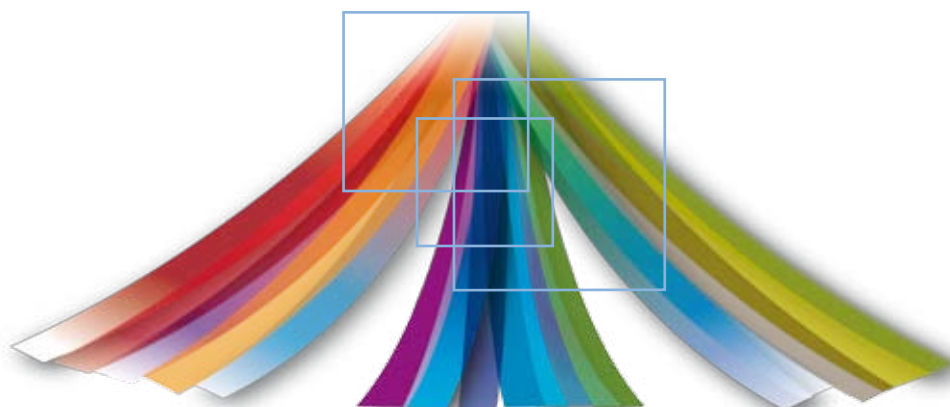


GLOBAL JOBS PACT POLICY BRIEFS



International
Labour
Organization



BUILDING SOCIAL PROTECTION FLOORS TO BE PREPARED FOR ECONOMIC CRISES AND TO ENSURE EQUITABLE GROWTH

1. Executive summary

The global economic crisis and its repercussions on societies has been a forceful reminder of the disastrous effects of a lack of social security coverage. The economic shock was quick to translate into a social shock. People living in countries where adequate social protection systems are lacking, as is the case in many low and middle income countries, were hit particularly hard.

At the same time, the crisis has again highlighted the need to step up the extension of social security coverage

to reach all women, men and children. Countries that had sound social protection systems in place before the onset of the crisis were less severely affected as they were able to stabilize aggregate demand, were better prepared to cushion the social effects and moved into recovery earlier. The international experience shows that a modest level of cash benefits and access to essential health care and other social services can trigger a virtuous circle of better health, education as well as more productive employment and more stable incomes.

2. Description of the policy challenges

The global crisis has again forcefully highlighted the adverse effects of the large coverage gaps of social protection around the world. Already before the crisis, the large majority of the world's population did not enjoy adequate levels of social security. ILO estimates show that only 20 percent of the global population has access to comprehensive social protection.

When the global crisis hit the world economy, many women, men and children lost their jobs and incomes, including income from (formal or informal) employment, self-employment or remittances from family members abroad, and are more vulnerable of falling into poverty or deepening poverty. As a result, many families find it even more difficult to access health care, education and other social services, which is believed to result in higher morbidity and mortality, lower

school attendance rates and increase in the worst forms of child labour. In the long run, these developments may result in lower levels of health and education, skills, productive employment, economic growth and social cohesion.

These policy challenges call for a stronger emphasis on social protection policies as an element not only of recovery but also economic and social development strategies for three reasons:

- It is a social and political necessity: The provision of at least a minimum of income security is the material basis for the functioning of families and households which in turn provides the basis for social coherence that is pivotal for the functioning of societies and states.

The Global Jobs Pact policy brief series is intended to inform readers of the relevance of the ILO's technical areas of work in addressing economic downturns as well as assisting in sustainable economic recoveries. Each brief is an invitation to the reader to contact the ILO for additional information and support.

More briefs can be found and downloaded at <http://www.ilo.org/jobspact>



- It is an economic necessity: Without investment in a basic social protection, countries will not be able to develop the full productive potential of their population. Such investments help to create a population that is sufficiently healthy, well nourished, educated and is hence employable in the formal economy.
- It is a powerful tool to achieve the Millennium Development Goals: The social protection floor concept is designed to make a major contribution to meet the targets of the Millennium Development Goals that the international community committed to support all countries to reach by 2015.

3. Policy options to address the challenges

The Social protection floor concept

The Social Protection Floor is a crisis management and socio-economic development policy concept that creates a solid foundation for inclusive economic growth allowing putting the people first in economic policies, crisis management and in the development policy agenda. It provides a societal insurance against perpetuating poverty and a powerful tool to mitigate and overcome the effects of economic crisis as well as to strengthen economic resilience.

