The UN Social Protection Floor Initiative

Turning the Tide at the ILO Conference 2011

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- For a long time, the international community has failed to give prominence to the Human Right to social security. Many nation states seemed to hide behind the principles of progressive realization. While the quality of social security improved gradually for many workers in the formal economy worldwide, a large number of workers in the informal economy had been left without social security coverage even in countries witnessing persistent economic growth.

- The demonstration that a basic set of social security benefits is affordable, also for developing countries, first broke the spell that had beset the social security development debate. However, it took a global financial and economic crisis to push social security to the top of the international agenda, when social security systems were recognized as important economic stabilizers even by the G20.

- The SPF must be evaluated in a development context: Without a social protection floor, many people will not reach a level of skills and productivity to enter the formal economy but will remain trapped in informality and low productivity. Investing in a basic level of social protection that triggers a virtuous cycle of improved productivity and employability will ensure the sustainability of statutory schemes by enabling more and more people to move into contributory systems.

- It is critical to ensure that public social security systems include and are supported by all strata of the population in order to maintain and strengthen broad public support and national solidarity. Such broad national consensus will protect the necessary fiscal space and maintain pressure to assure the quality of provision. The opportunity to endorse the SPF as part of the ILO's two-dimensional strategy for the extension of social protection on a global level will be at the 100th International Labor Conference in June 2011.

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1. Social Security – A Human Right Re-emerging from Obscurity

Somehow, it seems to have been forgotten: social security is a human right. That right was formally stipulated more than 60 years ago in the Universal Declaration of Human Rights in 1949. Since then it has remained – almost untouched – on the »to do list« of the global community of nations.

Specifically, Article 22 of the *Universal Declaration of Human Rights* lays down that: Everyone, as a member of society, has the right to social security and is entitled to the realization, through national effort and international cooperation and in accordance with the organization and resources of each state, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

And Article 25 adds: (1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. (2) Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

The *International Covenant on Economic, Social and Cultural Rights (ICESCR)* stipulates in Article 9 that »the States Parties to the present Covenant recognize the right of everyone to social security, including social insurance.« The ILO observed in 2010 that: »While the Universal Declaration of Human Rights constitutes an unchallenged statement of fundamental human rights, the ICESCR has the quality of a treaty, open for signature and ratification and is thus a key instrument for giving reality to these human rights. The obligation of states in the implementation of these rights is one of progressive realization, as they undertake, upon ratification, to take steps towards the full realization of the relevant rights, to the maximum of their available resources.«[1]

The question is whether the 160 States that are party to the ICESCR are really doing their »maximum« to implement the human right to social security.

The origins of the right to social security can be traced back to the constitution of the International Labour Organisation of 1919, which was still largely focused on the protection of workers. However, already in 1944 the ILO's Declaration of Philadelphia stated that it was the »solemn obligation of the International Labour Organization to further among the nations of the world programmes which will achieve,« among other things, »the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care« (Article III(f)), as well as »provision for child welfare and maternity protection« (Article III(h)), thereby extending the protection from workers to all those in need. While this mandate and the ensuing Income Security Recommendation, 1944 (No. 67) and the Medical Care Recommendation, 1944 (No. 69), which laid down a new principle of universality as the basis for the development of social security, were clearly the roots of the bold formulation of social security as a human right in the Universal Declaration of Human Rights, the universal mandate led to remarkably little action.

For about five decades, the international community failed to give prominence to the human right to social security and many nation-states seemed to hide behind the principle of progressive realization. As a corollary to the famous myth that, as economies grow, income enhancing welfare will »trickle down« to the poor automatically, it was likewise assumed that the level of social security coverage and the quality of protection would increase automatically as well. While the quality of social security did improve gradually for many workers in the formal economy, the formalization of employment stagnated in many parts of the world. Many of the existing social security systems for the formal economy – often social insurance-based – faced difficulties in reaching out to workers on the margins of the formal economy, let alone to those that have no relationship to the formal economy at all. A large number of workers in the informal economy were thus left without social security coverage, even in countries experiencing constant economic growth.

