



## THE SOCIAL PROTECTION FLOOR INITIATIVE

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The Global Jobs Pact was adopted by countries in response to the global financial and economic crisis as part of an effort to minimize the loss of jobs and strengthen economic recovery with job creation. The United Nations also mobilised its resources to mitigate the social impact of the crisis through the Social Protection Floor Initiative (SPF-I). This initiative involves the creation and expansion of guarantees that ensure access to essential social services and cash transfers, particularly for the most vulnerable and impoverished.

As the Latin American economies have started to recover, the development of the SPF-I seeks to inhibit the widening of economic and social gaps given the different capabilities of countries to respond to the crisis.

SPF-I is meant to improve strategies for breaking the cycle of poverty, which keeps the population from taking advantage of economic opportunities and making investments to improve their productivity. As such, this initiative involves cash transfers for meeting basic economic security needs as well as the development of essential employment services in an effort to strengthen the ability of working-age individuals to take advantage of the opportunities that come with recovery.

### 1. Introduction

In response to the global economic and financial crisis and the outlook of a global increase in longer-term unemployment, poverty and inequality, delegates of government, employers and workers attending the International Labour Conference in June 2009 voted unanimously to adopt the Global Jobs Pact.<sup>2</sup> The Pact is an urgent call for global and coordinated action to provide a policy basis for minimizing job losses as a result of the crisis and ensuring economic recovery accompanied by the recovery of decent work opportunities.

In addition, the United Nations Secretary General also called for urgent attention to the social impact of the crisis that began in late 2008. On 5 April 2009, the High-Level Committee on Programmes of the United Nations System Chief Executives Board for Coordination pledged decisive and urgent multilateral action to deal with the global crisis through the deployment of UN resources and of its capacity for rapid and effective response. An inter-agency agreement was reached on nine joint initiatives<sup>3</sup> including the Social Protection Floor Initiative (SPF-I), which considers the provision of essential services and transfers for all individuals in need of protection in an effort to prevent them from falling into extreme poverty or help them out of poverty.

The development of an initiative such as this, in a context in which economic recovery is beginning in most Latin American countries, aims at ensuring that gaps within and among countries of the region do not grow as a result of their varying abilities to respond to the impact of the crisis. If structural aspects are not addressed,

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2 Adopted by ILO member states at the 2009 International Labour Conference  
<http://www.ilo.org/jobspact/lang-en/index.htm>

3 [http://www.un.org/ga/econcrisissummit/docs/CEB\\_Paper\\_final\\_web.pdf](http://www.un.org/ga/econcrisissummit/docs/CEB_Paper_final_web.pdf)

global imbalances and existing inequities will intensify, and it will only be a matter of time before progress made during the years prior to the crisis is lost under a new and greater systemic crisis.

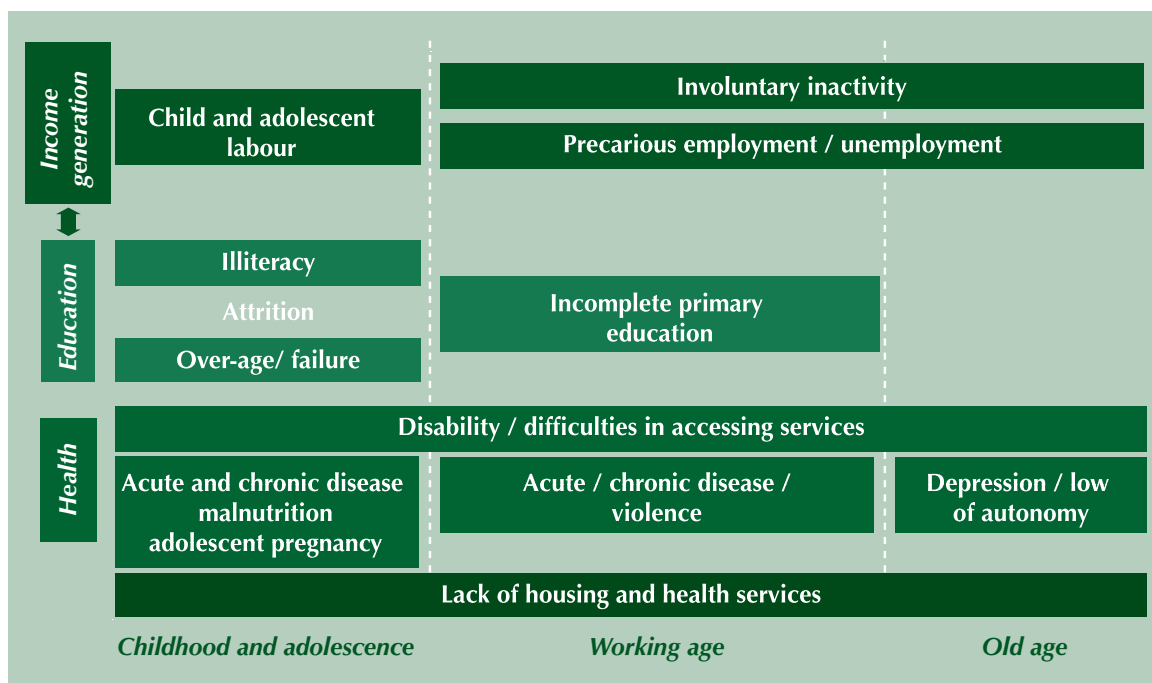
Strengthening social protection based on this approach would contribute to improving strategies to break the cycle of poverty, which keeps the population from taking advantage of economic opportunities or making adequate investments in capacities to improve productivity. This cycle is reproduced because basic needs go unmet. SPF-I is an alternative that may be effective in reaching individuals who do not have contributory social security coverage guarantees, such as families in the informal economy and other excluded groups (individuals living in extreme poverty, migrants and members of indigenous communities, for example) who do not have access to most social services or essential goods and services such as health care.

