

A decorative graphic consisting of a grid of small grey dots, with several dots highlighted in red. The dots are arranged in a pattern that roughly follows the shape of the title and subtitle.

No Social Justice without Social Protection

What Can International Development Cooperation Do to Make the Social Protection Floor Initiative Work?

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- While social protection has increasingly become an element of development policy, it was as a consequence of the global financial and economic crisis that the issue finally moved to the top of the international development policy agenda, after it could be shown that countries that had invested strongly in social protection had weathered the crisis better than others.
- The Social Protection Floor Initiative, which was launched as a UN-wide effort in 2009 and received a boost from the 100th International Labour Conference of the ILO in June 2011, provides for basic health care, pensions, assistance to the unemployed and income security for children. It is not designed as a donor-driven process but strongly emphasises national ownership, including the mobilisation of domestic resources, as well as South-South cooperation. International development cooperation will be necessary, however, to help with building the capacity required to run national social security systems.
- Generally, to be part of the wider agenda of social justice, social protection must go beyond the economic and encompass, at the same time, elements of provision (for example, food), prevention from life risks, promotion of livelihoods and transformation of social structures that are perpetuating social vulnerability and dependence.
- Civil society groups have been playing an important role by running pilot projects showing the feasibility of social protection or basic income grant programmes, as well as by organising campaigns on the national and international level that help to create the necessary policy space. However, pilot projects have their limits: without governments taking up their responsibility to provide social protection, civil society organisations will not be able to achieve lasting progress.

In line with the UN Social Protection Floor (SPF) Initiative launched in 2009, the annual International Labour Conference, which took place in June 2011, focused on social security for all. The conference ended with a strong commitment to putting the SPF Initiative into practice. However, it remains uncertain how this can be achieved; how social policies can be made an integral part of development policies; and how donors and civil society can support this process. To find answers to these questions and to help forge alliances between stakeholders, thereby taking the discussion about the implementation of national Social Protection Floors to the next level, the Friedrich Ebert Foundation (FES) and the International Labour Organization (ILO) held a joint expert conference in Berlin in July 2011. This text is based on the presentations given at this conference and the ensuing discussions.

The Importance of Social Policy in Times of Crisis

The period since the outbreak of the global financial and economic crisis in 2007 has been marked by growing awareness of the importance of social protection. Its pivotal role in fighting the effects of the crisis, as well as in preventing or at least attenuating future crises has become apparent, as exemplified by countries as diverse as Germany and Brazil. Both invested heavily in social security even before the crisis broke out, and both have done relatively well in dealing with the effects of the crisis.¹

But even though social protection systems have been shown not only to prevent people from falling into poverty in times of crisis but also to reduce poverty in the long run, only about 20 per cent of the world's population benefit from a comprehensive social security system. Thus:

- 80 per cent of the world's population lack comprehensive social security coverage;
- 30 per cent have no access to essential health care, so that roughly 100 million people fall into poverty every year as a consequence of illness;
- 60 per cent of all elderly persons have to survive without a pension; and
- 50 per cent of all children live in poverty and without access to health care and education.

1. For more details, see Nicola Liebert: Employment Policy in Times of Crisis: From A Job-Rich Recovery to Sustainable Structural Change. FES Perspective, June 2010: <http://library.fes.de/pdf-files/iez/global/07286.pdf>.

The issue has now moved up the agenda of international policymakers, such as the G20, which under its French presidency is debating social protection policies and the UN's SPF Initiative as vital parts of a wider political reform agenda shaping a global economic governance that is more sustainable and shock-resilient. If the crisis has had one positive effect it is surely the growing consensus that without social justice there can be no sustainable growth and development – and that there can be no social justice without social protection. Having said that, while the crisis highlights the importance of social security, it also may result in less capacity to deliver as budget consolidation increasingly takes centre stage in national and international policies.

