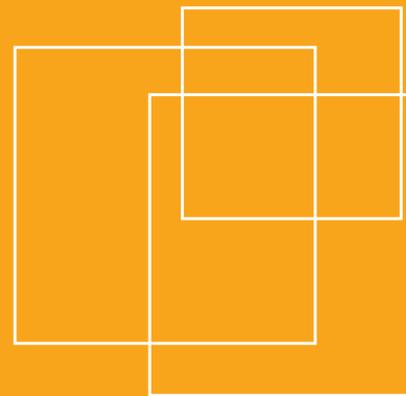


2nd African Decent Work Symposium 2010

“Building a Social Protection Floor with the Global Jobs Pact”

06 - 08 October 2010

*Palais des Congrès,
Yaounde - Cameroon*



Information Note - Roundtable 2 : The UN Social Protection Floor Initiative

“The Social Protection Floor Initiative is a UN system-wide effort to promote common priorities and solutions, to ensure basic social guarantees for all”.

Ban Ki-moon, UN Secretary General
Message on the World Day of Social Justice, 20 February 2010

“The world does not lack the resources to abolish poverty, It only lacks the right priorities”

Juan Somavia, ILO Director-General

Context

There is a clear political will in Africa now to use the social protection strategies as tools to promote lasting and sustainable economic and social justice.

This was been demonstrated notably at the ILO’s Eleventh African Regional Meeting held in Addis Ababa in April 2007, where was agreed that by 2015; “All African countries (should) adopt coherent national social security strategies, including for the introduction or extension of a basic social security package that includes essential health care, maternity protection, child support for school-age children, disability protection and a minimum pension”

A concrete step towards the implementation of this target was taken when in October 2008 the First African Union Conference of Ministers in Charge of Social Development, adopted the Social Policy Framework for Africa held in Windhoek, Namibia. This framework, noting that levels of investment in and access to social protection are still low in Africa, foresees the gradual building of social protection and social security, based on comprehensive longer-term national social protection action plans. Measures will include:

- Extending existing social insurance schemes (with subsidies for those unable to contribute); building up community based or occupation based insurance schemes on a voluntary basis, social welfare services, employment guarantee schemes and introducing and extending public-financed, non-contributory cash transfers. Under the Social Policy Framework, African countries are encouraged to choose the coverage extension strategy and combination of tools most appropriate to their circumstances. It notes, however, the emerging consensus “that a minimum package of essential social protection should cover: essential health care, and benefits for children, informal workers, the unemployed, older persons and persons with disabilities. This minimum package provides the platform for broadening and extending social protection as more fiscal space is created”.

Hence the approaches of both the ILO and the AU call for an extension of social protection schemes to all categories of workers and their families, through a mix of programmes that are responsive specifically to poverty and vulnerability. Such a mix of programmes should be designed to meet the needs of those most at risk, notably the working poor, the rural poor, women, children and the elderly living in poverty.

Key issues and challenges

The ILO estimates that in sub-Saharan Africa only about 10 per cent of the economically active population is covered by statutory social security schemes, most informal economy workers are excluded. Because informal economy workers, particularly women, often work in the most hazardous jobs, conditions and circumstances, lack of social security often means a particularly high exposure to risk, therefore placing people in a very vulnerable situation.

Informal employment has been growing in the continent as elsewhere. Today, around nine in ten rural and urban workers in sub-Saharan Africa have informal jobs, and the rate is even higher for women and young people. Extending social security coverage by gradually incorporating workers into formal employment-based schemes cannot be considered an effective strategy in most African countries. Other approaches are required. In addition, many workers in formal employment lack adequate social security coverage for various reasons, including inadequate legal provision, inefficient benefit delivery and lack of quality health services.

Policy response

The need for the extension of social security coverage to all through the establishment of a minimum package of social security guarantees has been recognized at the international level. In April 2009, acknowledging the importance and necessity of adequate social protection systems, the United Nations System Chief Executives Board (CEB) adopted, “the Social Protection Floor Initiative” as one of its nine key priorities to cope with the current global crisis.

The Social Protection Floor (SPF) is a global social policy approach promoting integrated strategies for providing access to essential social services and income security for all.

The United Nations Chief Executive Board defined the Social Protection Floor on the basis of Articles 22 and 25 of the Universal Declaration of Human Rights to consist of (a) Services: geographical and financial access to essential public services such as water and sanitation, health, education, housing; and (b) 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 to enhance food security and access to essential services, including health care.