Starting from the right to social security as spelled out in the Universal Declaration of Human Rights, the social protection floor concept is promoting guaranteed access to integrated nationally defined baskets of essential goods, services and income transfers that ensure that people do not suffer from hunger, avoidable illnesses, do not remain uneducated, do not have to resort to unsafe water or do not remain homeless over the life-cycle. It is based on the straightforward idea that only people who have access to a basic set of goods, services and transfers are lifted out of poverty or vulnerability and can become more productive contributors to their economies.

The level of benefits and scope of population covered (for example age eligibility for social pensions) for each guarantee should be defined according to national conditions (demographic structure and trends, income distribution, poverty spread and gap, particular vulnerabilities and needs, potential fiscal space, etc.), political choices, characteristics of groups to be covered and expected outcomes. In any circumstance, the level of benefit should not be set under a minimum that ensures access to a basic basket of food and others essential goods and services necessary for a decent life.

A joint UN crisis-response initiative

The Social Protection Floor Initiative was launched in April 2009 as one of the UNCEB's crisis initiatives. It is a One UN effort lead jointly by ILO and WHO. The Initiative has built a global coalition of UN agencies (i.e. FAO, OHCHR, UNAIDS, UNDESA, UNDP, UNESCO, UNFPA, UN-HABITAT, UNHCR, UNICEF, UNODC, UN Regional Commissions, UNRWA, WFP, WMO), the IMF and the World Bank as well as Development Partners and leading NGOs supporting countries to plan and implement sustainable different elements of social protection systems. So far the Initiative has developed a country implementation manual, raised public awareness in the UN and elsewhere, started a South-South dialogue on best practices, trained a number of national planners and has constituted a high-level advisory group lead by the former President of Chile, Ms. Michelle Bachelet. Most importantly, it is responding to country request to support their efforts in building their national social protection floors.

Elements of a social protection floor

A social protection floor is based on two main elements that help to realize respective human rights:

- Services: geographical and financial access to essential services (such as water and sanitation, health, and education).
- Transfers: a basic set of essential social transfers, in cash and in kind, paid to the poor and vulnerable to provide a minimum income security and access to essential services, including health care.



In the context of its Campaign on Social Security and Coverage for All and in line with its mandate, the ILO is in particular promoting the social transfer component of the social protection floor, social security i.e. a basic and modest set of essential social guarantees realized through transfers in cash and in kind transfers that could ensure a minimum level of income security and access to health care for all.

Such a basic set of guarantees promoted by the Office aims at the situation in which:

- All residents have the necessary financial protection to afford and have access to nationally defined set of essential health care services, whereby the state accepts the general responsibility for ensuring the adequacy of the (usually) pluralistic financing and delivery systems;
- All children have income security at least at the nationally defined poverty line level through family/child benefits aimed at facilitating access to nutrition, education and care;
- All those in active age groups who are unable to earn sufficient income on the labour markets should enjoy a minimum income security through social assistance or social transfer schemes (such as transfer income schemes for women during the last weeks of pregnancy and the first weeks after delivery) combined with employment guarantees or other labour policies.
- All residents in old age and with disabilities have income security at least at the nationally defined poverty level through pensions for old age and disability.

The concept is rights based but leaves a maximum of flexibility for national adaptation with respect to how and through what entitlements and transfers in cash and in kind are organised. What is important is that everyone who is in need protection does not have to meet conditions that effectively exclude her/him from coverage. The concept thus sets minimum standards with respect to the access, the scope and the level of social security provided by national social protection systems rather than prescribing their specific architecture.

National efforts to build a social protection floor

The global crisis has amplified the attention to national experiences to implement social protection policies as a key element of development strategies. Prominent examples

include the conditional cash transfer programmes Bolsa Familia in Brazil and Oportunidades/Progresá in Mexico, the various grants programmes in South Africa, the social pensions in Namibia and Nepal, the 100-days-employment guarantee scheme in India or Rwanda's and Thailand's policy of ensuring universal access to health care. Evaluations of these programmes show strong and largely positive effects on human development, poverty alleviation, inequality, employment and local economic development. Evidence from studies on the impacts of basic social transfers in 30 developing countries has demonstrated not only substantial effects on poverty reduction and inequality, but also on the improvement of social development indicators such as school enrolment and health and nutritional status. In some countries, cash transfers have also helped to reduce child labour and to promote gender equality by strengthening the social status of women in households and communities.