The Emergence of a New Policy Paradigm

According to Article 22 of the Universal Declaration of Human Rights, »everyone, as a member of society, has the right to social security«. In other words, social protection is not a discretionary handout but a basic human right. Moreover, comprehensive social protection is of enormous importance for the economic and social development especially of poorer countries, for it constitutes a long-term investment in people, which can instigate a virtuous circle by combating poverty, ill health, inadequate education, inequality and informality of employment.

For this reason, social protection has become an important element of development policy over the past ten years. Recently, a number of social protection and basic income programmes, such as the Productive Safety Net Programme (PSNP) in Ethiopia, the Programme for Education, Health and Food (PROGRESA) in Mexico or the National Rural Employment Guarantee Act (NREGA) in India, have served as prominent examples.

Social protection as a new paradigm in development policy received a boost in 2003 when the ILO launched its Global Campaign for Social Security Coverage for All. For a long time countries receiving development aid had argued that setting up comprehensive social security systems was a luxury affordable only by highly industrialised and developed countries. However, various policy papers, as well as regional consultations and tripartite expert meetings chiefly organised by the ILO, while

taking into account the limited fiscal space in poorer countries in particular, now put the focus on the basic elements of social security.

The process gained momentum in response to the global crisis with the launch of the SPF Initiative in 2009. This initiative has all UN organisations behind it, as well as the IMF and the World Bank. The minimum protection envisaged in the Initiative encompasses four essential guarantees:²

- universal access to basic health care;
- social assistance to the poor and unemployed of active working age;
- pensions for the elderly and the disabled; and
- basic income security for children.

The Social Protection Floor Initiative and the Role of the ILO

The Initiative was one of the main topics addressed at the 100th International Labour Conference in June 2011 in Geneva. The Conference ended with governments as well as employers' and workers' representatives from the 183 ILO member states committing themselves to the establishment of national social protection floors aimed at extending at least a minimum level of social security to all, as part of comprehensive social security systems and explicitly encompassing the informal economy.

The commitment is based on a two-dimensional strategy: the horizontal dimension consists of a rapid rollout of Social Protection Floors, while the vertical dimension seeks to provide progressively higher levels of protection, moving towards compliance with the requirements of ILO Convention No. 102 of 1952 on Social Security. The resolution emphasises that both dimensions are of equal importance and should be pursued simultaneously.

Moreover, the delegates at the International Labour Conference proposed to conclude a new Recommendation at next year's conference to complement the existing ILO social security standards and to provide a non-binding guideline to the member states about how

to implement Social Protection Floors within more comprehensive social security systems. This is likely to help maintain momentum in the political debate and to make social protection an integral part of development strategies. It can also serve as a tool for civil society groups in their fight for social justice.

Financing Basic Social Protection

The ILO recently undertook two studies, one in Africa and the other in Asia, that provide a first cost estimate of a hypothetical basic social protection package in twelve low-income countries. The package included basic child benefits, universal access to essential health care (in the calculation it was assumed that basic health care is being financed to some extent already) and universal old-age and disability pension coverage, as well as social assistance for the poor in active working age in the form of a 100-day employment guarantee scheme. The studies have shown that the initial gross annual cost is projected to be in a range between 2.2 per cent and 5.7 per cent of GDP in 2010.

Financing a Social Protection Floor will have to draw on existing budgets and furthermore on additional tax revenues and, where possible, insurance contributions for this purpose. Mobilising domestic resources is all the more important as donor funding can be volatile or declining, as has been the case in Namibia. Conference participants agreed, therefore, that social policy must be linked with a tax reform as well as with appropriate employment policies: the creation of jobs will not only raise tax revenues but also permit the creation of partially contributory social security systems.

The Importance of Tailor-Made Solutions

The question how a Social Protection Floor with its four essential guarantees can be put into practice will have to be answered on the national level: in other words, solutions must be tailor-made to suit national circumstances, and implementation should be both flexible and progressive. South-South dialogue and exchange on best practice is already being used as a crucial instrument in this process, with the ILO providing training, data and policy advice. It should be noted, however, that the SPF concept is still controversial and that multi-level support for the SPF Initiative will be critical in the near future.