The building of social protection floors is important to all countries at all times, both to ensure a decent life for their citizens and to build decent societies as well as to unlock the full productive potential of their economies to ensure sustainable development. The most striking argument for a social protection floor is certainly the normative aspect of the obligation on the side of national governments as well as the international community to ensure that all human beings everywhere can realize their human right to social security. However, the economic argument is equally compelling since no society will be able to prosper and to experience sustainable economic development without a social protection floor that guarantees a basic level of social security to all in place.

At household level, a social protection floor will enable people to smooth their spending capacity throughout the life cycle, ensuring adequate investments in their human capital through access to health services and education as well as empowering them to fully participate in the economic, social and political life of their societies. At the macro level, social protection systems will act as automatic economic and social stabilizers that reduce inequalities, poverty, social exclusion and social unrest as well as maintaining aggregate demand and the productive potential of the work force. Investing in a nationally defined social protection floor will trigger a virtuous cycle of more productive and employable workers, increased formal sector employment, increased tax revenues and higher levels of social protection and overall well-being.

The ILO is already promoting the social transfer component of the social floor, i.e. a basic set of essential social guarantees realized through transfers in cash and in kind that could ensure:

- Universal access to essential health services.
- Income (or subsistence) security for all children through child benefits.
- Income support combined with employment guarantees through public works programmes for the working-age poor who cannot earn sufficient income on the labour market.
- Income security through basic tax-financed pensions for older people, persons with disabilities and those who have lost the main breadwinner in a family.

The key challenge lies in carefully planning and implementing a feasible strategy to build SPF at country level that take into consideration the political, financial and technical feasibility of building a floor in a given country context. A participatory national dialogue that involves social partners, civil society and relevant government institutions is key to ensure building SPF policies on a national consensus and the strong support from the general public as well as the political commitment from key decision makers.

Regarding the affordability of SPF policies, research on costing of the SPF has shown that basic levels of social pensions, family benefits, health services and social assistance are affordable at levels of between 1 and 5 per cent of GDP even in low-income countries. Some countries may need financial assistance from the international community, especially for the initial investment to put sound structures for providing social security benefits in place, including capacity building for service delivery and the administration and management of social security schemes. The necessity to alleviate poverty and inequality both within and between countries, for ethical and practical reasons related to peace and security, may warrant a consideration of international instruments of taxation to support countries in building SPF policies. However, most countries will be able to start financing some elements of the SPF directly from their budgets, improving coordination among different social protection programmes, increasing the efficiency in collecting taxes, introducing cost saving measures by enhancing evidence based policy making, charging contributions from those who can afford it amongst other measures can create fiscal space for the financing of SPF policies. By the end of the day, the affordability is closely tied with the previous question regarding political feasibility since ultimately, creating the necessary fiscal space for SPF policies depends on national values and views on the role and size of the state and its spending priorities.

Finally, the technical feasibility is a core challenge to overcome obstacles for operationalizing the SPF at country level. Systems need to be designed, taking the administrative and management capacities of countries into account. Technological solutions can sometimes offer simple and elegant solutions to reduce the administrative burden of membership management and service delivery. On the other hand, unsuitable choices of complex technologies that are difficult to handle or have sophisticated infrastructure requirements can hamper the role out and ultimate success of highly committed initiatives.

Furthermore, the Social Protection Floor is a core part of the Global Jobs Pact as a tool to protect and empower the vulnerable population to work out of the poverty and find decent jobs. Beyond the crisis, the social protection floor has gained widespread acceptance as pivotal component of the sustainable and resilient growth strategy, as tool to accelerate the achievement of the Millennium Development Goals and promote Social Justice.

As a strategy for getting the initiative off the ground and into political action, the concept

needs to be promoted at all levels through a global campaign. A catalyst for the global action could be a new instrument or mechanism within the ILO on a social protection floor for all.

To summarize the key points:

- In addition to the elements of the floor constituting human rights, the SPF is a social and economic necessity for sustainable development and peace and security
- Many components of the SPF can be implemented within the national fiscal space and policy frameworks
- International support to the starting costs and capacity enhancement is needed
- It will be necessary to mobilize, social partners and all stakeholders to build national and international consensus and maintain political commitment at all levels
- A new ILO instrument or mechanism providing guidance on effective extension of coverage could be a key trigger for moving the Social Protection Floor forward

Possible leading questions for the debate

- How can national priorities be defined and what is the role of national social dialogue ?
- How to improve major stakeholders coordination (government, Social partners, UN agencies, donors and NGO's) to build a coherent Social Protection policy ?
- How can the capacity of countries be strengthened to analyse the technical and financial feasibility of the SPF components, to plan and deliver benefits efficiently?
- How can fiscal space be preserved, freed and/or extended to ensure the financing of adequate benefit levels?