessary to determine the knowledge that can be disseminated and that which must be created. Producing this stock relies on various types of activity: (a) identification; (b) capitalization; (c) conceptual production:

⁹ Which, as indicated earlier, allows an increase in the efficiency gain generated by the programme in actions to combat exclusion.

- (a) *Identification*¹⁰. Identification is the first activity to be undertaken. It concerns experiences documentation and the actors involved. Identification is the basis for determining the activities of capitalization and development of partnership relations under the programme. Identifying bibliographic sources also plays an important role in allowing a quality conceptual production.
- (b) *Capitalization*. This consists of analysing current or past experience and structuring the lessons of that experience¹¹. It is the prime instrument for learning, in terms of knowledge, from practice. The direct outputs of the capitalization activities are study reports (case studies especially), synthesis or comparative analyses.
- (c) *Conceptual production*. In order for knowledge to keep on progressing, it is essential to have a coherent descriptive and explanatory framework which characterizes the problems to be addressed, draw up an overview of available knowledge and situate the need of knowledge to be generated. This framework should enable to unite the multiplicity of facts observed in reality by using a generally applicable conceptual representation (indicating at the same time contextual differences). This framework is essential to muster broad assent to the approach adopted and the objectives pursued. The conceptual production can also cover more limited items such as a particular mechanism for extending social protection.

36. Some of the activities described in the preceding paragraph generate a series of outputs which can be disseminated directly to contribute to the sharing of knowledge. This is particularly true of capitalization documents and conceptual articles. These and other intermediate outputs are also used for a new conceptual study and structural system to allow the creation of new outputs, as teaching tools, directly aimed at knowledge sharing. The inventory of available knowledge also directly determines the needs for the creation of new knowledge.

4.1.2.2 The creation of new knowledge

37. As regards the extension of social protection and combating social exclusion, it is particularly important to associate lessons drawn from concrete activities in the field with more theoretical work to generate high quality knowledge, which can be used on a wide scale. That is why two instruments¹² are used to generate new knowledge; (a) research and (b) experimentation:

- (a) *Research*. The term "research" is used here to mean investigative activities of greater depth and more theoretical than capitalization. It does not necessarily relate to current experiments. Research results in the production of articles or publications.
- (b) *Experimentation*. In the STEP programme, this takes the form of concrete activities (projects) in the field. In STEP's activity's fields, experimentation is not confined to validating the assumptions which determined its design, but also to formulating and, to some extent, validating others. Experimentation can also play an important demonstrative role.

¹⁰ Identification answers questions such as: What are the most significant experiences relating to extension? What are the most interesting documentary sources on the subject? Who are the main actors involved?

¹¹ The questions considered here, for example, are: What experiences worked well? What are the reasons and conditions for their success? What are the causes of failure?

¹² Strictly speaking, capitalization, in particular through comparative analysis and systematic structuring, produce knowledge. The same applies to conceptual studies.

Experimentation and research modify the stock of available knowledge. Their results thus give rise to the production of new conceptual studies. These results are also disseminated either directly or by incorporation in other outputs such as methodological tools.

4.1.2.3 *Knowledge sharing*

38. Knowledge can be shared using various instruments which are worthwhile presenting briefly:

- (a) *Dissemination of publications.* This activity consists in particular of disseminating conceptual and capitalization documents. Dissemination may be in electronic form and /or printed material.
- (b) *Production and dissemination of methodological and teaching tools*¹³. To produce these, STEP has devised its own specific processes aimed at proper appropriation and adaptation of knowledge by the final users. The tools can be developed in printed or electronic form.
- (c) *Training.* Training here means the transmission of knowledge through courses. The latter can be provided through training sessions involving a trainer and participants or through electronic distance learning. The training can also contribute to validating and enhancing teaching tools.
- (d) *Support-advice.* This consists of technical support provided to different categories such as: governments and employers' and workers' organizations, bilateral and multilateral agencies, social economy organizations, NGOs, etc. This support may have very different objectives ranging from the formulation, execution and evaluation of policies and programmes to very specific technical matters. The support is provided by STEP or persons and institutions closely working with it.
- (e) *Dissemination projects.* These projects are intended to disseminate previously validated mechanisms, systems and approaches. Unlike the experimental projects, they have a broad scope both from the point of view of geographical coverage and the number of people involved. These projects may or may not be executed by STEP.