2. For further details, see: Michael Cichon, Christina Behrendt and Veronika Wodsak: The UN Social Protection Floor Initiative. Turning the Tide at the ILO Conference 2011. FES Policy Analysis, January 2011: <http://library.fes.de/pdf-files/iez/07814.pdf>.

It is useful to look at the historical emergence of social policies to understand why the design and implementation of Social Protection Floors must take place on the national level and why there can be no one-size-fits-all solution. Four distinct types of social policy strategies can be defined that stem from different historical roots:

- (i) the »Southern Africa model«, normally run by governments, which is based on the European (»Bismarckian«) social security and social welfare systems that have been exported to the former colonies;
- (ii) the »Middle Africa model«, typically operated by donors, in which food security safety nets and emergency food aid have evolved into public works programmes;
- (iii) the »Latin America model«, whose origins lie in the structural adjustment programmes implemented by the International Financial Institutions and governments, which developed into conditional cash transfer programmes; and finally
- (iv) the »South Asia model« (that also could be dubbed the »India model«), typically implemented by civil society groups, which is built on the idea of a social contract as well as rights-based activism and has resulted in right-to-work programmes.

These differences between models and their respective drivers and the resulting path dependencies should be borne in mind when developing national SPF strategies. Generally, to be part of the wider agenda of social justice, social protection has to go beyond the economic and to encompass, at the same time, elements of provision (for example, food), prevention from life risks, promotion of livelihoods as well as transformation of social structures perpetuating social vulnerability and dependence.

Elements of this progressive policy agenda include: empowerment with the help of grievance procedures and/or social audits to avoid people becoming passive recipients of aid; a rights charter guaranteeing, for example, sufficiently fast delivery times and a reasonable distance to services; and appropriate legislation to make rights enforceable through the courts. In this context even the right terminology makes a difference: for example, it is

preferable to speak of »claimants« rather than to use a patronising term such as »beneficiaries«. However, social programmes should not be used to cover up the underlying problems, such as unemployment, social exclusion or power inequalities.

Social Protection as a Core Element in German Development Cooperation

Germany, the country with the longest experience in social protection, has long supported – within the ILO but also at other international forums – the inclusion of the informal sector in social security strategies.

Many of the priority areas of German development cooperation are supportive of the objectives of the SPF Initiative: education, health, economic development (including pro-poor growth and macroeconomic stability), rural development, good governance and social cohesion and even climate change by mitigating the impacts of natural disasters. Nevertheless, conference participants also raised the question of whether social security as such, including public health care, should be re-introduced as a development policy goal.

The guiding principles of German development cooperation, too, are analogous to those of the SPF Initiative: country ownership, no one-size-fits-all solutions, support for developing comprehensive and inclusive social protection systems and the consideration of cross-cutting issues (inclusion of informal sector and of poorest and most vulnerable groups, gender sensitive approaches, inclusion of people with disabilities and so on).

Germany is supporting social protection systems in several countries. One of them is the Indian Rashtriya Swasthya Bima Yojana (RSBY) that provides health insurance to people below the poverty line, thereby extending coverage to the informal sector. While the programme's existing financial framework does not allow the system to become universal, the next step will be to reach workers in the informal sector.

In Malawi, an unconditional cash transfer system to support the ultra-poor has been shown to improve food security, children's health and even school enrolment. Similar progress has been achieved with the

»Red Solidaria« transfer programme in El Salvador, which is conditional upon children's school attendance.³

It was pointed out by conference participants that, so far, data about how well the extension of coverage to the informal sector is succeeding are inconclusive and that, for example, in the case of Ghana so far only between 33 per cent and 66 per cent of those actually entitled can access the services covered by the health care scheme. It might be countered, however, that even one-third coverage would be a remarkable achievement given that the Ghanaian health insurance system was only introduced in 2004.

