

# Committee of the Whole on Crisis Responses

## Thematic Dialogue 9: Social protection

### *Draft wrap-up points*

#### 1) The social impact the crisis - revisited

- Growth in developing and industrialized countries will decline in tandem
- Crisis aggravates the social crisis behind the crisis characterized by more than 50 per cent of people living under \$2 a day, millions of children dying due to lack of income and health care, huge international inequality in standards of living and incomes
- Crisis will add at least 200 million people in poverty and 50 million people in unemployment, MDGs at risk, increasing inequality
- All the social determinants of health are deteriorating (education, occupational status, income, social cohesion, etc.) and the funding of health-care delivery at risk leading to deteriorating health status
- Revenues of social security systems at risk when they are most needed
- Only one in five workers in the world enjoys adequate social protection
- Aid flow becomes more erratic

#### 2) Emerging agreements in the debate

- Social security is a human right
- Social security/protection systems effectively reduce poverty, insecurity and inequality
- They are an economic necessity to unblock the full economic productive potential of a country and hence important investment in development
- Social protection/security systems serve as anti-cyclical social and economic stabilizers in times of crisis
- Countries with existing systems are in a better position to cope with the social and economic fallout than those who have to introduce new ad hoc measures, hence there is a good case for introducing them early in the development process
- There is a solid body of positive experience with basic social assistance schemes in low- and middle-income countries (already covering between 150 and 120 million countries), that can be built upon, e.g. China, India, Brazil, Mexico

### 3) Emerging agreements in the debate

- Policies that aim at universal access to some basic social guarantees are needed and desirable (in the form of primary health care, basic form of income security), there is a growing acceptance of the concept of a social protection floor even if the definition seems to require further work
- Cost of elements of the social floor not too high (e.g. universal pensions ...in low/middle-income countries)
- No „one size fits“all solution for all countries
- Social protection policies in times of crisis and beyond need to be part and parcel of a comprehensive set of labour market, economic, education policies and need to be an explicit part of wider social risk management strategies that are stabilizing households and communities

### 4) Issues to be addressed

- One: Work on the definition of the social protection floor has just begun needs to be solved in a dialogue process on the international and national levels, priorities hard to define ... employability? Vulnerable groups?
- Two: fair retirement age provisions that takes the life expectancy but also the nature, duration, working conditions of workers' biography into account
- Three: How can the fiscal space for redistribution through social transfers be defended or created
  - In developing countries with relatively weak administrative structures and so far limited tax bases
  - Improved efficiency of existing social security systems
  - In industrialized countries where the social and demographic conditions are changing and creating new demands on security systems; can the fiscal space in post-crisis budgets in view of the debt services that countries have to shoulder be maintained
  - New forms of taxation?
- Four: Can “social security“, i.e. benefit levels, be guaranteed in future? Can we solve the benefit level insecurity associated with funded pensions schemes that face huge losses; universality in tandem with income replacement

### Four: What can be done on the national and international levels

- National:
  - Dialogue on policy priorities
  - Empowerment of stakeholders
  - Use the opportunity
- International:

- Need to exchange experience
- Collaboration between international agencies in crisis management is so far deficient, leads to severe costs for many countries and needs to be improved
- There are some signs of hope: CEB social floor initiative is the first step, P4 Health initiative, World Bank Vulnerability and Rapid Response Facility where other agencies (including the ILO) are invited to collaborate

Four:

- Social assistance
- PAYG benefit schemes strengthened
- 

Four: Policies to turn experience into action

- *In countries with mature existing schemes:*
  - Develop effective minimum benefit guarantees in line with Convention No. 102
  - Defend the fiscal space for social security
- *In countries with incomplete coverage:*
  - Focus first on the implementation of a Social Protection floor, i.e. income security for children, elderly and disabled, essential health care for all and social assistance/employment guarantee schemes for the unemployed
  - UN Chief Executive Board has adopted the Social Protection Floor as one of its anti-crisis initiatives
  - ILO calculations and already operating cash transfer schemes in many developing countries show that a floor or elements thereof are affordable

#### **Five: Possible solutions for the fiscal space**

- Experience shows that there is a large menu of choices:
  - Save/reallocate other existing expenditure
  - Increase public revenues through
    - More progressive direct taxation
    - Increase on indirect taxation (consumption taxes)
    - Improve efficiency of tax collection
    - Introduce contribution financing for certain benefits