SPF-I is not designed to provide direct response to the multiple challenges facing social protection in countries of the region. It is instead meant to provide a conceptual framework for discussion about the best alternatives for policy makers and social actors so that they can set priorities and improve the efficacy of programmes. SPF-I also aims to give the UN System a reference framework for coordinating the action of agencies and counterparts. The coordination of policies and programmes is undoubtedly a key ingredient for the efficacy of social protection, and SPF-I could be a space for thought and collaboration for this purpose.

## 2. The need for social protection

At each stage of the life cycle, individuals face risks that come in varying combinations and levels of intensity. With limited or no instruments for protection or facing risks, individuals and their families are exposed to adverse effects in the present and future, resulting in deficits and deprivations. These range from a temporary drop in income, to the loss of assets and accumulated physical and human capital. Figure 1 presents a summary of the social risks and vulnerabilities facing the population during *childhood and adolescence*, *working age* and *old age*, respectively.

**Figure 1**  
**Social risks and vulnerabilities throughout the life cycle**



Source: Bertranou and Vezza, 2010

Some risks constitute common denominators for all stages, such as disease, disability, and lack of housing or access to basic services such as health. Others are specific to the various stages of the life cycle.

During childhood and adolescence, the most pronounced risks in terms of occurrence and impact are malnutrition and infant mortality, lack of access to the education system (illiteracy) and its low performance (attrition, over-age, and failure), early entrance to the job market in child and adolescent labour, unwanted pregnancy and abuse of

psychoactive drugs. During the working-age stage, risks associated with work become more important. These include jobs with low productivity, casual work, and work without benefits (informal jobs), difficulty in finding work (unemployment), occupational hazards and disease, and restrictions that prevent participation in the labour market (involuntary inactivity). There are also consequences of risks experienced during previous stages, such as incomplete formal education or deterioration in health conditions due to unfavourable and hazardous work places. Finally, the inability to generate income due to inactivity is the greatest risk specific to older workers, followed by chronic disease.

Succumbing to these risks leads to deficiencies in the conditions necessary for development as individuals. The absence or lack of instruments to face these risks limits the possibility of containment –duration, severity, and inter-temporal transmission of poverty. These adverse impacts become even greater during times of crisis in terms of duration and the profile of the affected population.

