

## **ITUC Comments on the SPF-I report**

### **“Social Protection Floor for a Fair and Inclusive Globalization” October 2011**

The report is a call to advance the extension of social protection coverage through the implementation of SPF at national levels. On the content, the report coincides on many points with the ITUC position and with the conclusions of the 100<sup>th</sup> ILC. The ITUC supports the report, both on its content and on its political outreach, recognising that the extension of social protection to the 75% of people who are inadequately covered is a crucial international objective.

#### **Political message and outreach:**

The main political message is that social protection is the missing piece in a fair globalisation. The SPF is a key response to that deficit.

The challenge is to make sure that the report reaches its main objective which is to mainstream the SPF concept within all UN agencies, IFI, regional commissions and banks, donors etc...

Some of the key recommendations deserving particular support are:

- The creation of an interagency mechanism involving all relevant UN agencies, IFI and Regional entities to promote the concept of SPF at global, regional and national levels.
- The creation of a self-selected group of pilot countries to implement a SPF with the support of all relevant international organisations
- The full integration of the SPF approach into the WB Social Protection strategy 2012-2020
- An increased cooperation between ILO and IMF on supporting countries in creating fiscal space for the implementation of SPF
- Elaboration by the G20 of an action plan to support implementation of SPF at national levels.

Clearly, the unique mandate of the ILO is paramount when it comes to social security and the relevance of the ILO C. 102, the flagship convention. As stated in the report, the SPF is complementary to C. 102, not a replacement. Next year's ILO Recommendation on the SPF should be promoted as a key contribution of the ILO and as an opportunity to strengthen the role and the recognition of the ILO on the issue of social protection worldwide.

#### **On the content:**

The report rightly expresses the appropriate sense of urgency on the need to provide basic income security and access to essential services to all. It puts forward sound economic arguments (e.g. social protection is an investment in human capital, it reduces inequality and poverty, it is a powerful countercyclical stabiliser, it increases resilience to economic shocks, etc... ). Further the report clearly emphasizes that, if widely implemented, the income-led approach of the SPF can contribute

to combating imbalances in the global economy hence contributing to the prevention of crises such as in 2008.

The report insists on the rights-based approach to build SPF and presents the floor as an alternative model to the IFI “safety nets” concept which is not based on legal entitlement of the beneficiaries but on a “needs-based” approach. It stresses the importance of linking the SPF with employment policies, particularly active employment policies. It insists that the floor must be put at the heart of development plans and strategies. Policy coherence and consistence is a key message, again better than the IFI traditional approach.

On the issue of affordability the report does not fall in the trap of calculating macroeconomic models. It cleverly limits itself to report on the different studies made by others including the ILO. It goes beyond the debatable (and unresolved) issue around the average cost of a floor, and puts the stress on the need to create fiscal space in 2 major ways: economic growth and progressive taxation. It stresses that in many cases, fiscal reform alone would be able to significantly increase the fiscal space and boost the implementation of a floor. The report treats the issue of affordability in the context of political will, good governance and democratic debate. The report calls for adequate funding through sufficient budgetary allocations in consultation with the social partners, implicitly rejecting the project-based approach traditionally promoted by the IFIs.

While insisting on the importance of creating fiscal space at the national level, the report recognizes that ODA can play a key role. Donor organisations are invited to offer predictable, adequate and multiyear support and encouraged to fund national budget and proposals. There is also an interesting call for South-South cooperation on the SPF.

Although the shape of the SPF will vary from one country to the other, the report lists some common principles for all floors. These include focus on poverty eradication, progressive implementation, policy coherence, clear rights and legal responsibilities, participation of the social partners and CSO, the role of the State, adequate resources etc. It insists on gender equality and the need to promote women’s empowerment, stressing the weaker position of women in labour markets and their overrepresentation among the poor.

A critical issue, namely the relationship between social assistance and social insurance is briefly referred to, but not addressed in depth. The report calls for consistency between contributory and non-contributory schemes and states that the SPF is not an alternative to social insurance institutions but part of a comprehensive social protection system with C.102 as reference.

Finally the report expresses support for an ILO recommendation on the SPF.