The UN Social Protection Floor Initiative: A primer in five questions

What is the social protection floor?

The Social Protection Floor (SPF) is a socio-economic development policy concept and a crisis management concept that creates a solid foundation for economic growth, provides a societal insurance against perpetuating poverty and mitigates the effects of economic shocks and crisis.

Starting from the right to social security as spelled out in the Universal Declaration of Human Rights, the SPF promotes guaranteed access to an integrated nationally defined set of essential goods, services and income transfers that ensure that people do not suffer from hunger and avoidable illnesses, remain uneducated, resort to unsafe water and 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 and can become more productive contributors to their economies. The two key components of the Social Protection Floor are:

1) A basic set of essential social rights and transfers, in cash and in kind throughout the life cycle (children, working life, older people), to provide a minimum income and livelihood security for all and to facilitate effective demand for and access to essential goods and services.
2) The supply of an essential level of goods and social services such as health, water and sanitation, education, adequate nutrition and food, housing, life and asset-saving information that are accessible for all.

The concept is rights based but leaves a maximum of flexibility for national adaptation with respect to how and through what entitlements transfers in cash and in kind are organised. What is important is that everyone who is in need of protection can access essential goods and social services and essential social transfers. The concept thus sets minimum standards with respect to the access, scope and level of social protection provided by national social protection systems rather than prescribing their specific architecture.

What is the Social Protection Floor Initiative?

The Social Protection Floor Initiative was launched in April 2009 as one of the UN Chief Executives Board's crisis initiatives – responding to repeated demand from member states for better coordinated technical, logistical and financial assistance from UN system agencies in times of crisis. Lead jointly by ILO and WHO, the Initiative is building 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 to support 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. A number of country projects have started including in Burkina Faso, Cambodia, and Thailand.

Why promote a social protection floor?

There are at least three good reasons why the SPF concept needs to be promoted:

It is a social necessity.

About 80% of the global population live in social insecurity, and approximately 1.4 billion people live with less than 1.25 US dollars a day (in 2005), most of them are women and children, work in the informal economy, or belong to notoriously unprotected groups such as people living with disabilities or HIV/AIDS or migrant workers. National social protection floors are powerful instruments to addressing these imbalances.

For example, a minimum of income security and access to services 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. There is ample evidence that national social protection systems are effectively reducing poverty and inequality. Evidence comes from European countries, but also developing countries like Brazil, Mexico and South Africa who have already introduced elements of the SPF. In Mexico, the poverty gap was reduced by 30 percent and the headcount poverty rate by 17 percent by the Progresa/Oportunidades programme between 1997 and 1999. In Brazil the Bolsa Familia programme was found to account for 16% of the recent fall in extreme poverty. 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 promote gender equality by strengthening the social status of women in households and communities.

It is an economic necessity.

Without investment in a basic social protection floor countries will not be able to develop the full productive potential of their population. People who are vulnerable due to poverty, ill-health, lack of education, social exclusion, etc. struggle to make investments in their future or their children's future and are at constant risk to the next shock.

Evidence from developing countries demonstrates that social protection supports people to invest in productive activities and engage more in the labour market, stimulates local economies (including important counter-cyclical effects), and has positive human capital impacts with long-term productivity gains. For example, through social transfers, health insurance and family support policies, social protection has been shown to encourage labour market participation in low- and middle-income countries by guaranteeing public work opportunities, covering the costs of job-seeking and supporting family childcare responsibilities – with strong effects for women in particular.

Only if people can move out of low productivity and subsistence level activities to can an economy grow. Higher incomes can also help generate tax revenue for the financing of a state and a social protection system permitting the necessary infrastructure and services to be further enhanced – creating a virtuous cycle that can help to achieve higher levels of welfare and growth. A SPF is hence a necessary condition for a successful fight against persistent levels of low productivity and informality. Lessons learned from previous crises (such as the Asian crisis of the 1990s) and the current financial and economic crisis have shown that only if systemic longer-term social protection measures are in place it is possible to effectively cushion the impacts of economic downturns.