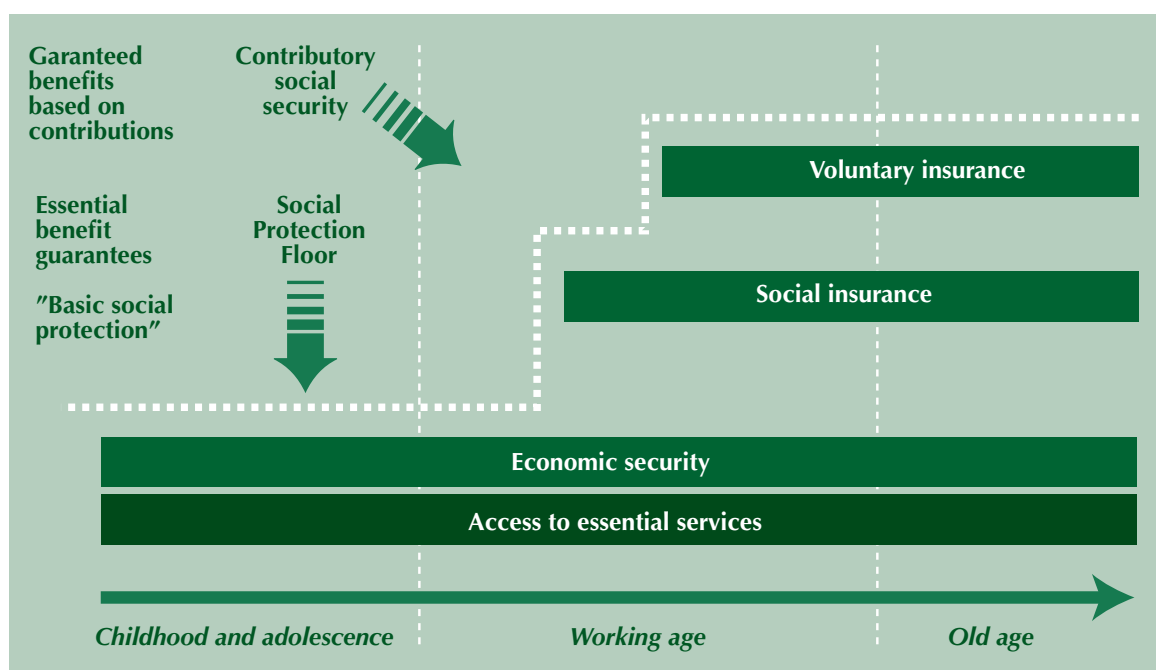
Individuals of working age, in countries where social protection is based on social security systems linked to the worker's type of occupation, may not only suffer loss of employment and income during times of crisis, but their vulnerability is also magnified by the loss of coverage and benefits associated with their work. As such, the lack of decent work may contribute to future vulnerabilities if access to social protection in old age depends on their formal work history.

In summary, the challenge of social protection resides in how to provide effective coverage to the entire population –particularly those at risk or who are already in a situation of deprivation-, pulling individuals out of poverty or preventing them from falling into poverty and thus promoting social cohesion.

### 3. The social protection floor as part of a system

The Social Protection Floor (SPF) should be part of a comprehensive system that could graphically be represented as a social protection ladder. This means that the design of SPF should be considered as the base upon which mandatory and voluntary social insurance is built. As such, SPF establishes guarantees for access to specific essential benefits and services, and the ladder is completed with contributory social security. Figure 2 shows the components of this social protection “ladder.”

**Figure 2**  
**The social protection ladder**



Source: Bertranou and Vezza, 2010

SPF establishes a basic set of social rights and guarantees that seek to provide economic security (through cash transfers) and access to essential services (through in-kind benefits) to the population in need during the various

stages of the life cycle. As such, SPF constitutes a “basic social protection,” which promotes opportunities for inclusion and facilitates social cohesion. The second level of the social protection ladder is composed of social security linked to employment, that is, contributory social security in which guarantees are associated with wage-linked and voluntary contributions made over the course of working life or solidarity funding by the State or within the insured group.

With regard to the roles played by each step of the social protection ladder, SPF provides poverty relief and prevention while promoting inclusion, and has certain redistributive functions. Second, contributory social security is designed to meet the objectives of security and smoothing consumption. Contributory social security can also create redistributive impacts, from higher-income workers to relatively lower income workers covered.

There is a need to make the initiative’s design more precise and fully developed with regard to the essential employment services component and the corresponding opportunities for successful inclusion in the labour market. This will ensure that individuals covered by SPF transfers and basic services also have opportunities to rejoin the labour market in productive occupations. In a process of economic recovery and growth with job creation, the activation of this component, which supports improvements in employability and opportunities for inclusion, is essential to take advantage of both the opportunities that provide the economic recovery and growth, and the creation of sound social inclusion.