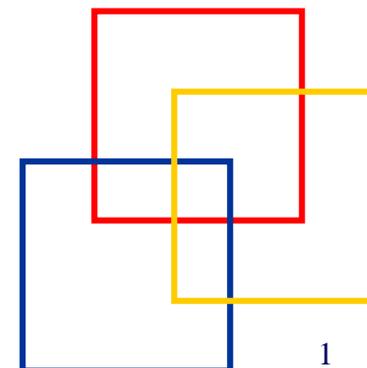




International  
Labour  
Office

# A Social Protection Floor for all: The UN initiative, the ILO and the South-South dialogue

Michael Cichon  
Social Security Department, ILO  
16 June 2010

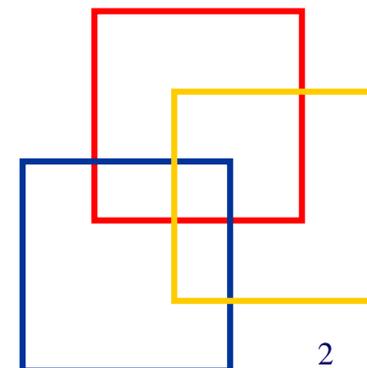




International  
Labour  
Office

## Structure of the presentation

- One: Roots and rationale of the Social Protection Floor concept
- Two: The UN CEB Social Protection Floor Initiative
- Three: The emerging ILO policy paradigm
- Four: Affordability
- Five: Impact and evidence
- Six: What next?

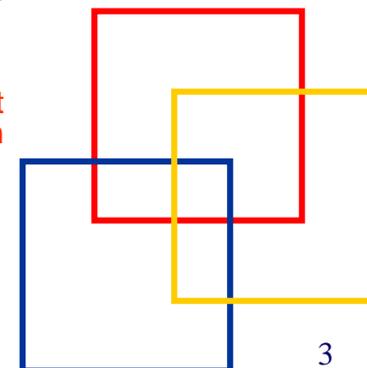




International  
Labour  
Office

## One: Rationale: social and economic necessity of social protection systems ...

- We know from more than one century of history of the modern welfare state that social transfers and services **are powerful policy instruments to combat poverty, insecurity and inequality and ...to achieve the MDGs**
- Social services and transfers are **an economic necessity** to unblock the full economic potential of a country, *only people that are healthy, well educated and well nourished can be productive*
- There is now widespread acceptance that social protection/security serve as **social and economic stabilisers in times of crisis**
- Article 22 of the **Universal Declaration of Human Rights** states: “Everyone, as a member of society, has the right to social security” further explained by article 25 and echoed by the **International Covenant on Economic, Social and Cultural Rights (1966,1976)** as commented by the *Committee on Economic, Social and Cultural Rights in 2008 stating the need for*
  - *Progressive implementation of the right to social security while maintaining*
  - *a core obligation of State parties to ensure the satisfaction of a core group of social risks and contingencies through immediate implementation*
- And yet, still 75-80% percent of the global population do not enjoy a set of social guarantees that allows them to deal with life’s risks.....There is a need for a social protection floor below which nobody should fall ...



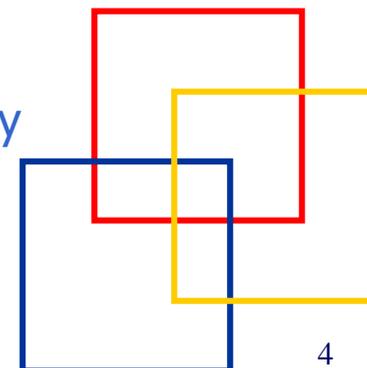
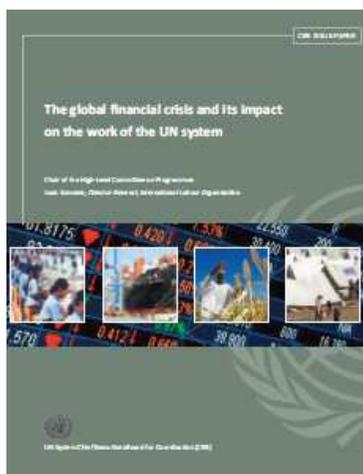


