FIRST ITEM ON THE AGENDA

Social protection floor for a fair globalization: Policy coherence and international coordination

Overview

Issues covered
This paper contains information about the United Nations Chief Executive Board initiative to enhance UN-wide policy coherence and institutional coordination around the concept of the Social Protection Floor.

Policy implications
None.

Financial implications
None.

Decision required
None; submitted for information.

References to other Governing Body documents and ILO instruments
GB.306/17/2, GB.303/ESP/3.
Social Security (Minimum Standards) Convention, 1952 (No. 102).
ILO Declaration on Social Justice for a Fair Globalization.
Global Jobs Pact.
Introduction

1. In 2004, the World Commission on the Social Dimension of Globalization concluded that “a certain minimum level of social protection for individuals and families needs to be accepted and undisputed as part of the socio-economic floor of the global economy”. The Commission called for a global commitment to deal with social and economic insecurity as a necessary condition to provide legitimacy to the globalization process.

2. This recommendation has greatly contributed to the ILO’s efforts to promote the extension of social protection for all as one of the strategic objectives of its Decent Work Agenda, as emphasized in the ILO Declaration on Social Justice for a Fair Globalization. In particular, it contributed to shaping the Global Campaign on Social Security and Coverage for All, reviewed by the Committee on Employment and Social Policy in November 2008.

3. Over the last two years the economic crisis has highlighted the importance of structural progress towards extending social protection in a coherent manner, reinforcing the World Commission’s call for a social floor. Social protection measures have served as a macroeconomic stabilizer, cushioning the impact of the crisis on people while maintaining aggregate demand and enabling people to overcome poverty and social exclusion as well as to find decent jobs.

4. In his address to the Working Party on the Social Dimension of Globalization (WPSDG) in November 2010, the World Trade Organization’s Director-General, Pascal Lamy, argued that protectionism is likely to be strong where social protection is weak, because social protection smooths economic transitions and facilitates the acceptance of trade liberalization, thereby contributing to the globalization process.

5. Having recognized the importance of ensuring social protection for all, the United Nations System Chief Executives Board for Coordination (CEB) adopted, in April 2009, the Social Protection Floor Initiative, as one of the nine UN joint initiatives to cope with the effects of the economic crisis.

6. The Global Jobs Pact, adopted by the International Labour Conference at its 98th Session in 2009, also reiterated the call to build adequate social protection for all, drawing on a basic social protection floor in order to “implement sustainable social protection systems to

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2 See GB.303/ESP/3.


assist the vulnerable [and thereby] prevent increased poverty, address social hardship, while also helping to stabilize the economy and maintain and promote employability”. 6

7. During 2010 the Social Protection Floor approach gained widespread acceptance, including both the Millennium Development Goals (MDG) and G20 summits. It has been accepted as a core social policy tool not only to respond to the economic crisis and accelerate recovery, but also as a component of a human-centred and inclusive development strategy. As stated by ILO Director-General, Juan Somavia, on the occasion of the 2011 World Day of Social Justice (17 February), the extension of “fiscally sustainable social protection to the eight out of ten people who lack any form of social security in the world today, starting with a basic floor of universal social protection”, is a necessary step to “move toward a new era of social justice”. 7

The Social Protection Floor – A policy coherence concept

8. The notion of the Social Protection Floor is anchored in shared principles of social justice and in the Universal Declaration of Human Rights’ call for adequate life standards, access to health, education, food, housing and social security. The core idea is that no one should live below a certain income level and everyone should be able to have access to at least basic social services in order to enhance decent work opportunities.

9. The Social Protection Floor, as defined by the United Nations, is an integrated set of social policies designed to guarantee income security and access to social services for all, paying particular attention to vulnerable groups. It includes guarantees of:

(a) basic income security, in the form of various social transfers (in cash or in kind), such as pensions for the elderly and persons with disabilities, child benefits, income support benefits and/or employment guarantees and services for the unemployed and underemployed; and

(b) availability and affordable access to essential social services in the areas of health, water and sanitation, education, food security, housing, and others defined according to national priorities. 8

10. The Social Protection Floor’s components under the ILO’s mandate in the inter-agency work are those specified in the Global Jobs Pact, including: “access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and working poor”. 9 The concept is consistent with the two-dimensional strategy for the extension of social security, comprising a basic set of social guarantees for all as part of the horizontal dimension, and the gradual implementation of higher standards, in line with the ILO’s Social Security (Minimum Standards) Convention, 1952 (No. 102), and others, as


countries develop fiscal and policy space. By placing the social floor in the context of the Global Jobs Pact, the ILO reaffirms the principles of inseparability, interrelatedness and mutual supportiveness of its strategic objectives, as highlighted in the ILO Declaration on Social Justice for a Fair Globalization.