Needless to say, the constant drumbeat of criticism of social security systems in the industrialized countries between the 1980s and the onset of the financial crisis in

1. ILO (2010a), pp. 10–11, referring to Article 2, paragraph 1, ICESCR.

2008 – generally accusing them of being an obstacle to rather than a facilitator of economic growth – did not help to promote the concept of social security as a crucial component of national development strategies. The credibility of public social security systems was sacrificed on the altar of a privatization debate driven by ideology and financial interests. Substantial evidence of the positive effects of social transfers on income equality and poverty rates in countries with extended social security systems was conveniently ignored. In public opinion, the concept of solidarity-financed benefit systems was beginning to give way to the perception that social security could be achieved through individualized systems, ignoring the fact that defined-contribution savings schemes lack the guarantees and risk-pooling mechanisms necessary to ensure effective income security during old age. Effective solidarity-based social security systems with broad coverage were portrayed as unaffordable in cash-strapped developing countries, and as unsustainable in mature, ageing societies.

In 2001, the ILO attempted to turn the tide. The tripartite International Labour Conference (ILC) restated that the extension of social security to all in need was both a fundamental part of the ILO's mandate and a challenge that needed to be addressed urgently by all member states.[2] Accordingly, the ILC directed the ILO to launch a major campaign to promote the extension of social security coverage. The Global Campaign on Social Security and Coverage for All was officially launched at the ILC in June 2003. In the following years, the Campaign explored a number of options to extend social security to the »hitherto uncovered« parts of the population which it was charged with reaching out to. The ILO also developed the concept of a basic floor of social security benefits which should be introduced as a matter of priority in countries with wide coverage gaps.[3] The crucial step that released the deadlock of the social security development debate was the demonstration that a basic set of social security benefits, or at least parts thereof, is affordable also for developing countries.[4] The spell of the non-affordability myth that had beset the social security development debate was broken.

In 2008, the UN Committee on Economic, Social and Cultural Rights (CESCR), in its General Comment No. 19 on the interpretation of Article 9 of the ICESCR, supported the idea. The Committee acknowledges »that the realization of the right to social security carries significant financial implications for States parties, but notes that the fundamental importance of social security for human dignity and the legal recognition of this right by States parties mean that the right should be given appropriate priority in law and policy.«[5]

This implies that the »progressive realization« of the human right to social security cannot be used as a »pretext for non-compliance« and that »resource scarcity does not relieve States of certain minimum obligations in respect of the implementation of the right to social security.«[6]

The General Comment echoed, to some extent, a slowly emerging international debate that had surfaced at a number of important international conferences and events recommending again the implementation of a minimum package of social security benefits.

However, it took a global financial and economic crisis to push the social security development debate to the top of the international agenda. Social security systems, after having been the focus of neo-classical political criticism for decades, were recognized as important social and economic stabilizers. This has also been acknowledged and emphasized during all G20 meetings since the onset of the crisis. This global change in perception opened an – albeit small – window for swift political action.

In April 2009, the High Level Committee on Programmes of the UN Chief Executives Board adopted the Social Protection Floor (SPF) as one of its Joint Crisis Initiatives, with the ILO and the WHO as lead agencies. The UN Commission for Social Development adopted a resolution in February 2010, calling upon the ILO »to strengthen its social protection strategies, including the assistance to countries in building social protection floors and policies on extending social security coverage for all,« and the ILO's recent Second African Decent Work Symposium in Yaoundé in October 2010 adopted the »Yaoundé Tripartite Dec-

2. See ILO (2001).

3. See World Commission on the Social Dimension of Globalization (2004) and ILO (2009), p. 36.

4. See ILO (2008).

5. UN ECOSOC Document E/C.12/GC/19, February 4, 2008. The Committee on Economic, Social and Cultural Rights is the UN body responsible for monitoring the application of the ICESCR in national law and in practice.

6. See ILO (2010a): 13.

A sobering reality: a few facts on the present state of social security worldwide

The ILO's *World Social Security Report* (WSSR) launched in November 2010 estimates that only about 20 percent of the world's working age population (and their families) has effective access to comprehensive social protection. For example, in sub-Saharan Africa, only 5 percent of the working-age population is effectively covered by contributory old-age benefit programs while this share is about 20 percent in Asia, the Middle East and North Africa. In low-income countries, no more than 35 percent of women in rural areas have access to professional health services while in urban areas the access rate rises to about 70 percent. However, this is still more than 20 percentage points lower than the access in high-income countries.

On average, 17.2 percent of global GDP is allocated to social security. These expenditures are concentrated in higher-income countries, exhibiting large variance of expenditure ranging from 4.1 percent in low-income countries to 19.4 percent in high-income countries. It is important to note that at each level of GDP per capita governments spend a very different share of GDP on social protection, likewise at each level of government spending, the share that goes to social protection varies greatly. Even if there is a strong correlation between income levels and amounts of resources allocated to social security, there is still fiscal and policy room for lower-income countries to decide on the size and type of their social security system. The WSSR concludes that strong legal foundations are a necessary condition for securing higher resources for social security.