International  
Labour  
Office

## Two: A UN System Emergency response to the crisis

On April 2009, the UN Chief Executives Board (CEB) agreed on **nine joint initiatives** to confront the crisis, accelerate recovery and pave the way for a fairer and more sustainable globalization:

1. Additional financing for the most vulnerable
2. Food Security
3. Trade
4. A Green Economy Initiative
5. A Global Jobs Pact
- 6. A Social Protection Floor**
7. Humanitarian, Security and Social Stability
8. Technology and Innovation
9. Monitoring and Analysis



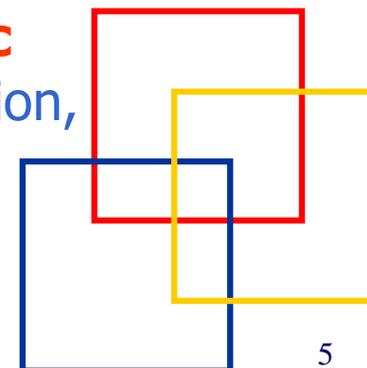


International  
Labour  
Office

## Two: What is the Social Protection Floor (SPF)–Initiative? ..

The SPF Initiative aims at joint **global and local UN action** lead by **ILO+WHO** to promote access to essential services and social transfers for the poor and vulnerable. It includes:

- A basic set of **essential social rights and transfers**, in cash and in kind, to provide a minimum income and livelihood security for poor and vulnerable populations and to facilitate access to essential services, such as health care
- Geographical and financial **access to essential public services**, such as health, water and sanitation, education, social work