11. The Social Protection Floor calls for policy coherence and coordination among different social policies to prevent individuals and their families from falling into poverty and deprivation. It also aims to protect those who are unable to earn a decent income through employment and to empower workers to seize economic opportunities and work their way out of poverty.

12. It is a life-cycle approach comprising human development integrated programmes for vulnerable children and their families, the underemployed and working poor, the elderly and people with disabilities. It is a framework for coordinated public interventions at the household level, addressing multidimensional causes of poverty and social exclusion and aiming at unlocking productive capacity. Particular attention is given to gender empowerment because women are often entrusted with a prominent role within the household as part of the income transfer and social service schemes.

13. In developing the social floor, the link between social protection and employment policies is fundamental to release people from abject poverty and enable them to find decent jobs, avoiding long-term dependency and encouraging labour market participation.

14. While adopted as a global concept, social protection floors are nationally shaped within a framework of national-specific institutional structures, economic constraints, political dynamics and social aspirations. Their implementation process will usually be progressive and gradual according to national priorities and capacities, building on existing social protection schemes and based on sustainable funding sources.

15. The floor should be understood as the first step towards higher levels of protection. As economies grow and financial and fiscal space widens, further expansion in the levels of protection should be envisaged. In countries with already existing comprehensive but segmented social protection systems, the social floor approach should not be seen as a way to weaken levels of protection, but as part of the process of filling eventual coverage gaps and promote policy coherence among social policies.

Some examples

16. In the Americas, the Brazilian *Bolsa Família* is one of the most prominent examples of a social floor policy. Launched in 2003, the programme provides income support to poor families, subject to their fulfilling certain human development requirements such as child school attendance, including participation in supplementary socio-educational activities, vaccinations, nutritional monitoring, and prenatal and postnatal tests. Further efforts have been made to include the beneficiaries in the labour market through skills development and other employment policies. In Brazil, the combination of the social assistance cash transfers and the *Bolsa Família* accounts for an estimated 28 per cent of the fall in the Gini coefficient between 1995 and 2004. The *Asignación Universal por Hijo* in Argentina, 

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10 See GB.306/17/2.


the Chilean Plan Auge and the programmes Oportunidades and Seguro Popular de Salud in Mexico are also successful examples of social protection floor policies in the region.

17. In Africa, some remarkable experiences of the implementation of elements of the Social Protection Floor are Cape Verde and South Africa. In 1994, Cape Verde introduced a tax-financed old age and disability non-contributory pension scheme that reached 90 per cent coverage. The programme has contributed to the substantial reduction in the poverty rate from 36.7 per cent in 2001 to 26.6 per cent in 2007. The South African Child Support Grant is a means-tested cash transfer programme that is now covering around 90 per cent of eligible poor families with children (7.5 million children). It has been credited with a substantial reduction in poverty and inequality, as well as with facilitating improvements in human development indicators such as nutritional status and school attendance. 13 Rwanda has also made substantial progress in extending basic health protection to near universal coverage over the last few years.

18. In Asia, China and India have made significant advances towards a social protection floor for their citizens. China, for instance, increased health coverage from 15 to 85 per cent of the population from 2003 to 2008, including around 1 billion people in the basic health rural cooperative medical scheme. In December 2009, China launched a pilot rural pension scheme that aims to cover 700 million people living in rural areas by 2020. This is the world’s fastest and largest social inclusion process ever and is expected to have substantial impact in boosting Chinese domestic demand and rebalancing growth towards the internal market. India’s Mahatma Gandhi National Rural Employment Guarantee Scheme ensures 100 days of employment per household per year. It has become one of the largest rights-based social protection initiatives in the world, reaching around 52.5 million households living below the poverty line. In 2009–10 it is estimated to have supplied 2.83 billion person-days of work. 14 Thailand is also in the process of introducing universal coverage health and pension schemes.

