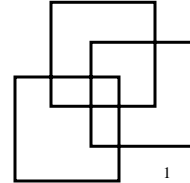




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Realizing a Human Right: A social protection floor for all

Michael Cichon
Social Security Department
International Labour Office
31 August 2009



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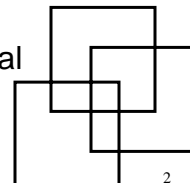
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Structure of the presentation

- One: The Human right to social security and the ILO mandate, and recent signs of hope
- Two: Social security: Social need and economic necessity
- Three: The fiscal affordability
- Four: The emerging policy paradigm of the Campaign to extend social security to all
- Five: A reality check: International experience
- Six: What needs to be done...



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One: The right to social security ...

- 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 and Social Rights (1966,1976) as commented by the Committee on Economic , Social and cultural rights in 2008 stating
 - Progressive implementation of the right to social security while maintaining
 - a core obligation to select a core group of social risks and contingencies for immediate implementation
 - States parties...“should consider the development of further legal instruments” to “ensure that the right to social security is given due attention in international agreements”

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One: The right to social security ...

- The ILO’s Declaration of Philadelphia laid out for the ILO *“to further among the nations of the world programmes which will achieve the objectives.... the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care”*.
- Confirmed by the ILO Declaration on Social Justice for a Fair Globalization in 2008
- ILO conventions define the range and levels of essential social security benefits

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One: ... and recent signs of hope in the UN and ILO global mandates ...

- In 2003 the ILO launched a Global Campaign to Extend Social Security to All
- The UN system Chief Executives Board suggests a social protection floor consisting of essential social services and a basic set of essential social transfers, paid to the poor and vulnerable to provide a minimum income security and access to essential services, including health care.
- The Global Jobs Pact (June 2009) requests countries ... to build *“adequate social protection for all, drawing on a basic social protection floor”* and urges *“the international community ... to provide development assistance, including budgetary support, to build up a basic social protection floor on a national basis”*.

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Two: The need for social security: social necessity...

- Social security benefits/transfers are a powerful tool to combat poverty and insecurity
- Nobody is an island. Every person and every family needs protection from social risks and resulting insecurities. Risks have to be shared on a group or national basis to ensure effective protection.
- It is clear that guaranteeing income security and access to health care would allow all people to deal with most significant risks...and reduce poverty effectively
- 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...

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Two: The need for social security: economic necessity...

- **Social security systems 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**
- **Countries with existing systems are in a better position to cope with the social and economic fall-out than those who have to introduce new ad-hoc measures**

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Three: Affordability: Basic social security/essential cash transfers 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 at 30% of per capita daily GDP to 10% of the population
- **Administration cost:**
 - 15% of cash benefit expenditure

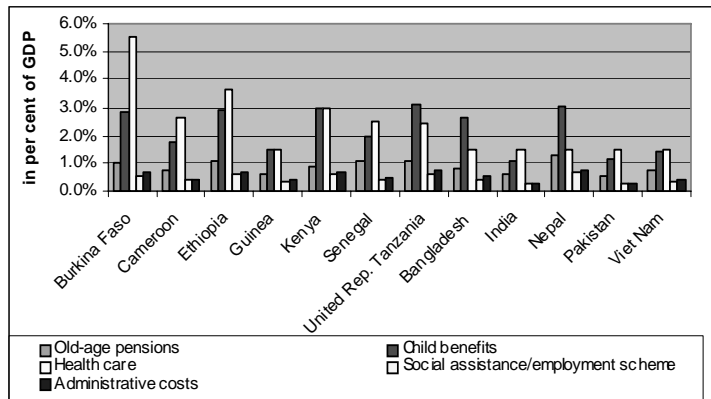
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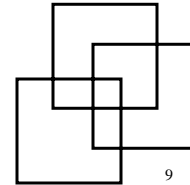


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Three:... a basic social protection package is affordable: Cost of all basic benefit package components



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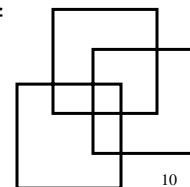


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Three: Impact...

- A basic package of modest pensions and child benefits can reduce the poverty head count by 40 per cent in poor developing countries at a cost of 3-4 per cent of GDP.
- In Latin America the cost of a modest package of conditional child cash transfers, universal pensions and basic health care can be kept under 5% of GDP; the poverty headcount effects can reach a reduction of more than 50%

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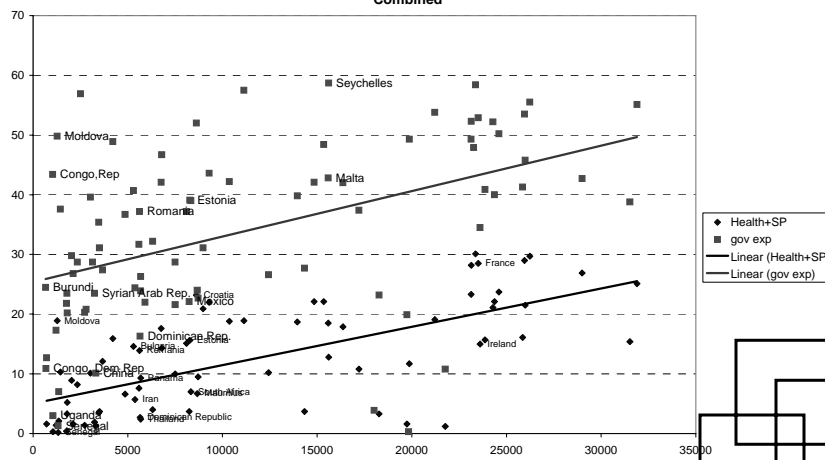