Anchoring Social Protection in International Development Policy

The next step is to firmly anchor social protection in the international development cooperation agenda. On top of the UN's SPF Initiative, this is also beginning to happen within the development group of the G20, the OECD's DAC Network on Poverty Reduction (POVNET), as well as in the UN MDG process.

Social protection is also being used by the African Development Bank (AfDB) as an instrument to achieve central goals, notably poverty reduction and the protection of poor and vulnerable people. It can also play a central role as part of a peace building and ultimately state building strategy for fragile states and in post-conflict situations.

This is all the more important as poverty in Africa is increasing, especially in rural areas, despite impressive economic growth rates. Poverty, however, is known to have been a cause as well as a consequence of conflict, which in turn devastates economic activities and leads to the displacement of many people, who thus lose their land and assets, making them vulnerable and even poorer.

Moreover, education levels tend to be very low and food insecurity and informality of work remain prevalent features of present-day African societies. For example, informal employment accounts for 72 per cent of non-agricultural employment in Sub-Saharan Africa.

3. All three programmes are implemented on behalf of the German Ministry for Economic Development and Cooperation: in India and El Salvador by the German Development Cooperation (GIZ), in Malawi by the KfW Development Bank.

Challenges facing social protection policies are particularly high in Africa with regard to high unemployment in general and youth unemployment in particular. With more than 60 per cent of its population under the age of 25, Sub-Saharan Africa is the youngest region in the world, providing reservoirs for change, progress and social dynamism. However, while in 2010 young people in Africa constituted close to 36 per cent of the total labour force, they represented 60 per cent of the unemployed. Furthermore, the size of this group is projected to double by 2045. The high rates of youth unemployment are therefore a significant and growing source of potential socio-economic instability, as already witnessed in North Africa in the early months of 2011.

Over the past two decades the AfDB has therefore supported poverty reduction through social protection-related interventions in regional member countries. The Bank has already invested €594 million in developing social protection systems in 44 African states.

However, there is no »right« method for doing this: the bank's approach is thus consistent with the SPF Initiative, which also promotes tailor-made solutions. A policy dialogue with the states in question is necessary to understand their needs and also to support country ownership, for in the AfDB's experience a system imposed from outside will not work.

At the same time, the fragmentation of aid and the efforts of the international development community – on both the bilateral and the multilateral levels – must be overcome to achieve better policy coherence.

South-South Cooperation as an Important Pillar of the SPF Initiative

One interesting aspect of the SPF Initiative is that it does not rely only on traditional North-South development cooperation; one of its central pillars is the exchange of best practices especially between peer countries in the form of South-South cooperation. The idea is that countries facing similar challenges are in a good position to develop strategies that can be adapted easily to local circumstances with provision for national ownership. Even so, South-South cooperation must not be considered a substitute for North-South cooperation, but as a complement.

Brazil is one country that has already taken steps towards the creation of a Social Protection Floor. It was obvious that the traditional contributory system would not reach the poor, especially in rural areas, and thus targeted non-contributory programmes were introduced for rural workers. To move closer to the goal of universal coverage this was complemented with social assistance for the elderly and the disabled, access to free health care and a conditional cash transfer programme (*Bolsa Família*) that reaches into the informal sector also in urban areas.

The Brazilian government is a firm supporter of the SPF Initiative, believing that social security should be universal. It is also willing to share its experience through South-South cooperation, in which Brazil sees itself not as a donor but as a partner.

An agreement between Brazil, the USA, the ILO and Haiti to eradicate child labour was mentioned as an example of how this might be put into practice. Other three-way agreements that Brazil has concluded together with the ILO are with East Timor to build a pension scheme for the formal sector; with Paraguay to support the establishment of unemployment insurance and tripartite dialogue; and with El Salvador concerning the creation of health and work injuries insurance.