39. Three other knowledge-sharing instruments are used by the programme. These instruments are distinguished from the previous ones in that here STEP is involved primarily as a catalyst for the exchange of or access to knowledge and not as a disseminator of knowledge generated by STEP itself. These three instruments are described below:

- (f) *Workshops, seminars, symposia, etc., for the exchange of experiences.* STEP can share its experience during such meetings in the same way as other participants.
- (g) *Networking.* This is a continuous and organized form of exchange between the actors involved. It is largely conducted by electronic means, such as, for example, "the Coordination network [*La Concertation*" in French] between actors involved in the development of mutual health organizations in Western and Central Africa".
- (h) *Provision of access to databases.*

40. Knowledge sharing is a complex activity in which the methodological difficulties are often under-estimated. Yet the quality of sharing conditions the overall effectiveness of knowledge development and thus the programme's impact. Among the methodological

¹³ The production of tools in the context of experimental projects is considered as an integral part of such projects. These tools, once tested, can be disseminated as indicated in paragraph (b).

issues raised by knowledge sharing, two questions, to some extent linked, are particularly crucial:

- Under what conditions and provided what efforts can knowledge generated in a given context be used in a different context?
- How far should one go in strengthening the final users' capacity to use the knowledge generated?

41. The first of these questions concerns the type of knowledge to be created. STEP must focus on the elaboration of approaches and mechanisms which are not excessively determined by "rare" contextual factors. Likewise, experimentation at "micro" level can only be justified for the programme if it makes a contribution on a broader scale. In other words, the creation of knowledge must lead, to use a much disparaged term, to modelling of approaches and mechanisms.

42. Even when the creation of knowledge meets the criteria indicated above, approaches and mechanisms more often than not have to be adapted. A trial and error process is often essential in such an adaptation. It means that some of the experimentation is incorporated in the knowledge sharing.

43. The second question concerns STEP's relationship with the final users of the knowledge. Indeed, the closeness of this relationship determines two pillars of the knowledge-dissemination strategy. The first consists of making information available through publications, tools and access to experiences. STEP seeks here to reach a large group of users. It does not undertake complementary activities to strengthen the appropriation and adaptation of knowledge. Through the second pillar, genuine appropriation and adaptation of knowledge is sought among a limited number of users (relay partners), selected by the programme. The form of relations between STEP and the members of the relay partnership cannot be standardized. The fact remains that the sooner these partners are incorporated into the knowledge development process, the greater the chances that they will acquire a sound mastery of that knowledge.

44. The creation of the relay partnership has other advantages:

- Knowledge sharing, given the scale of the task, cannot be achieved by the members of the STEP team alone. It is therefore necessary to constitute a pool of institutions and consultants (relay partnerships) which can participate in this sharing and which, to do so, must have a thorough mastery of the knowledge that STEP wishes to disseminate.
- The relay partnership also helps to enrich the process of knowledge creation (via its progressive integration in the knowledge-development cycle).
- A large number of the relay partners are country-based. This encourages better consideration of national and local contexts and thus facilitates the process of adapting knowledge.
- Seen from the perspective of the programme's disengagement, the relay partnership can ensure a degree of continuity in the knowledge development process.

45. The choice of instruments to be used for knowledge-sharing is a function of the type of knowledge concerned, the available resources, the target users and the relationship that STEP wishes to develop with the latter. The use of new communication technologies greatly assists wide and cheap dissemination of knowledge. It also allows the use of interactive methods which facilitate learning and exchange. For these reasons, these technologies will occupy an important role in the programme's knowledge-sharing activities.

4.2 The targets of knowledge development

46. The targets of knowledge development are the people and institutions involved in the creation and sharing of knowledge as well as the final users of that knowledge.

47. Depending on the type of knowledge and the context, it will be a case, in terms of social protection, of strengthening the capacity of:

- managers, decision-makers and researchers to implement, monitor and evaluate effective policies and programmes to provide social protection to excluded groups;
- heads of grass roots and civil society organizations to form and manage effective and viable decentralized social protection mechanisms linked to national systems.

With respect to combating social exclusion, the targets will be formed by the same type of actors but only local actions will be considered.

4.3 The advocacy function

48. Alongside the activities of creating and sharing knowledge, STEP is developing a series of activities grouped under the heading of "advocacy". These activities can strengthen the programme's results by:

- encouraging political consensus and giving the necessary institutional legitimacy to STEP's work;
- developing opportunities, through partnership, to influence the strategies and programmes of key actors in the field of social protection such as are international financial institutions;
- encouraging newcomers to involve themselves in actions seeking to extend social protection and influence the direction of those measures.

Advocacy activities are thus complementary to the knowledge-development activities. Conversely, knowledge is essential to any credible advocacy.