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Three: Financing strategies: Lack of fiscal space? The good news – part I



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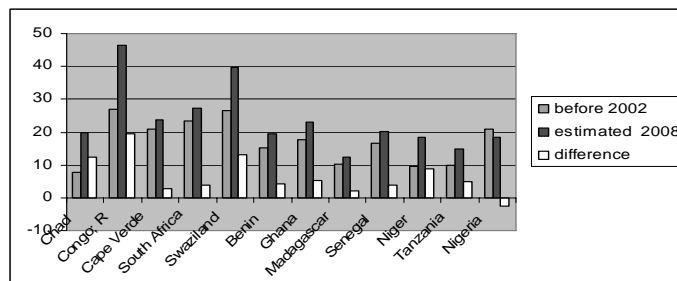
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Three: Good news part II: Growing fiscal space

- Sub-Saharan African countries increased on average domestic revenue from 15% to 19% of GDP between 1997 and 2006
- ...and after Monterrey domestic resources increased (source OECD and ECA)...



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Four: ... an emerging policy framework the ILO campaign: A set of principles ...

- Based on the legal bases and the ILC conclusions of 2001 the following principles for the policy of the campaign can be deduced:
 - Universality
 - Progressiveness
 - Pluralism
 - Outcome (not process) focus on
 - Universal coverage
 - Benefits as of right
 - Actuarial equivalence of contributions and benefits
 - Sound financing
 - Responsibility of governance by state and social partners

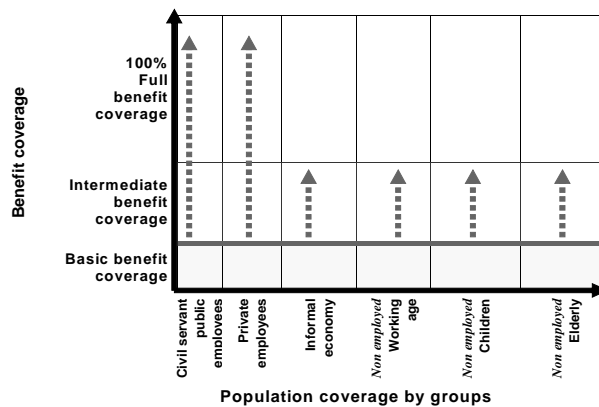
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Four: ... an emerging policy framework for adequate social security for all and hence the campaign: A paradigm for national action...and a story of two dimensions ...



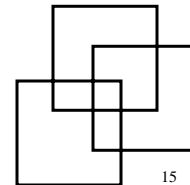
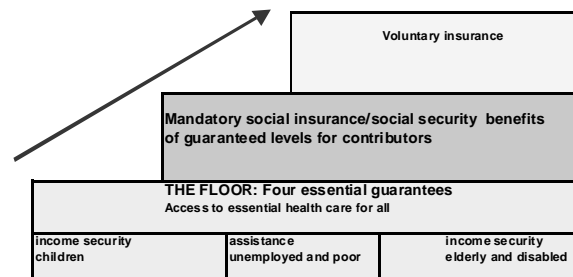
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Four: ... an emerging policy framework for adequate social security for all and hence the campaign: A paradigm for national action...The social security staircase



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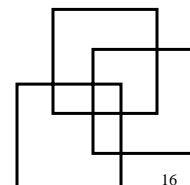
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Four: The horizontal dimension - The social security component of the social protection floor that could consist of four essential social security guarantees:

- 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.



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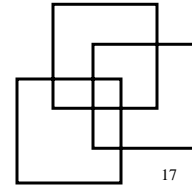
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Four: The vertical dimension: Back to home turf...

- Promote benefit ranges and levels in the formal economy that comply with ILO conventions
- Promote the ratifications of up-to-date conventions, notably C. 102
- *Shall we set a target for the number of ratifications by 2015?*



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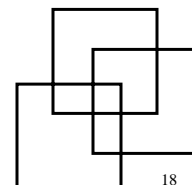
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Five: A reality check: Preliminary results of an ILO Meta study “Compendium of cash transfer programs in developing countries” ...a number of countries are already providing basic guarantees

- **Number of countries in the study:** 28 of which 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):**
 - Programmes for the active population: **43 Million**
 - Programmes for the elderly and disabled: **30 Million**
 - Programmes for children: **146 Million**



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Five: Cash transfers – present prevalence

Type of cash transfers	Countries	Number
Unconditional		
Household income support	Chile, China Indonesia, Mozambique, Pakistan, Zambia	6
social pensions	Argentina, Bolivia, Bangladesh, Brazil, Chile, Costa Rica, India, Lesotho, Namibia Nepal, South Africa, Uruguay	12
Child/family benefits	Mozambique, South Africa	2
Conditional		
Cash for work	Argentina, Ethiopia, India, Korea, Malawi, South Africa	6
Cash for Human Development	Bangladesh, Brazil, Colombia, Ecuador Honduras, Jamaica, Mexico, Nicaragua	8

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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	-

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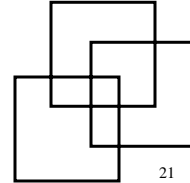
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Six: What needs to be done to turn a right into reality ...

- Undertake original research on the affordability and social impact of social security and disseminate results...
- Knowledge generation and dissemination
- Support policy development at the international and national levels
 - Promoting existing standards as social safeguards
 - Developing new instruments (UN agencies including the ILO levels..)
- Support for the CEB initiative and a global coalition (with UNICEF, UN-DESA, WHO, and bilaterals) to advocate the idea of a social protection floor
- Support national policy implementation through technical advisory services and capacity building based inter alia on SOUTH SOUTH and inter-agency co-operation



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