Civil Society as a Catalyst: the Case of Indonesia

The weaknesses of the Indonesian social security system are manifold, leaving 150 million people without old age pension insurance coverage. The system could be described as inequitable as only civil servants and military personnel enjoy lifelong benefits, while 99.98 per cent of workers have no pensions whatsoever. Moreover, there is no tripartite system that could serve as a forum for addressing problems of this kind.

In 2010, trade unions and other civil society groups joined forces and formed the Action Committee for Social Security (KAJS) in order to urge the government to implement a social security system as mandated by the law on national social security of 2004. The main demands are universal coverage, a mandatory pension scheme and a not-for-profit structure for insurance programmes. Activities organised by the Action Com-

mittee include lobbying, campaigning and media work, as well as drafting a concept for a social security insurance bill.

The final decision on central points of the bill – a non-profit structure for the insurance system, a tripartite supervisory board and the gradual introduction of universal health and pension insurance coverage – was imminent in July 2011. Support for these demands by the international development community and trade unions has been considered crucial. Civil society organisations in Indonesia welcome the prospect of an ILO recommendation on SPF, since this would provide them with an additional lobbying tool in their domestic struggle for social security reform.

The Namibian Basic Income Grant Coalition

Namibia, by contrast, a country endowed with plenty of natural resources, has a pension system with roughly 80 per cent coverage and a contributory social security system for workers that covers maternity, work injuries and funerals. On top of that there are conditional grants for the disabled, war veterans, orphans and vulnerable children. Nevertheless, the existing schemes cover only a small percentage of the poorest in a country that features the highest level of income inequality in the world; 62 per cent of the population live on less than \$ 1 per day; the unemployment rate is above 50 per cent; and infant mortality, child malnutrition and HIV/Aids are rampant.

To find out how to extend protection to the poorest and most vulnerable without access to even basic social security, in 2005 a variety of civil society groups – trade unions, the Council of Churches and the NGO Forum of Namibia, as well as NGOs dealing with HIV/Aids, orphans and vulnerable children – founded the Basic Income Grant Coalition (BIG). A grant system was favoured because it is easy to administer, counters inequalities by taking from the rich and giving to the poor, addresses multiple needs and supports political empowerment through education, health and economic self-reliance.

The Coalition based its activities on a report by a government commission that had recommended the introduction of basic income grants. The report showed that at a cost of only 5.7 per cent of the national budget such

grants are affordable with some minor tax adjustments and the infrastructure is already in place. In 2008, the BIG Coalition launched a two-year pilot project in the village of Otjivero, with remarkable results: jobs and self-employment opportunities were created, school enrolment increased and academic performance improved. Moreover, people had better access to food and health services, with the result that clinics had higher revenues and hence were able to provide better services. Since the end of the pilot, the villagers have received bridging grants of 80 Namibian dollars (€8) instead of the original 100 dollars per month.

Since then the Coalition has pushed for a national roll-out – running counter to the advice the government received from the World Bank and the IMF – through political dialogue and political pressure. Social protection and basic income grants are seen as an important tool in the struggle for social justice, but efforts must go beyond this to address underlying structural and political issues such as the fair use of proceeds from mining. The Coalition is trying to do this by linking the debate with other policy reforms such as land reform, natural resources management and education, as well as by forming international alliances.

The international development community could play an important role in this process by engaging the government in a dialogue and by assisting in the infrastructural setup, but the Coalition is convinced that resources have to be mobilised locally in order to avoid dependency on changing international agendas and to foster ownership.

The Role and the Limits of Pilot Projects: Lessons from Tanzania

A somewhat similar example was presented by the international NGO HelpAge. In 2003, HelpAge started a pilot project in Tanzania providing non-contributory basic social pensions to grandmothers caring for Aids orphans. An evaluation of the KwaWazee project showed that such pensions can be a highly effective tool in HIV/Aids policies: they led to improved nutrition and health for both grandmothers and grandchildren; on top of that, recipients enjoyed more self-confidence, better social status in their village and more awareness of their rights.