It is powerful tool to achieve the Millennium Development Goals.

The SPF concept is designed to make a major contribution to meet the targets of the Millennium Development Goals (MDGs) (see separate note). It is widely recognized that progress on the MDGs has been uneven across and within countries. Social protection has proven effective in helping to achieve MDG results, and in generating greater equity in outcomes by channelling resources to disadvantaged areas and expanding access to services for all. The components of the SPF help to:

- "***Eradicate extreme poverty and hunger"(MDG1)***

Recent evidence on social transfers, provided in cash or in kind, to guarantee access to social services and food security shows that social transfers are a powerful tool for achieving rapid progress on reducing poverty and hunger.

- ***"Achieve universal primary education" (MDG2)***

In order to achieve the goal of achieving education for all, the SPF places a strong emphasis on both creating effective demand for education services, e.g. through transfers that cover direct and indirect costs of school attendance as well as by ensuring an adequate supply in terms of geographical access and minimum quality of the educational services delivered. Findings show the importance of working on both the supply and demand side.

- ***"Reduce child mortality" (MDG4); "Improve maternal health" (MDG5); and "Combat HIV/AIDS, malaria and other diseases" (MDG6)***

Like for education and other social services, working on both the supply and demand side of providing and utilizing health services, the SPF has a double impact on the health related MDGs 4; 5 and 6. On the one hand, the initiative emphasizes the importance of ensuring an adequate supply of a basic level of quality health services throughout a country. On the other hand, it promotes effective access through services that are affordable, geographically accessible, good quality and known about in terms of their importance, availability and affordability.

- ***and they do this by "Develop[ing] a global partnership for development" (MDG8)***

Since this comprehensive approach of the SPF initiative transcends the mandate of any single development organization or UN agency, the initiative by necessity needs to build strong coalitions at national, regional and global levels between all stakeholders to achieve progress in building social protection floors for all.

How can it be financed?

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[1]. Individual elements are even more affordable. The cost of modest universal basic pensions, for example, is estimated at between 1.0 and 1.5 per cent of GDP in Burkina Faso, Ethiopia, Kenya, Nepal, Senegal and Tanzania. It should be noted in this context that domestic revenues in Africa alone increased by 4 GDP percentage points between 2002 and 2007. At the same time ILO studies show that an investment of around 4% of GDP in old-age, disability and child benefits could reduce poverty rates in countries like Tanzania or Senegal by about 40%.

There is a growing body of country evidence from the developing world that some components of the SPF are already being implemented and are proving affordable. For example, in Brazil this is being done through the "*Bolsa Família*" programme, in Mexico it is being done through the "*Oportunidades*" programme and in South Africa through child grants and social pensions, while in Namibia and Nepal, it is being achieved through tax-financed basic pensions. The *Bolsa Família* programme is the biggest social transfer scheme in the world, presently covering 46 million people at a cost of about 0.4 per cent of GDP. 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.

Currently countries at the same level of national income per capita spend very different shares of their resources on social protection. The difference in social spending between countries at the same level of economic development amounts to up to 15% of their national incomes. Thus there can be a fiscal space created for social protection, even at low levels of GDP, assuming there is a political will to do it. The appropriate measures necessary to increase fiscal space are different for each country, ranging from increasing the effectiveness of a country's tax and contribution collection mechanism to broadening the tax base or modifying taxation design.

What can we conclude?

Given the political will, progressively implementation of a basic social protection floor package is possible. Evidence shows that countries which set human development goals with clarity and champion the principle of solidarity consistently find solutions to protect their vulnerable populations even when confronted with economic crises and limited fiscal space. And - under exceptional leadership – can even turn such calamities into opportunities for progress.

[1] Excluding health services that could be financed by the re-allocation of some of the present budgetary allocation to health care