19. Most countries in the European Union (EU) have already established almost complete national social protection floors, including minimum income programmes and basic social services. However, there are gaps, coordination and consistency problems, and overlaps between some social schemes. Around 80 million people in the EU are still living at risk of poverty and 25 per cent of them are children. 15 Paving the social floor in the EU means cementing the joints between the paving stones, promoting integration between social policies, and especially between minimum income and active labour market policies. In this context the French Revenue de Solidarité Active that combines work incentives with protection for the unemployed and working poor can be considered as one example of social protection floor policies in Europe.

13 ILO: Extending social security to all: A guide through challenges and options (Geneva, 2010). The Gini coefficient is a measure of income inequality in which at zero income is equally shared, and at 1.00 all income is held by one person. The Gini coefficient for Brazil fell from 0.59 to 0.55 between 2001 and 2005.


International coordination

The Social Protection Floor Initiative

20. Over the last two years, the CEB Social Protection Floor Initiative has been the main UN-wide coordination mechanism on social protection policies. Co-led by the ILO and the WHO, the Social Protection Floor Initiative has operated through a network of inter-agency focal points representing the 17 collaborating UN agencies, international financial institutions and participating development partners. The network meets regularly and has established online communication channels to exchange information and coordinate the implementation of the initiative at the global, regional and national levels. The donor community and major non-governmental organizations (NGOs) are also invited to join these efforts.

21. A Social Protection Floor Advisory Group was established under the CEB Initiative to enhance global advocacy and provide inputs to elaborate further on the conceptual and global policy aspects of the social floor. It is chaired by Ms Michelle Bachelet and composed of international policy-makers, leading experts in the global social protection community and the Director-Generals of the co-leading agencies. The group was entrusted with the preparation of a global report that will serve as an advocacy tool and provide advice on global and regional policies and strategies to support the implementation of the Social Protection Floor.

22. The Social Protection Floor Initiative has promoted a series of activities in advocacy, capacity building (in cooperation with the ILO International Training Centre in Turin), knowledge sharing and technical assistance activities worldwide. In order to have a common understanding on how to implement Social Protection Floor policies at the country level, a manual with guidelines and a strategic framework for joint UN country operations has been drafted and agreed among the collaborating agencies. A common inter-agency rapid assessment methodology has been developed to provide inputs for the national dialogue processes on how to prioritize and sequence the implementation of the floor.

23. A decision of the Board of the United Nations Development Programme (UNDP) in January 2010 requests the UNDP Administrator to strengthen cooperation and coordination at the country level to include the Global Jobs Pact in operational activities and “enhance thematic ties with the Global Social Protection Floor”. Inter-agency activities are under way in Argentina, Benin, Burkina Faso, Cambodia, the Maldives, Mozambique and Nepal. Interest in joining the Social Protection Floor Initiative has been confirmed by Algeria, Botswana, Haiti, El Salvador, Indonesia, Lao People’s Democratic Republic, Rwanda, Togo and Viet Nam.

The United Nations

24. As a result of this process the Social Protection Floor has gained worldwide acceptance as a core social policy approach. On 10 July 2009, the United Nations Economic and Social Council (ECOSOC) issued a declaration calling upon the “international community to support efforts of developing countries in building up and improving basic social

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protection floors”. 17 This was echoed in the UN General Assembly which, in December 2009, welcomed the initiative to provide coordination “on social protection floors, which aims at advocating for and advising on the provision of social protection floors and public spending in ways that will both kick-start growth and support more inclusive and sustainable social and economic development”. 18 In the same context, in February 2010, the UN Commission for Social Development invited “the International Labour Organization to strengthen its social protection strategies, including the assistance to countries in building social protection floors and policies on extending social security coverage . . .”. 19

Millennium Development Goals

25. The outcome document of the MDG Summit adopted by the General Assembly by consensus on 22 September 2010 considers the Social Protection Floor concept to be among the successful policies and approaches. It states that “promoting universal access to social services and providing social protection floors can make an important contribution to consolidating and achieving further development gains”. 20 The MDG Summit conclusions placed the social floor approach at the top of the development agenda and provided ground for strengthening inter-agency coordination efforts.

