

Social *made simple* Protection Floors



What is social protection?

Today, too many people fall into poverty as soon as their health, employment or family situation deteriorates. 1.4 billion people are currently living in extreme poverty, struggling to survive on less than US\$1.25 a day, approximately 84 million more than before the global financial crisis struck. 75% of the world's people have insufficient or no access to social security. Many more are at risk of falling into poverty as a result of insufficient wages, unemployment, sickness, old age and other conditions that may threaten their livelihoods and dignity, such as climate change or food insecurity. To address this ongoing humanitarian crisis and extreme global inequality, we need to expand the basic social protection guarantees to more people and enhance existing social protection systems.

Social protection aims to provide men and women with basic income security and access to essential services through the various phases of their lives. Social protection is an essential mechanism to address inequalities, in particular gender and income inequalities.

Social protection includes guarantees of:

- ▶▶ Basic income security, in the form of various social transfers (in cash or in kind), such as pensions for the elderly and people with disabilities, child benefits, maternity entitlements, income support benefits and/or employment guarantees and services for the unemployed and working poor;
- ▶▶ Universal access to essential affordable social services in the areas of health, water and sanitation, education, food security, housing as well as any other services defined according to national priorities.

How does Social Protection relate to the goals of Rio + 20?

Rio +20, the United Nations Conference on Sustainable Development, in Rio de Janeiro, 20-22 June 2012 is aimed at reviving global commitments towards sustainability, with a new set of decisions and actions. In order to contribute to long-term resilience of citizens to the multiple crises our world is facing, Rio+20 needs to be the moment that exponentially increases the coverage and the services of social protection around the world.

This is why trade unions demand the recognition in Rio+20 of social protection systems as key tools to build resilience and call for maintaining and strengthening existing social protection systems. In this context, it is very important to distinguish a social protection approach (based on rights) from a safety-net approach (based on temporary relief programs) and that social protection be integrated into each country's long term development strategy.

What is the Social Protection Floor?

The Social Protection Floor is a set of basic social security rights and transfers, to help promote human rights and support decent living standards worldwide. The aim of Social Protection Floors is to extend basic support and protection to all those in need.

The Social Protection Floor should be established according to each individual nation's priorities and resources and designed and implemented with the participation of all relevant social partners. It should be implemented through national legislation and be progressively enhanced according to the economic development of each country. The Social Protection Floor should be a key aspect of a country's development plans and strategies and should be closely linked to policies that promote employment and decent working conditions. Within this framework, the International Labour Organization (ILO) promotes four essential guarantees: access to healthcare, child benefits, basic retirement pensions, and income support for the working poor, the unemployed and pregnant women. In 2012, the ILO will work toward developing a new international standard for the Social Protection Floor. It is important to acknowledge that the ILO has developed several international standards in the area of social security. ILO Convention No. 102 is the key Convention in this area and should be ratified and implemented by all countries, in parallel with efforts to secure a Social Protection Floor.



In the context of Rio+20, trade unions demand heads of state to implement the Universal Social Protection Floor initiative by 2020 and to ensure that, in the context of the Sustainable Development Goals discussions, there is a commitment to ensure that efforts under each 'goal' contribute to building strong social protection systems.

Good Examples

Germany, Denmark and Sweden are often mentioned as sound European welfare states and praised for their capacity to weather economic crises. There are also some recent examples of developing countries that have introduced a Social Protection Floor or elements thereof, mostly in the form of social transfer schemes and measures to support universal access to health care. Studies on the impact of basic social transfers in 30 developing countries have shown that these types of measures have had a significant effect on reducing poverty levels and inequality. The studies also indicate that Social Protection Floor measures have had a noticeably positive effect on various social development indicators such as school enrolment and the health and nutritional status of the people. These studies also show that these measures have had a significant positive impact on the enhancing of the entrepreneurial behaviour in recipient families, helping them to overcome barriers to enter the market and access credit. In some countries, cash transfers have also helped to promote gender equality by strengthening the social status of women in households and communities.

Progress is being made at the national level in many countries, especially in Latin America. For example, Mexico's "Progresa/Oportunidades" transfers have reduced the poverty gap by 30%, Brazil's "Bolsa Familia" transfers have reduced extreme poverty by 16% and Chile's social pension has reduced the number of indigent households by 11%.¹ India's National Rural Employment Guarantee Scheme now provides over 40 million poor households with a guaranteed income for 100 days per year.