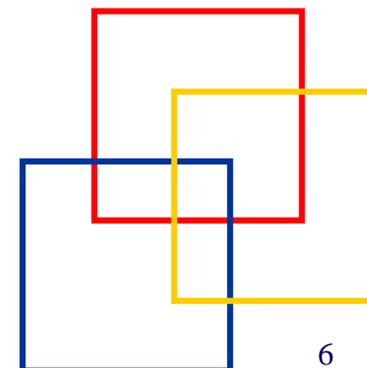




International  
Labour  
Office

## Two: What has been done so far?

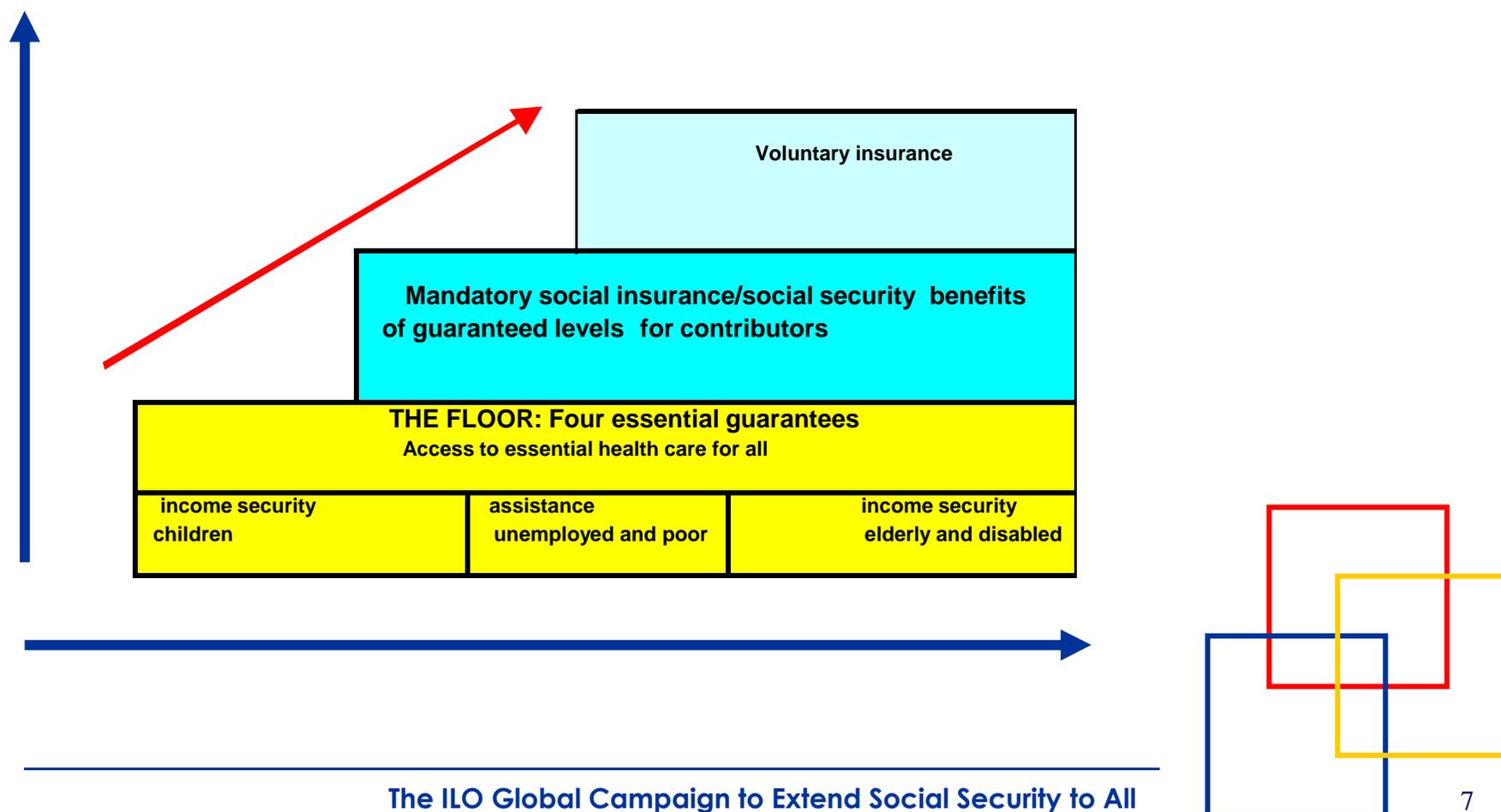
- Interagency Meeting October 2009 => **MANUAL** for country operations
- **Global Advisory Network** constituted
- **Advocacy** at global, regional, national levels => e.g. **Global Jobs Pact, UNCSocD RESOLUTION**
- **Methodology** for rapid SPF assessments is being developed
- **South-South exchange** on SPF
- **Activities** started in several countries: Burkina, Benin, Cambodia, Maldives, Mozambique, Togo, Thailand, **soon to start:** Ethiopia, Haiti, Honduras...?
- **Trainings** at ITC





International  
Labour  
Office

# Three: ... an emerging policy framework for the ILO campaign to extend social security to all: a staircase and a story of two dimensions

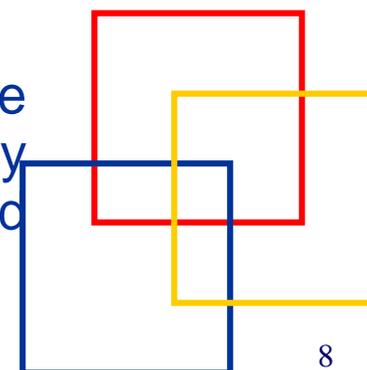




International  
Labour  
Office

## Three: The horizontal dimension - The social security component of the social protection floor that could consist of four essential social security guarantees:

- all residents have ...access to a nationally defined set of essential health care services;
- all children have income security, at least at the level of 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 ...
- all residents in old age and with disabilities have income security at least at the level of the nationally defined poverty line through pensions for old age and disability.

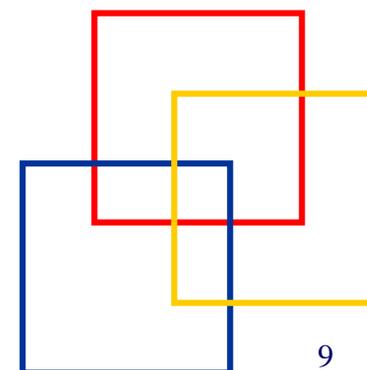




International  
Labour  
Office

## Three: The vertical dimension: Back to home turf...

- Promote benefit ranges and levels in the formal economy that comply with ILO conventions
- Promote the ratifications of up-to-date conventions, notably the Social Security (Minimum Standards) Convention, 1952 (No. 102)
- *Shall we set a target for the number of ratifications by 2015?*