5. STEP's technical approach to combating social exclusion and extending social protection

5.1 The inter-sectoral approach to combating social exclusion at local level

49. Social exclusion is a global phenomenon, which is on the increase in all regions. Depending on the context, it takes different forms, representing different levels of exclusion. Thus even workers in the formal economy can find themselves in a situation of partial exclusion, as a result, for example, of a less than adequate social security system. This underlines the fact that exclusion is not synonymous with poverty, but is a broader concept.

50. Exclusion or poverty cannot be tackled by simple analyses leading to coherent but unsuitable strategies. The complexity of the phenomena concerned must be taken into account, and these are always determined by a multiplicity of factors, both highly specific and closely interrelated.

51. Concepts and approaches to social exclusion and poverty, which remain focussed on the social aspects while side-stepping the economic, political or cultural aspects, are doomed to failure. Indeed, one cannot help but observe the weak effectiveness of development strategies which offer solutions to only one of the many facets of the problem (job creation, vocational training, education, creation of health infrastructure,

social protection,...). An inter-sectoral, multi-dimensional strategy adaptable and appropriate to the various contexts must therefore be defined, tested and implemented.

52. In most cases, strategies which rely only on market mechanisms and/or State action also founder. Such strategies impose standardized approaches on excluded groups without taking into account either the complexity nor the specific nature of their situation.

53. Starting from this analytical framework, the aim of the STEP programme is to develop and disseminate an inter-sectoral approach to combat social exclusion at local level, combining efficiency and equity and based on recognition of:

- the need for active participation and "empowerment" of the excluded groups, especially through "social economy" organizations. The values represented by the social economy are solidarity, autonomy, responsibility, equitable distribution of expenses and profits, interdependency of human activities;
- the multi-sectoral nature of exclusion phenomena and the need to develop a framework for analysis and inter-sectoral action which goes beyond the "one problem one solution approach" and seeks to introduce a coherent and integrated approach linking the various sectors;
- the need to take account of the specific nature of local circumstances in the context of local strategies;
- the role to be played at local level by all those involved: governments, local authorities, social partners, civil society/social economy and private sector and the need to develop integrated local strategies, encourage partnerships, complementarities and synergies between those involved.

54. STEP's specific objective in this field is thus not to work on all the mechanisms and methods specific to various areas of intervention, but to continue to fill the current methodological vacuum of the capacity to conceive and implement such inter-sectoral strategies at local level, based on the four principles listed above and in particular to work on mechanisms of integration between sectors and between those involved.

5.2 The technical approach to extending social protection in relation to health

5.2.1 The profile of excluded groups

55. People considered to be excluded from social protection in relation to health are those who do not have access to a package of services regarded as a minimum in the society in which they live. For the STEP programme¹⁴, the minimum package should be considered as the best protection that a nation can offer all its citizens and residents at a given period in time, bearing in mind its financial and institutional capacity. Efforts must aspire to increase that minimum as the nation's capacity develops. At a given date, the determination of the minimum package must be made at national level through social dialogue and, wherever possible, with the participation of representatives of excluded people.

56. People who suffer from exclusion can be divided into two sub-groups:

- those who do not have formal social protection coverage, whether permanently or temporarily. The reasons for this exclusion can be very diverse: nature of employment, inadequate capacity to pay contributions, inappropriate legislation, shortage of healthcare provision, etc.

¹⁴ The definition of this minimum package is the subject of considerable debate both in countries which have accepted the principle and at international level.

- those who have formal coverage but who nevertheless do not have access to services. The reasons for this exclusion may also be many: lack of institutions or programmes to provide coverage, geographical isolation, discrimination, etc.

Also covered by the programme's actions are people who do have coverage but who are liable to be excluded in the near future because of the risks they represent: the elderly, women of child-bearing age, chronically ill, etc.

5.2.2 The underlying values of the programme's approach

57. The approach advocated by the STEP programme, and the ILO in general, in relation to extending social health protection is based on a number of values, namely: equity, efficiency, solidarity, responsibility of the various actors involved and democratic management, and viability.

58. *Equity.* The concern with equity primarily relates to the possibility of access to healthcare. The Universal Declaration of Human Rights considers such access as the right of everyone. In fact, every individual, irrespective of his economic, social or cultural situation, sex, state of health and age, should be able to enjoy social health protection and have access to the minimum package. Equity must also be sought in each individual's financial contribution to the social protection resources. It is desirable that everyone who is able should contribute, in accordance with his means, to his own social protection and, if necessary, the collective effort made by the latter.