Non-contributory social protection provides an opportunity not only to alleviate poverty but also to fill a large part of the current sizeable coverage gaps.

It is also well documented that well-designed unemployment schemes, social assistance and public works programs effectively prevent long-term unemployment and help shorten recovery from economic recessions. Unemployment insurance schemes were the most common type of social protection measures used to respond to the crisis. However, only 64 out of 184 countries for which information is available had such unemployment schemes in place when the crisis started. In high-income countries the most common response to the economic crisis has been to modify existing unemployment schemes. In middle-income countries, the general response has been the extension of public employment schemes (for example, in the Philippines), as well as cash transfer schemes such as the Bolsa Familia in Brazil and the Oportunidades system in Mexico.

laration on the Implementation of the Social Protection Floor.«[7] The SPF was also endorsed at other regional and international conferences, including the »European Union, Latin America and Caribbean Countries Meeting on Social Security Systems Coordination« in Madrid in May 2010; the 17th ILO tripartite American Regional Meeting in Santiago in December 2010; the Joint World Conference on Social Work and Social Development in Hong Kong in June 2010; and the Asia-Europe Meeting »ASEM 8 Summit« in Brussels in October 2010.

The Social Protection Floor Initiative[8] is a One UN effort led jointly by the ILO and the WHO. This initiative supports countries in planning and implementing sustainable social transfer schemes and essential social services. As this objective transcends the mandate of any single body or agency, the Initiative built a global coalition of UN agencies (namely: FAO, OHCHR, UNAIDS, UNDESA, UNDP, UNESCO, UNFPA, UN-HABITAT, UNHCR, UNICEF, UNODC, UN Regional Commissions, UNRWA, WFP, and WMO), the IMF and the World Bank, as well as development partners and leading NGOs.

7. See ILO (2010c).

8. There are a number of resources one can refer to for more information on the SPF initiative, such as the UN Social Protection Floor Initiative website, http://www.ilo.org/gimi/gess/ShowTheme.do?tid=1321, Social Protection Floor Initiative; manual and strategic framework for joint UN country operations, http://www.ilo.org/gimi/gess/RessFileDownload.do?ressourceId=14484; Fact sheet – The UN Social Protection Floor Initiative (available in English, French, Spanish, and Portuguese), http://www.socialsecurityextension.org/gimi/ gess/RessShowRessource.do?ressourceId=14603; Social Protection Floor (SPF) Country Brief: Cap Vert, http://www.ilo.org/gimi/gess/RessFileDownload.do?ressourceId=16212; Social Protection Floor (SPF) Country Brief: Mozambique http://www.ilo.org/gimi/gess/RessFileDownload.do?ressourceId=16014

So far, the Initiative has developed a country implementation manual,[9] started a number of country activities, raised public awareness in the UN and elsewhere, started a South-South dialogue on best practices, trained a number of national planners, and constituted a high-level advisory group, led by former President of Chile, Ms. Michelle Bachelet. The Advisory Group is expected to issue a guiding report to the UN coalition in the second half of 2011. For the first time in decades, rights-based social security development policies ride on a wave of political good will. And yet, despite the fact that social security is now considered by many to be the most direct and most powerful measure that societies have to combat poverty and insecurity, the global state of social security is still sobering (see box p. 4).

2. The Core Content of a New Social Policy Concept: What Exactly Is a National Social Protection Floor?

A social protection floor seeks to guarantee access to nationally defined baskets of essential goods, services, and income transfers that ensure that people are not hungry, do not suffer from treatable illnesses, do not remain uneducated, do not have to resort to unsafe water, and do not remain homeless. It is based on the straightforward idea that people who have access to a basic set of goods, services, and transfers are lifted out of poverty or vulnerability and can become more productive contributors to the economy. Entitlements to goods and services are transfers in kind and complement or substitute cash transfers wholly or in part. For example, universal access to safe water can be made available to all by providing water free of charge or by providing people with the financial resources to purchase the necessary amount of water.

The social protection floor promotes income security through a basic set of guarantees that aim at a situation in which:

- all residents have access to a nationally defined set of affordable essential health care services;
- all children enjoy income security through transfers in cash or kind, at least at the level of the nationally defined poverty line, ensuring access to nutrition, education, and care;
- all those in active age groups who cannot (due to unemployment, underemployment, or sickness) or should not (in case of maternity) earn sufficient income on the labor market should enjoy minimum income security through social transfers in cash or in kind schemes or employment guarantee schemes;
- all residents in old age and with disabilities[10] have income security at least at the level of the nationally defined poverty line through pensions for old age and disability or transfers in kind.