Social partners

26. The notion of the social floor was also endorsed in the Second World Congress of the International Trade Union Confederation (ITUC) held in Vancouver, 21–25 June 2010, which adopted a resolution supporting the “establishment and implementation of a minimum benefit package for all those in need ... A universal social floor would be financed mainly from public funds and would cover all men and women regardless of their employment situation.” 21

International Monetary Fund

27. In a recent speech to the Monetary Authority of Singapore on 1 February 2011, the IMF Managing Director, Dominique Strauss-Kahn, said that “adequate social protection, drawing on a basic Social Protection Floor as proposed by the ILO, can protect the most


21 See ITUC: Resolution on extending social protection and ensuring good occupational health (2CO/E/6.12).
vulnerable from the brunt of the crisis.” Following the ILO–IMF–Norway Conference on 13 September 2010 in Oslo, the ILO Director-General and the IMF Managing Director agreed to work together “to explore the concept of a social protection floor for people living in poverty and in vulnerable situations, within the context of a medium- to long-term framework of sustainable macroeconomic policies and strategies for development.” Studies on fiscal space and social floor affordability are foreseen to be prepared for a group of countries.

Regional meetings

22. The Chair’s conclusions of the Eighth Asia–Europe Meeting (ASEM), held on 4-5 October 2010 in Brussels, state: “Leaders also noted with interest the gradual development of a global Social Protection Floor, one of the nine joint initiatives of the UN Chief Executives Board for Coordination, led by the International Labour Organization (ILO) and the World Health Organization (WHO)”, and call for “further sharing of experiences and for technical assistance in implementing social welfare policies”. The final communiqué of the European Union–Latin American and the Caribbean meeting of Social Security Ministers, held in Alcalá de Henares on 13–14 May 2010, also highlighted the importance of the CEB Social Protection Floor Initiative.

23. In Africa, ILO tripartite constituents adopted, on 8 October 2010, the Yaoundé Tripartite Declaration on the implementation of the Social Protection Floor, committing African member States and social partners to adopt the principles, main elements and practical aspects of the Social Protection Floor. It also encouraged the ILO to enhance technical cooperation activities in this area.

South–South and triangular cooperation

24. The promotion and exchange of experiences on the Social Protection Floor has been especially intensive through South–South and triangular cooperation. A partnership between the ILO and the UNDP South–South Unit has made possible the publication of the book Successful Social Protection Floor experiences, presenting 18 case studies on social protection floor policies from 15 countries of the global South. It brings together examples of good social protection floor practices, including the most important flagship programmes, for South–South learning. The Social Protection Floor was also one of the

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24 Available at www.asem8.be.


26 Available at www.socialsecurityextension.org/gimi/gess.

core topics of the Global South–South Development Expo 2010, organized by the ILO and UNDP in Geneva from 22 to 26 November. Further cooperation activities are under negotiation as a follow-up to the South–South Declaration of Intents signed between the ILO and the Governments of Brazil, India and South Africa in the framework of the IBSA development initiative.  

G20: From Pittsburgh to Cannes and beyond

31. At the Pittsburgh Summit in 2009, G20 Leaders committed to “continue to provide income, social protection” and, welcoming the Global Jobs Pact, “to adopt key elements of its general framework to advance the social dimension of globalization”. 29 In Washington, DC in April 2010, the G20 Ministers of Labour and Employment recommended that “all countries establish adequate social protection systems so that households have sufficient security to take advantage of economic opportunities”. 30 The Ministers’ recommendations were welcomed by the Leaders at the Toronto Summit. In Seoul, G20 Leaders stated their commitment “to put jobs at the heart of the recovery, to provide social protection, decent work and also to ensure accelerated growth in low income countries”. 31 Moreover, social protection was considered a core element of the development agenda as a tool to promote economic resilience and inclusive growth and of the employment agenda. The Social Protection Floor was listed by the G20 French Presidency as one of its core priorities for 2011. 32 It will include work at the levels of both the G20 Development and the Labour and Employment Ministers Groups.

Final remarks

32. What started as a recommendation of the World Commission on the Social Dimension of Globalization has become a major social policy coherence approach endorsed at the highest levels by the international community. Inter-agency coordination has been fluid at the global level, but it is necessary to strengthen coordination at the national level. The 2011 International Labour Conference will also provide further guidance on ILO strategies for the extension of social security coverage to all.

Geneva, 23 February 2011

Submitted for information