59. *Solidarity between individuals.* Solidarity between members of the same country and the same community is another fundamental value in constructing social protection for all. In financial terms, solidarity must translate into a transfer of resources from the rich to the poor. This transfer is essential to allow the most deprived persons to benefit from an adequate level of service. Insurance-based mechanisms should also bring into play the solidarity between the sick and the well, between generations, employed and unemployed.

60. *Efficiency.* In health, efficiency should first be considered in the allocation of resources and their use. Resources are allocated efficiently if they produce the maximum benefit in terms of health per unit cost. They are used efficiently if for every unit cost, they procure the maximum possible services.

61. *Responsibility of the different actors and democratic management.* The responsibilities assumed by States in the management and implementation of social protection mechanisms vary significantly from one country to another. However, the general trend is towards the disengagement of the State and a proliferation of actors in these mechanisms: social partners, civil society organizations, commercial sector operators, local authorities, etc. Social dialogue is a powerful instrument for fixing the distribution of roles and responsibilities among these actors. The participation of employers' and workers' organizations, alongside the State, in the management of social security systems stems directly from their members' contributions to such systems. When the systems also rely on the action of others (local authorities, associations, for example) the latter's participation must also be sought.

62. *Viability.* Any attempt to extend social protection would be pointless unless based on foundations which would ensure the long-term viability of the systems adopted. The pursuit of viability arises both in financial and institutional terms. The objective is that systems can operate with success even in the absence of outside aid and that they are able to cope with demographic and economic changes.

5.2.3 The modalities of extending social protection on which STEP is working

63. The definition of the modalities of extending social protection will come from an analysis of the problems (causes of exclusion) and the available capacity to tackle them.

For States, it is very important to identify capacity at institutional and financial level. For the excluded, it is a case of considering their capacity to contribute and also their possibility of organizing and at what level.

64. The determination of the modalities of extension is also subject to political choices. It is up to each country to determine the objectives and values on the basis of which it will define, according to its national characteristics, the strategies for extending social protection. Thus, the programme does not seek to impose one or more particular mechanisms but to offer decision-makers clear tools to appraise the various alternatives available to them to achieve their chosen objectives.

65. In countries which have a significant institutional and financial capacity (middle-income countries), STEP works to design cover mechanisms involving public subsidies or other forms of redistribution, either through public or private insurance schemes, or through assistance programmes aimed at particular target groups, women/children, for example. Subsidies are a means of redistribution which can bring into play the solidarity between rich and poor. The methodological questions concern the most effective and equitable formulae in the use of public subsidies.

66. Regarding this issue, STEP is particularly interested in the mechanisms of insurance demand subsidies (premium subsidies) as an alternative and/or supplementary formula to the traditional subsidizing of health benefits. Subsidizing demand creates the possibility for beneficiaries to choose service providers¹⁵ which has advantages in terms of equity vis-à-vis other protected persons and is an incentive to improve the quality of provision. Demand subsidy systems theoretically allow better targeting of subsidies at people who really need them. These systems can, however, have perverse effects which must be tackled by effective regulation of social protection and a set of suitable incentives to the various actors involved. They also have the difficulty of requiring fluctuating amounts of subsidy as they depend on the number of excluded persons.

67. In poor countries, the capacity of the State generally makes it impossible to envisage significant redistribution through subsidies. The institutional weakness of social security institutions in most of these countries also limits the role that they can play in extending coverage. STEP focuses its efforts here on forms of insurance which can be started at local level. These systems, grouped under the heading of micro-insurance, are somewhat varied but share at least three characteristics, apart from the use of insurance:

- they are at least partly financed by their members. The contributions is an amount affordable by the categories of persons concerned;
- membership is voluntary or automatic¹⁶;
- the State is not responsible for creating or managing them

The level of participation and organization of members of systems is an important variable, experience showing that those with strong participation and organization are generally more effective than others.

68. Micro-insurance systems are still few in number worldwide. They are attracting growing interest. Theoretically, at least, this type of system has the potential to fulfil several functions apart from prevention of health risks and treatment through insurance. They can participate in the creation of demand for viable and structure care, stimulate improved healthcare and increase the efficiency of health expenditure. They can play an important role in health prevention and education. They can facilitate representation of healthcare users and contribute to democratic governance of the health sector. They can create health services where none exist. They can fulfil an educational role by

¹⁵ Which is not the case with subsidies for public service provision.

¹⁶ Automatic membership is when membership of a group (cooperative, village, trade union, etc.) automatically results in membership of the system and this membership formula results from the group's decision and is not imposed from outside.

introducing the principle of prevention from risk among populations little used to insurance. Finally, they participate in social and political integration.

