Social Protection and Labour Markets in the Global South: Linkages, Trends & Challenges

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Overview

- SP & LM: Linkages
- SP & LM: Trends
- SP & LM: Challenges
- ......and ways forward
SP & LM: Linkages theoretical

- Neoclassics: SP introduce distortions on LM (e.g. labour supply↓), reducing welfare; Human capital investments seen positive

- Keynesians: full employment in market economies requires SP to stabilize effective demand (labour demand↑)

- Institutional economics: LM policies (SP) reduce market failures & lead to higher productivity
SP & LM: Linkages historical

• Historical: SP benefits linked to status as citizen or *active LM participation*
  – social insurance tied to employment, «male bread-winner model», mainly contribution-financed, derived dependency/family benefits
  – LM formalization and regulation facilitated SP extension (collective action)

• Positives vs. Negatives
  – + close contribution-benefit link, employer/workers share financing,
  – - subsidies from general taxes might render system regressive (if indirect taxes dominate in fiscal system)
  – - Expansion of SP in this model depends on greater LM formalization
  – Policy and/or growth driven
  – Evidence shows persistency or increase in informal employment as the rule
SP & LM: Linkages functional

- SP has a function to protect individuals and HH against adverse LM impacts (unemployment, low wages) ⇒ SP is part of Decent Work (DW) and determines *quality of employment*
- SP has a function to facilitate LM entry and LM incorporation on positive terms (DW)
- SP has a protective function for those temporarily or permanently unable to work
- Through its positive role for production, stabilization and redistribution (growth, structural change, equality) SP has indirect effects on employment creation & job quality
LM Trends: Drivers

• Growth pattern, structure of economy (sectoral composition, dynamic sectors....)
• Global or national economic & financial crises
• Demographics (ageing, migration, urbanization)
• Social factors such as gender equality or social exclusion based on group characteristics (age, ethnicity, location)
• Innovations affecting work and economy (technology etc.)
LM Trends

• Negatives:
  – unemployment, underemployment, informal/precarious employment
  – Specific challenges for women, children, youth, elderly persons, rural workers
  – adverse effects on incomes, productivity, SP, tax revenues

• Positives:
  – Innovations in LM policies (discussed in this conference)
  – Increasing formal employment and progress in decent work in some countries
More than half of the world’s workers are in informal employment

Gender Gaps in Labour Force Participation Persist

Figure 2.1
Labour force participation rate by sex and region, 1990–2013

→ Globally, women’s labour force participation rates have stagnated, albeit with significant regional variation

Source: UN Women 2015
SP Trends

• UNRISD talks of a *social turn* to describe the greater focus on social policy post Social Summit 1995
• New opportunities arise with SDG Agenda (e.g. Goals 1.3, 3.8, 5.4) and National SP Floors
• **Positive:** spending on SP and services ↑ & innovative approaches ⇒ improvements in social outcomes
• **Negative:** only 27% of global population has access to comprehensive SP; innovations mostly targeted at poorest groups with cash transfers and public works (sustainability, adequacy, promotion aspects)
SP Trends: Coverage (pensions, ILO 2014)

Figure 4.1  Old-age pensions: Legal coverage and effective active contributors in the working-age population, by region, 2008–09 (percentages)

- Legal coverage – percentage of the working-age population covered: All old-age programmes
- Legal coverage – percentage of the working-age population covered: Old-age contributory programmes excluding voluntary
- Legal coverage: Old-age voluntary coverage for self-employed
- Effective old-age coverage in percentage of the working-age population: Contributory programme

Link: http://www.socialsecurityextension.org/gimi/gess/RessFileDownload.do?ressourceId=15143

Sources: ILO Social Security Department based on SSA/ISSA, 2008, 2009; ILO, LABORSTA (ILO, 2009e); national legislative texts; national statistical data for estimates of legal coverage; and compilation of national social security schemes data for effective coverage. See also ILO, GESS (ILO, 2009d). Country data are available in the Statistical Annex.
SP Trends: Coverage (unemployment, ILO 2014)

Figure 3.7 Effective coverage of unemployment benefits: Unemployed who actually receive cash benefits. Regional estimates, 2007, 2009 and 2012/13 (percentages)

Notes: Numbers of unemployed receiving unemployment benefits collected from national social security unemployment schemes. Global average weighted by the labour force. For detailed information by country see Annex IV, table B.3.
Sources: Based on ILO Social Security Inquiry database, ILO LABORSTA and national sources.

Research for Social Change

UNRISD
SP Trends: Coverage Social Assistance (WB 2015)

Figure XX. Expansion of Social Safety Nets

a. Unconditional cash transfers, Sub-Saharan Africa

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>21</td>
</tr>
<tr>
<td>2013</td>
<td>37</td>
</tr>
<tr>
<td>2014</td>
<td>40</td>
</tr>
</tbody>
</table>

b. Conditional cash transfers, all developing countries

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>27</td>
</tr>
<tr>
<td>2013</td>
<td>52</td>
</tr>
<tr>
<td>2014</td>
<td>64</td>
</tr>
</tbody>
</table>

c. Public works, all developing countries

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>62</td>
</tr>
<tr>
<td>2013</td>
<td>84</td>
</tr>
<tr>
<td>2014</td>
<td>94</td>
</tr>
</tbody>
</table>

Sources: World Bank for 2013-14, based on ASPIRE database; see appendix C of this report for specific sources. For unconditional cash transfers in 2010, see Garcia and Moore 2011. Data for 2008 for conditional cash transfers are from Friddell and Schady 2009. For public works up to 2011, the number refers to countries as reported in Subbarao and others 2013.
## SP Trends: Coverage Social Assistance (WB 2015)

<table>
<thead>
<tr>
<th>Country</th>
<th>Programme</th>
<th>Beneficiaries Mill.</th>
<th>% Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>Bolsa Familia CCT</td>
<td>49</td>
<td>24</td>
</tr>
<tr>
<td>Philippines</td>
<td>Pantawid CCT</td>
<td>19</td>
<td>21</td>
</tr>
<tr>
<td>China</td>
<td>Di-Bao UCT</td>
<td>75</td>
<td>5.8</td>
</tr>
<tr>
<td>India</td>
<td>MGNREG PW</td>
<td>58</td>
<td>4.5</td>
</tr>
<tr>
<td>India</td>
<td>School Feeding</td>
<td>105</td>
<td>8.3</td>
</tr>
</tbody>
</table>
SP Trends: Adequacy Social Assistance

World Bank 2015; UCT Universal CT; CCT Conditional CT; adequacy = total benefit as share of total consumption or income of poorest quintile
Is decoupling the solution?

**Pro**
- Limits LM distortions
- Allows SP to target vulnerable groups not in paid employment (children, disabled, elderly) or providing unpaid work (women)
- Allows for «de-commodification» e.g. basic income grant

**Contra**
- Reduces potential for positive synergies between SP and LM/employment
- Poses financing problem (tax, aid revenues)
- Incentives and adequacy
- Facilitates LM flexibilization, non-standard employment, market-based SP (⇌ income security, redistribution effects)
Moving forward: Rebuilding connections...

- **between macroeconomics and employment**: employment-centred structural change (Brazil, South Korea)
- **between SP and employment**: decent work (Brazil, Argentina)
- **between production and reproduction**: paid and unpaid work (Uruguay)
- **between employment and sustainable development**: green jobs, social & solidarity economy (Costa Rica, Brazil, Mali)
- **between work and human development**: eliminate discrimination, exploitation & forced labour and provide opportunities for women, youth, migrants, minorities, rural populations and elderly workers (Uruguay LGBT, Argentina, migrants, South Africa Youth...).
References