The Social Protection Floor – Conceptual Development and Application to the Americas

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"Everyone, as a member of society, has a right to Social Security"

- Universal Declaration of Human Rights, Art. 22 (1948)
- Declaration of Philadelphia (1944): ILO Mandate to extend Social Protection
- ILO Declaration on Social Justice for a Fair Globalization (2008)
- Campaign to Extend Social Security and Coverage to All (2001)
Everybody needs Social Security: People, States, Economy

- Poverty Alleviation, Protection against Vulnerability
- Income generates Consumption, Stability of Demand, Accumulation of Human Capital, Facilitates Change, Enhances Efficiency
- Reduction of Poverty and Income Inequity, Peace, Stability and Social Cohesion

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Social Risks within the Life Cycle

- Income generation
  - Child work
- Education
  - Illiteracy
  - School Dropout
    - Wrong Age/Class, Repetition
- Health
  - Disabilities
  - Illness
  - Malnutrition
- Housing, water and sewage coverage deficits

- Old Age

1. Search for Universality
   • Promote basic coverage for all, not necessarily uniform

2. Rights Approach
   • Citizen has a right to Social Security

3. Suitable Benefits
   • Benefits avoid poverty and allow for life in dignity

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Social Security ILO Principles (2):

4. Public Responsibility
   • State has to define a Social Protection System, administration can be shared with Private Sector

5. Pluralism
   • Pluralism in organizing and financing, provided benefits are suitable and sustainable

6. Social Dialogue
   • Tripartism is essential for Good Governance and Sustainability

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The resulting double Social Security Expansion Strategy

Horizontal Expansion

Vertical Expansion

Social Security Expansion Strategy

Who is covered

Benefit and service levels, branches covered

According to each Country's Reality: Horizontal and Vertical Lags, Broken Careers, Pension Reform Impacts on Effective Coverage

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The Double Strategy of the Campaign to Extend Coverage to All

Benefit coverage

100% Full benefit coverage

Intermediate benefit coverage

Basic benefit coverage

Coverage according to population group

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**Conceptual Evolution within ILO**

**ILC 2001 “Coverage Extension Campaign”**
- Priority for those still not covered
- Coordinate Social Security with Labour Market and Social Policies
- Extension tends to use a mix of contributory and non-contributory approaches

**Hemispheric Decent Work Agenda 2006-2015**
- Compromise of Coverage Extension until 2015: Goal of +20%
- Governance, Service Quality, OSH, Tripartism

**UNCEO & World Jobs Pact (2009)**
- **Social Protection Floor** not only a reaction to crisis, but a permanent guarantee
- Rights approach, boost for economy and employment, requires stable funding

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**What is the Social Protection Floor?**

**Basic Transfers**
- In cash or in kind;
- To guarantee a minimum income level; and
- To support the access to essential services as health and education.

**Essential Services**
- Geographic and financial access to nutrition, health, water and sewage, education, housing and other essential social services.

“Socio-economic Floor for a global Economy”
(World Commission on the Social Dimension of Globalization)
The 4 Fundamental SPF Guarantees

- Basic Health Services
- Benefits for Poor Families with Children
- Benefits for Poor Aged and Disabled Persons
- Policies for Unemployed and Workers with non-suff. Income

Contents to be defined according to national reality

Integration of Floor + Social/Supplem. Insurance

- Social Insurance Key in the Strategy: Benefits According to History of Contributions
- Take advantage of already existing Structures: Economies of Scale/Synergies
- Floor neither a “Social Safety Net” nor a “Pillar Zero”. Idea of integrating and Coordinating Social Insurance, Services and Transfers
- In the Americas important Role for Social Insurance. Number of Countries with tax-funded Health and non-contributory Pensions

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Examples of Advances on the 4 Guarantees

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<th>Benefits for Poor Families with Kids:</th>
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<td>- CCTs (Oportunidades, Bolsa Familia, etc.)</td>
<td>- Unemployment Insurance with Redistributive Elements</td>
<td>- Non-contributory Pensions in a Number of Countries in LAC and Canada</td>
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<td>- Universal Family Benefits (Argentina and Uruguay)</td>
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<td>- Universalization of the Maternity Benefit</td>
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- Rights Approach: Legal Provision, Delivery and Sufficient Budget.
- Efficiency Requires Sharing and Coordination of Administration Structures.
- Cost is feasible: 3-4% GDP in Africa with ~40% poverty, less than 5% GDP in LAC with ~50% poverty head count. Phasing in while “economic space” unfolds.
- The larger the contributory scheme coverage, the lower the SPF cost.

Social Security Branches Covered (2008-09)

Effective Pension Coverage (around 2005)


Coverage of Unemployed Workers (% of Unemployed which receive a Benefit)