These countries have demonstrated the feasibility of establishing social protection floors at different levels of development. There is strong international evidence demonstrating that at least some elements of a social protection floor are affordable even in the low income countries. According to ILO costing studies relating to low-income countries in Africa and Asia, the cost of a basic set of income support benefits is estimated to be in the range of 2.3 to 5.7 per cent of GDP in 2010. The key challenge will be to create political processes that will make the fiscal space for social protection available. Already now, some countries, even at low levels of national income per capita, have made social protection spending a priority, while others could achieve more effective results with higher levels of investment in social protection.

While the programmes mentioned above have been introduced before the crisis, many of them were extended and further developed during the crisis. For example, the Brazilian Bolsa Familia programme, which covers some 46 million families at a cost of about 0.4 percent of GDP, was found to account for 16% of the recent fall in extreme poverty, and was a critical factor in contributing to Brazil's good economic performance during the crisis. South Africa has also extended the coverage of its child grants system substantially, by more than 4 million beneficiaries over the last decade. In India the 100-day National Rural Employment Guarantee scheme (NREGA) has been rolled out nationwide, and a new act mandates the extension of basic social security coverage to about 300 million people hitherto not covered. A number of other countries have stepped up their effort to introduce or extend elements of a social protection floor.



4. Conclusions and recommendations

The global crisis has shown that social protection policies are a critical element of national economic and social policies at all stages of development. The Social Protection Floor Initiative has gathered broad international support to assist countries in implementing a set of nationally defined guarantees to ensure at least a basic level of social protection.

Social protection policies are an important element of crisis response and recovery, but they are even more forceful as an element to accompany ongoing economic and social transformations, and strengthening resilience. In fact, the

global crisis has confirmed that demand-strengthening crisis response strategies can be implemented much more quickly in countries where social security programmes, including appropriate administrative structures, are already in place and can be easily extended.

The crisis has shown the importance of such investments in a social protection floor in order to achieve a more balanced, equitable and sustainable growth, productive employment and social cohesion.

5. Further reading and resources

- ILO, 2008: *Can Low-income Countries Afford Basic Social Security?*, Social Security Policy Briefings 3 (Geneva: ILO), <http://www.ilo.org/public/english/protection/secsoc/downloads/policy/policy3e.pdf>
- ILO, 2010: *World Social Security Report 2010/11: Providing coverage in the time of crisis and beyond* (Geneva: International Labour Office), <http://www.socialsecurityextension.org/gimi/gess/RessFileDownload.do?ressourceId=15263>
- ILO, 2010: *Extending social security to all. A guide through challenges and options* (Geneva: International Labour Office), <http://www.socialsecurityextension.org/gimi/gess/RessFileDownload.do?ressourceId=16152>
- ILO, 2010: *Effects of non-contributory social transfers in developing countries: A Compendium* (Geneva: International Labour Office), <http://www.socialsecurityextension.org/gimi/gess/RessFileDownload.do?ressourceId=17116>
- ILO and WHO with collaborating agencies and development partners, 2009: *Social Protection Floor Initiative: The sixth initiative of the CEB on the global financial and economic crisis and its impact on the work of the UN system: Manual and strategic framework for joint UN country operations* (Geneva: ILO; WHO; FAO, IMF, OHCHR, UN Regional Commissions, UNAIDS, UN-DESA, UNDP, UNESCO, UNFPA, UN-HABITAT, UNHCR, UNICEF, UNODC, UNRWA, WFP, WMO, World Bank), <http://www.socialsecurityextension.org/gimi/gess/RessShowRessource.do?ressourceId=14484>
- Social Protection Floor Advisory Group <http://www.ilo.org/public/english/protection/spfag/index.htm>
- Social Protection Floor Website <http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1321>
- ILO Social Security Department <http://www.ilo.org/public/english/protection/secsoc/>
- Global Extension of Social Security website www.socialsecurityextension.org