69. In reality, the systems which have been studied in Latin America and Africa up to now very often reveal considerable shortcomings and/or lack of capacity to cover a large number of people. In Asia, studies will be undertaken by STEP this year but it seems that it is on this continent that the most efficient systems are to be found. The fact remains that in all cases there are many methodological issues to be resolved to achieve micro-insurance systems which really have the potential to cover a significant number of people in the long term.

70. Given that these systems are aimed at people with few resources, it is legitimate, in the interests of solidarity and fairness, that they should have financial support (subsidies to service provision or insurance). This support is also an incentive to the creation and growth of systems. Unfortunately, in many countries, the possibilities of financial support are very limited or even non-existent. In the absence of redistribution mechanisms, these systems must be regarded as transitory forms of protection.

71. In the case of persons benefiting from formal social protection but who are likely to be excluded because of their personal risk, the action must focus on regulation of social protection systems and the development of transfers between insured persons (de facto "subsidizing" by low risk policyholders of those at high risk). Depending on the context, and especially the existence or otherwise of competition in the provision of insurance, the technical difficulties in remedying this type of exclusion are greater or less. In this area, too, there are considerable methodological needs.

72. The trend that seems to be emerging is that social protection will increasingly be provided in a particular country by several systems operating on a complementary basis. It is likely that these different systems will reflect initiatives by the State and the social partners and also civil society and the private commercial sector. This multiplicity of systems requires well coordinated efforts in social and economic policy in order to bring greater cohesion and effectiveness to existing and future schemes. Such coordination is also necessary to allocate the available resources in an optimal manner, maintain the incentivating character of the measures advocated and reduce fraud and abuse. It requires strengthening of cooperation between public institutions (finance/health for example) and the other actors involved in the various mechanisms and those of the State's regulatory function.

6. The role of partnership in STEP's action

73. Bearing in mind the scale and complexity of exclusion, STEP and the ILO cannot expect to achieve significant results in this area if working in isolation. That is why the development of partnerships with all the people and institutions concerned is an integral part of STEP's operating strategy.

74. The goal of partnership relations is to develop synergies between organizations, based on complementarities, and thus improve the quality of products and the speed of interventions, facilitate their financing, reduce their costs and generally increase the dissemination of knowledge and thus the impact of the programme.

75. The types of partner targeted are varied:

- grass-roots organizations, social movements,
- large inter-organization networks,
- social partners,
- governments and local authorities,
- research and training centres,
- international organizations, especially in the United Nations System,

- bilateral cooperation,
- major foundations,
- donors,
- development banks.

76. Partnership relationships can be more or less formal (partnership agreements, MOUs). However, they have clear and precise objectives and translate into concrete joint actions: dialogue networks, co-publications of articles, studies or tools, organization of joint meetings or training, joint initiatives, common research agendas, common Websites and databases, co-execution of projects in the field, various co-financing, etc.

7. The place of resources mobilization in STEP's action

77. The STEP programme is financed by a group of donors three of which play a particularly important role: Belgium, Portugal and the International Labour Office. Belgium's financing plays a crucial role, since it provides a central and stable core of expertise at high level, responsible for the leadership and technical cohesion of the programme in relation to social protection. Portugal plays a similar leadership role in providing expertise in social exclusion. The ILO provides the programme's logistics and finances several senior expert posts both at headquarters and in the field to coordinate the programme's activities. This central core of donors is the essential basis for the implementation of the knowledge development strategy.

78. On top of that, the development of the programme then involves the design and progressive implementation of a series of projects in the field in different regions of the world. These projects fulfil varied and complementary functions (identification and capitalization of experiences, experimentation of approaches or new mechanisms, validation of tools, demonstration and large-scale dissemination of the most efficient mechanisms and practice, etc.).

79. Financing of these field projects is thus essential and must come from resources supplementary to the core financing. STEP develops an active resource mobilization strategy by combining different types of action: advocacy, informing and raising donor awareness, design and formulation of project documents, negotiation of financing.

80. The chief sources of financing targeted are: multilateral and bilateral donors, UNDP, UNFPA, the World Bank and the major international foundations.

81. In addition to mobilizing resources directly, STEP is also active in developing co-financing, in particular with other United Nations specialized agencies, NGOs, research and training centres, governments and bilateral projects.

82. Over and beyond such co-financing, STEP's resource mobilization strategy includes the very important task of advocating the design of bilateral or NGO projects, and even more essential, investment programmes of the World Bank, so that they take into account the approaches and mechanisms developed by STEP and thus participate significantly in their widespread dissemination.