Social Protection & Inclusion

There is strong evidence that national social protection systems effectively reduce poverty and inequality. The United Nations describes social protection as "the missing piece in a fair and inclusive globalization".² Social Protection Floors contribute to the redistribution of wealth, to sustainable economic and social development, to gender equality and to the achievement of the Millennium Development Goals.³ Social Protection Floors can help build domestic economic demand and is therefore a strong policy tool for social and economic development and for overcoming future economic crises and shocks.

What do Social Protection Floors cost?

Various United Nations agencies have calculated that a floor that guarantees basic social transfers is globally affordable at virtually any stage of a nation's economic development, even if the funding is not yet available everywhere.

Affordable: Some countries such as El Salvador, Benin, Mozambique and Vietnam could provide a major social protection floor for as little as 1 to 2% of Gross Domestic Product (GDP). Low-income countries in Africa and Asia, could provide the transfer components at a cost of between 2% to 6% of GDP. Some transfers would cost even less. For example, Burkina Faso, Ethiopia, Kenya, Nepal, Senegal and Tanzania could provide a

universal basic pension for just over 1% of GDP.⁴ In Brazil, the conditional cash transfer “Bolsa Familia” already covers 46 million people at a cost of a mere 0.4% of GDP.

Funded from domestic resources:

Financing a universal Social Protection Floor will have to draw on existing government budgets and new financing mechanisms, including additional tax revenues and insurance contributions.⁵ Informal and unregulated economic activities continue to undermine public revenue and social protection in many countries. Businesses and workers involved in the informal economy generally do not pay taxes or contribute to social security insurance programs. They are generally not protected by government regulations, labour laws or social security benefits. The situation of unregistered workers must be regularised to ensure their access to social security schemes and other social benefits. Giving more workers access to social protection and generating revenue to finance these measures is one strategy for formalising the informal economy. Although this process may take time, there is also an urgent need to extend social protection to those currently involved in the informal labour market. National governments should prioritise the implementation of Social Protection Floors now!

Tax reform, including the enforcement of corporate tax evasion regulations as well as the implementation of a progressive tax system could increase government revenues considerably. Many developing countries with significant natural resources could also implement tax laws to increase royalty revenues, which could be used to fund social protection programs.

International funding for Social Protection Floors

Some nations may initially require external financing to help establish their Social Protection Floors. The United Nations Development Program (UNDP), the World Bank and regional development banks should prioritise loans and grants for this purpose. The International Monetary Fund (IMF) should work with the ILO to help define fiscal policies to finance Social Protection Floors in every nation, including the least developed. Furthermore, if all of the developed nations were to meet their longstanding commitment to devote 0.7% of GDP to development assistance, there would be no shortage of funds for social protection.⁶ New international revenue sources such as a global financial transactions tax (FTT) could also help pay for social protection in the world's poorest nations.

More information on the Social Protection floor

UN report 2011: Social Protection Floor for a Fair and Inclusive Globalization:

http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_165750.pdf.

The Social Protection Floor: <http://www.ilo.org/public/english/protection/spfag/index.htm>.

The UN Social Protection Floor Initiative: <http://library.fes.de/pdf-files/iez/07814.pdf>.

Social Protection Floor Advisory Group website, 2011: <http://www.ilo.org/public/english/protection/spfag/index.htm>.

<http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1321>.

“Social protection floor key to addressing crises and social instability”:

http://www.ilo.org/global/about-the-ilo/press-and-media-centre/news/WCMS_166292/lang--en/index.htm.

Extending Social Security to All, 2010:

<http://www.socialsecurityextension.org/gimi/gess/ResseDownload.do?ressourceId=16152>.

More information on Social Protection and sustainable development

Background document to the Madrid Dialogue – A new paradigm for employment, social inclusion and poverty eradication in a sustainable planet, 2011.

http://www.sustainlabour.org/documentos/madriddialogue_discussiondocument_final-2.pdf

1. Michael Cichon, Christina Behrendt and Veronika Wodsak, The UN Social Protection Floor Initiative, Friedrich Ebert Stiftung, January 2011), p. 7 (table 1).

2. Kevin Cassidy, “Protection Floor for a Fair and Inclusive Globalization”, International Labour Office, 2011: http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_165750/lang--en/index.htm.

3. Michael Cichon, Christina Behrendt and Veronika Wodsak, The UN Social Protection Floor Initiative, Friedrich Ebert Stiftung, 2011, p. 6

4. Michael Cichon, Christina Behrendt and Veronika Wodsak, The UN Social Protection Floor Initiative, p. 9.

5. <http://www.ilo.org/gimi/gess/ShowTheme.do?tid=1321>.

6. Currently, only a few nations meet their commitments.