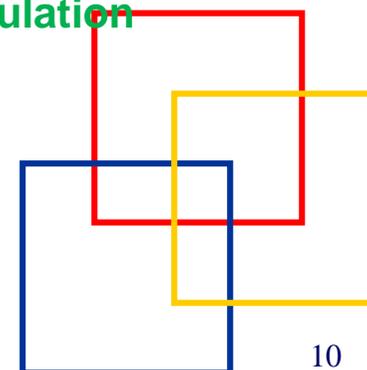




International  
Labour  
Office

## Four: Affordability: Essential cash transfers financing most of the need for essential goods and services are affordable. A simulation exercise – Assumptions

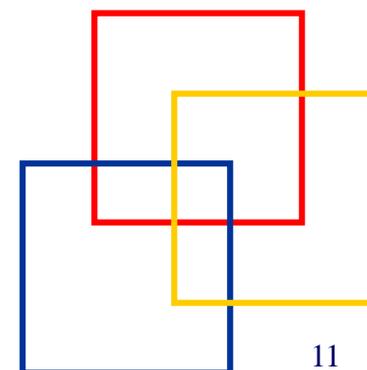
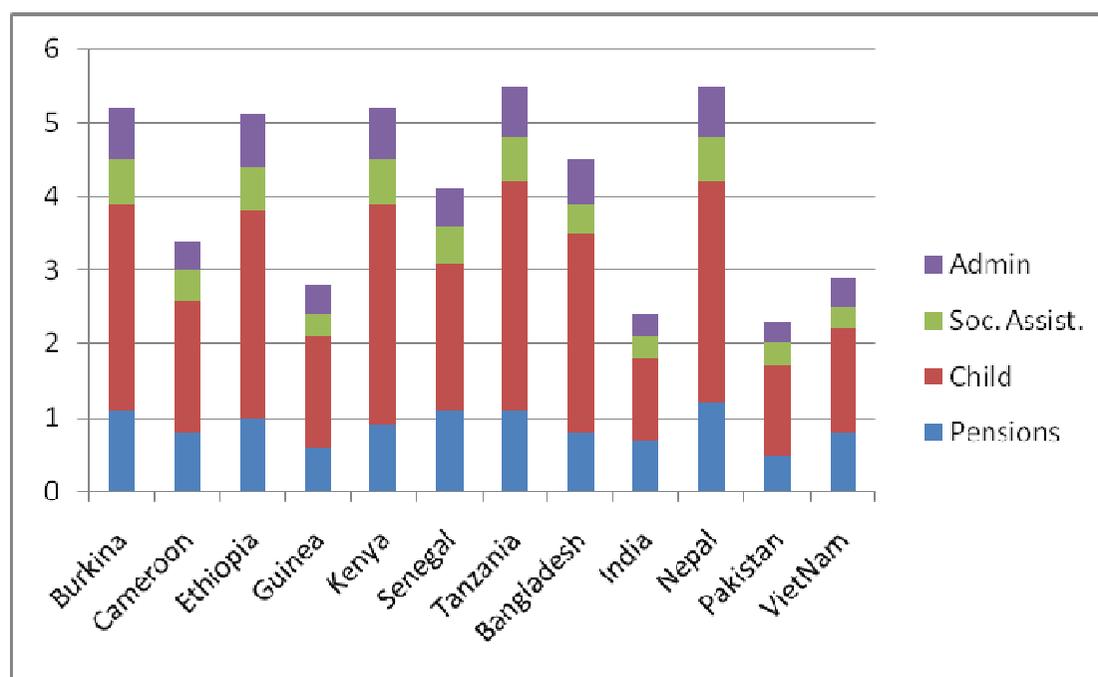
- **Basic old-age and invalidity pensions:**
  - 30% of per capita GDP capped at US\$ 1 PPP per day
- **Child benefits:**
  - 15% of per capita GDP capped at US\$ 0.50 PPP, for a max. of two children in age bracket 0-14
- **Essential health care:**
  - based on a health system staffing ratio of 300 medical professionals per 100,000 population, overhead 67% of staff cost ...
- **Basic social assistance for the unemployed:**
  - 100 day guaranteed employment **paid to 10% of working-age population at 30% of per capita GDP capped at US\$ 1 PPP per day**
- **Administration cost:**
  - 15% of cash benefit expenditure