Several lessons can be drawn from this. Basic pensions can provide a starting point to break the vicious circle of poverty by providing health and education as a foundation of economic development. A dynamic might ensue that eventually leads to a more comprehensive social policy, provided the government in question has the political will to pursue such a policy. Furthermore, only selecting the poorest for such a programme makes little sense in a society where almost everybody is poor, especially as targeting is complex and therefore uses up badly needed resources. Instead, non-contributory pensions or grants and access to health for all appear to be more adequate.


These results were presented to the Tanzanian government, together with a feasibility study for a national rollout. After all, there is a limit to what pilot projects can achieve once it has been proved that the idea of a basic income grant works. If governments have no will to take up the cause further pilots would be a waste of resources.

International donors can help in this process by providing financial resources and supporting the building of infrastructure, but they cannot replace government action. The question was raised, however, whether NGOs should eventually play a role in the tripartite process. It was also noted that NGOs should be prepared to go beyond their traditional role and support the introduction of social protection, for instance by providing expertise and by monitoring its implementation.

In this context it was noted that governments are not always benign and do not always act in the interests of the majority. In fact, they can be among the most serious obstacles to the implementation of basic income/pension grants or more comprehensive forms of social protection. The assertion of a lack of financial resources thus can sometimes be nothing but a subterfuge. Or as the Director General of the ILO, Juan Somavia, put it: »The world does not lack the resources to abolish poverty, it only lacks the right priorities.«

Summary and Conclusions

A clear understanding is beginning to emerge among international policymakers that social protection is not only a human right but also an economic necessity: it not



only serves as an automatic stabiliser in times of crisis, but it also can set in motion a cycle of development and growth, for instance by improving health and education.

The four essential guarantees that make up the Social Protection Floor (health care, pensions, assistance in case of inability to work and income security for children) can be regarded as such a set of defined goals. How these goals are going to be reached, however, depends on the situation in each state. There can be no one-size-fits-all solution when it comes to finding the best way to ensure basic social protection for all.

Finding national solutions and the mobilisation of domestic resources instead of a donor-driven process help to promote national ownership. It has been shown that basic social protection is affordable – provided governments are willing to collect taxes and create an environment that is conducive to job creation. Sole reliance on international aid, by contrast, not only stands in the way of national ownership, but also carries risks, such as dependence on changing development agendas and inadequate and fluctuating funds.

This is not to say that international development cooperation is superfluous for rolling out national Social Protection Floors. It plays an important role by helping to build the necessary infrastructure and capacity. For this, international policy coherence and international cooperation are a prerequisite – in particular, South-South cooperation for an exchange of best practices among peer countries with similar backgrounds and needs.

What civil society can contribute to this process has been showcased by organisations such as HelpAge that have been pushing the UN system persistently to foster basic social systems. In other words, civil society can play a vital role in the creation of international policy space, as well as serving as a watchdog monitoring and hence safeguarding the implementation of the human right to social security and protection.

While pilot programmes, often implemented by NGOs and civil society coalitions, have been important in showing the feasibility and the social and economic benefits of basic protection or income grant systems, there is a limit to what pilots can achieve. The key role will have to be played by national governments that need to be willing to start a national rollout.

This raises the question of what to do about unsympathetic governments. It should be remembered that most states are members of the ILO, whose constitution calls for social security for all, and of the UN, which has listed social security as a human right. Together with pressure from civil society the international community thus has forums and tools available to come to agreement about social policy and if necessary provide relevant support.

Finally, time is of the essence. The global financial and economic crisis has opened a window of opportunity because it proved the importance of social protection. This window, however, is threatening to close as fiscal consolidation increasingly moves to the forefront of national policies in many countries.



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