International  
Labour  
Office

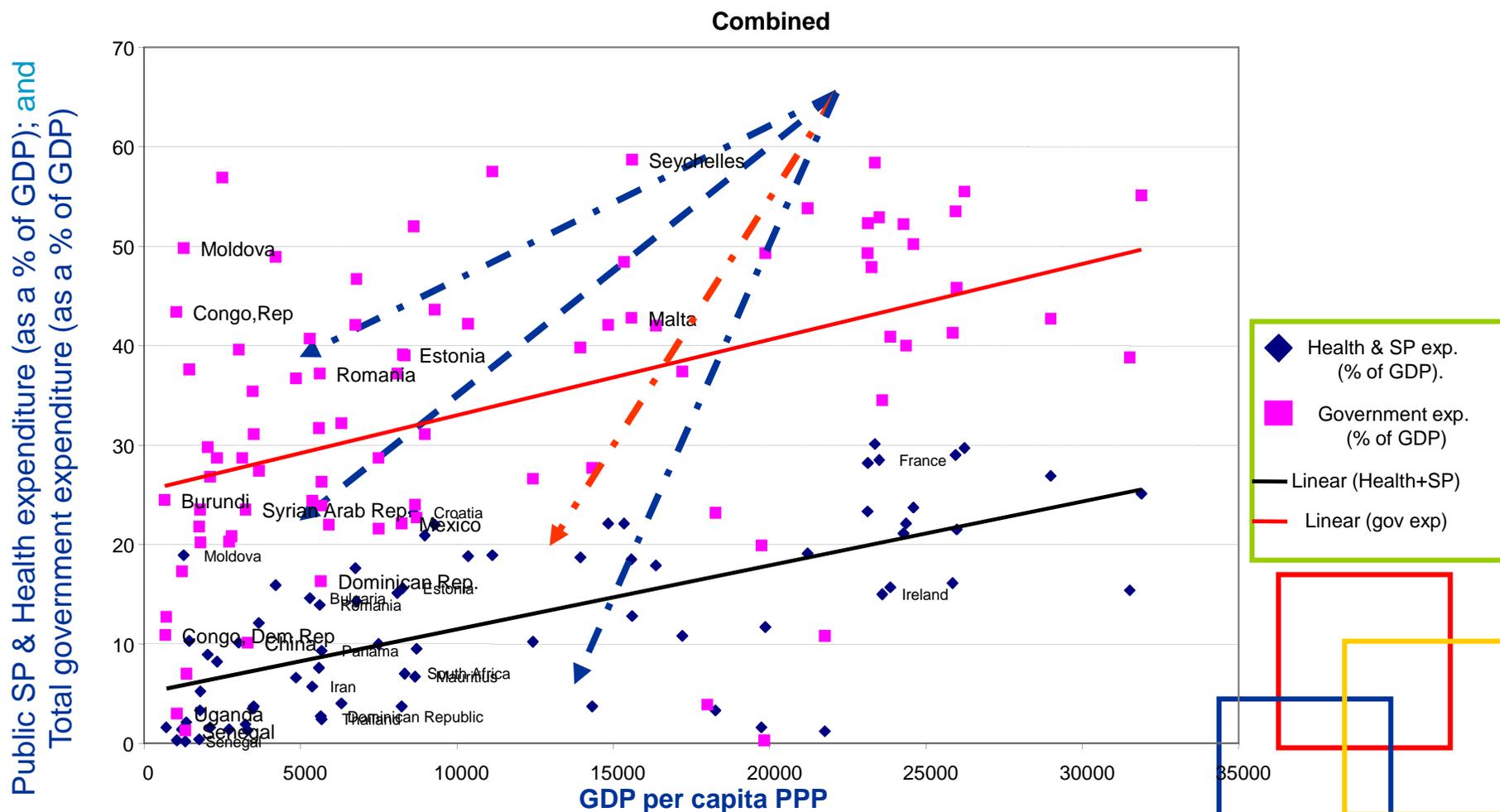
## Four:... a basic social protection package is affordable: Cost of basic transfers in % of GDP





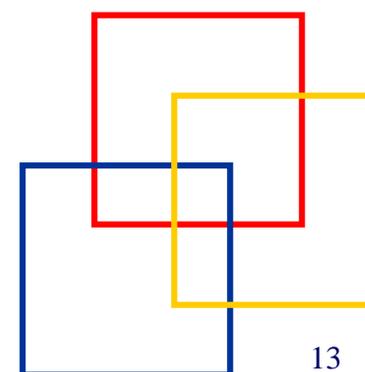
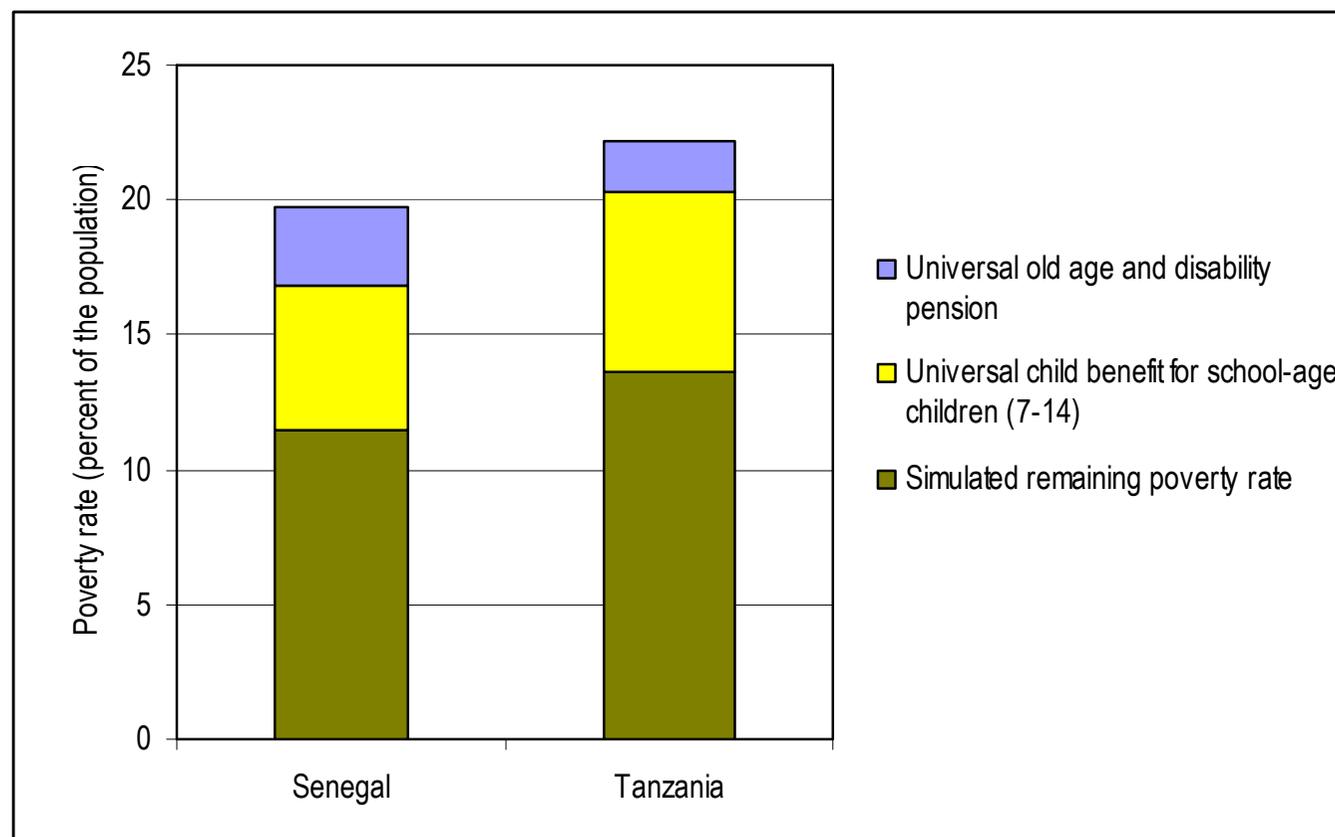
International  
Labour  
Office

# Four: Financing strategies: Lack of fiscal space? The good news





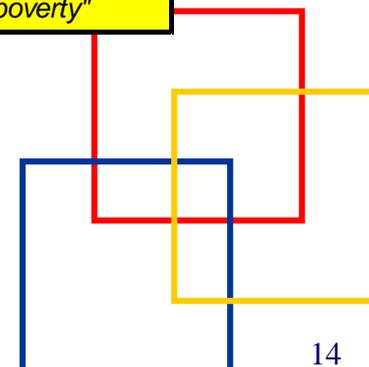
## Five: Estimated effect of cash transfers on reduction of poverty (headcount)





## Five: ...and real life evidence

Programme	Cost in % of GDP around 2008/09	Effects
<b>Old age</b>		
South Africa, Old age grant	1.4	"Poverty gap of the elderly would be 2/3 larger without pension"
Nambia , Non contributory pensions	0.9	"one or two elderly .. in a household can provide.. a safety net for the entire household"
Brazil, Rural pensions	1.5	"reduced poverty incidence among members of households with a pensioner by about 21%"
<b>Child Benefits</b>		
Brazil, Bolsa Familia	0.3	"accounts for 20 to 25% of reduction in inequality"
Mexico, Oportunidades	0.3	"has been responsible for 21% reduction of inequality"
South Africa, Child support Grant	0.7	"reduced child poverty rate from 42.7% to 34.3"
<b>Transfers for people in active age</b>		
India, NREGS *	1.5	"has helped to reduce the intensity of poverty"

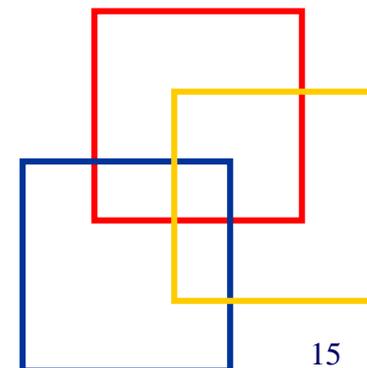




International  
Labour  
Office

## **Five: Evidence from the South: Preliminary Results of an ILO Meta study “Compendium of Cash transfer programs in Developing Countries” ...a number of countries are already providing some basic guarantees...**

- **Number of countries in study:** 28 - 8 in Africa, 9 in Asia, 11 in Latin America
- **Number of studies:** 80 studies during 1999 and 2008
- **Number of programmes:** 63
- **Estimated number of total beneficiaries (primary and secondary, at the end of 2008):** between 150 and 200 million people
- **Expenditure starts at less than 0.5% of GDP...**



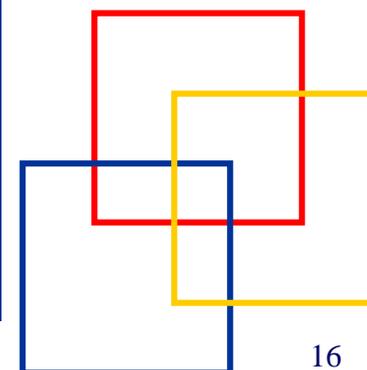


International  
Labour  
Office

## Five: Social impact – preliminary results of an ILO Meta study

Criteria	Number of studies that found Effect positive	Effect small/neut.	Effect negative
Poverty/Vulnerability			
Poverty	46	9	-
Inequality	5	1	-
Health/nutrition	25	1	-
Education			
Enrolment	30	-	-
Quality	9	5	-
Labour Market Participation	9	5	3
Child labour	12	3	-
Prod. Investments/act's	40	5	-
Social Status/bonds	23	1	2
Gender	13	4	-

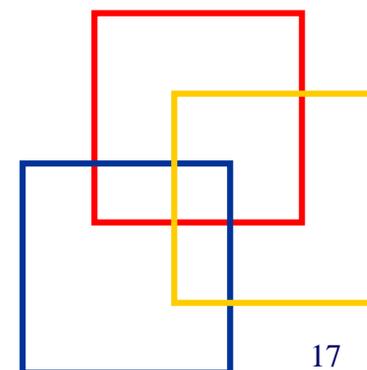
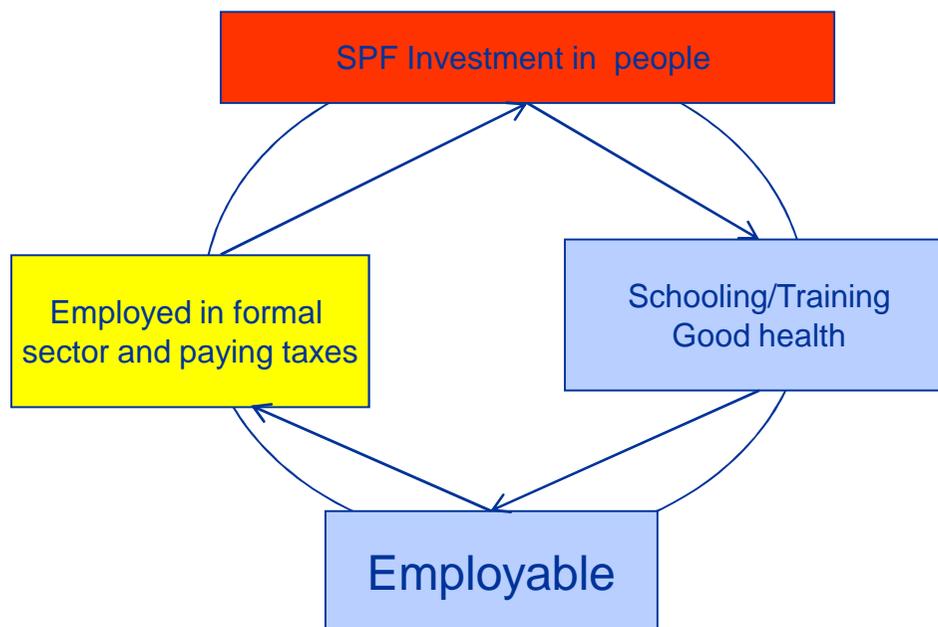
The ILO Global Campaign to Extend Social Security to All





International  
Labour  
Office

## Five: Impact of SPF policies- The virtuous circle of reducing informality

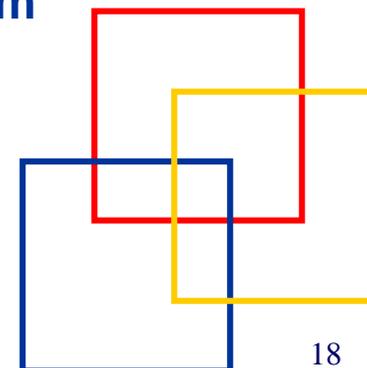




International  
Labour  
Office

## Six: What next?... at the UN

- **Short to medium term:**
  - Training of planners
  - Country projects to be completed and expanded
  - **SOUTH - SOUTH learning dialogue (like this ...)**
  - Country scans and projects
  - Interagency Advisory Board November 2010
- **Long-term:**
  - Concept to be anchored in official institutional strategies of the UN agencies
  - This requires major campaign to defend minimum **national social protection floor budgets** in a globalised economy

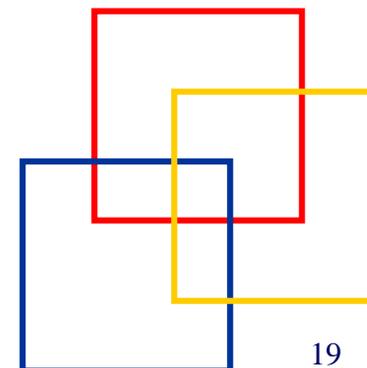




International  
Labour  
Office

## Six: What next?...at the ILO

- *African Regional Summit in October 2010 is expected to endorse the two dimensional strategy*
- *2011 Recurrent Review of Social Security at the ILC could ideally*
  - Endorse the two dimensional strategy
  - Recommend a new ILO mechanism on the social protection floor
  - Recommend a renewed campaign for the ratification of C. 102
- *Before 2015 to support progress towards MDGs*
  - **a new ILO mechanism ?**





International  
Labour  
Office

## Social Protection Floor – Further information:

- Visit the SPF website:  
<http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1321>
- Read the SPF Manual:  
<http://www.socialsecurityextension.org/gimi/gess/RessShowRessource.do?ressourceId=14484>
- Contact:  
[wodsak@ilo.org](mailto:wodsak@ilo.org)