The term »guarantees« also implies that benefit access is underwritten by effective legal entitlements and is outcome-oriented but leaves a maximum of flexibility for national adaptation:

- The level of benefits and scope of population covered for each guarantee should be defined with regard to national conditions. However, the level of benefits and the actual combination of transfers in cash and in kind should not fall below a minimum that ensures access to a basic basket of food and other essential goods and services.
- Transfers may be organized as universal benefits (as in the case of universal tax financed pensions or a universal national health service); as social insurance schemes with complete population coverage (which may mean subsidized insurance coverage for some population groups); or as a combination thereof. They may be conditional or unconditional, or organized as social assistance schemes that guarantee access to income security and health care only for those who have no other form of risk coverage. What is important is that everyone who is in need of income transfers or health services can access these transfers in cash or in kind and is not confronted with conditions that effectively exclude them from coverage.
- Defining the components of the floor as guarantees creates the flexibility that makes the concept of a social protection floor compatible with all possible national social protection systems. The four guarantees set minimum performance or outcome standards with respect to the access, scope, and level of income se-

9. See UN-SPF Initiative (2010).

10. This means a degree of disability that excludes them from labour market participation.

curity and health in national social protection systems rather than prescribing a specific architecture of national social protection systems.

3. A New Emerging Social Development Paradigm: Growing with Equity

The concept of the SPF must be seen in a much wider and more ambitious development context. The adoption of the SPF concept reflects the emergence of a new socio-economic development paradigm, which the ILO normally describes as a virtuous cycle of development called »Growing with Equity.« It is built on the following logic:

1. Without basic social security systems, no country can unlock its full productive potential. Only a basic social protection system can ensure that people are well nourished, healthy and enjoy at least basic education and are thus able to realize their productive potential. Investments in basic social protection are necessary conditions for workers to be sufficiently healthy, well nourished and educated to be employable in the formal economy.

2. Only if people can move from the informal to the formal economy and thus migrate from low productivity subsistence level activities to become tax and contribution payers can an economy grow; and

3. incomes can be taxed for the financing of a state and social security systems that can help to achieve higher levels of welfare and growth.
4. Once people are in a position to enter the formal labor market, higher levels of social security, if properly designed, provide the necessary incentives to remain in formal employment, as well as the financial security that allow individuals to adapt to technological and economic change through training and retraining measures.

Investments in human capital securing a certain level of well being and skills, on the one hand, and higher levels

of social security, on the other, are mutually dependant and reciprocally reinforcing: one will not be sustainable without the other. There are a number of other good reasons why national social protection floors need to be promoted as a key element of this development strategy.

National Social Protection Floors Are a Social and Political Necessity

A minimum of income security is the material basis for the functioning of families and households which, in turn, provides the basis for social cohesion that is pivotal for the functioning of societies and states. Without a minimum of social protection and material security, the commitment of a major part of society to a democratic state will be at risk and with it the security of all. This was also acknowledged by, among others, the World Bank which, in its 2005 World Development Report, made the case that poverty is a risk to security and lack of security can sully the investment climate.

There is ample evidence that national social protection systems effectively reduce poverty and inequality. This has long been proven by the European welfare states, but also more recently by experiences from developing countries that introduced a social protection floor or elements thereof, mostly in the form of conditional or unconditional social transfer schemes and measures to support universal access to health care. Evidence from studies on the impact of basic social transfers in 30 developing countries has demonstrated substantial effects not only on poverty reduction and inequality, but also on the improvement of social development indicators, such as school enrolment and health and nutritional status. The studies have also shown significant positive effects on enhancing entrepreneurial behavior in recipient families, helping them to overcome barriers to enter the market. The regular income flow has functioned as a guarantee for credit expansion and reduction of non-productive precautionary savings, helping to channel resources into essential consumption and investment. In some countries, cash transfers have also helped to promote gender equality by strengthening the social status of women in households and communities.[11]Some of the evidence on the impact of SPF policies is summarized in Table 1.

National Social Floors Contribute to Achieving the Millennium Development Goals

National social floors can make a major contribution to meeting the targets of the Millennium Development

11. ILO (2010a).

Table 1: Evidence on the impact of Social Protection Floor Policies

Country	SPF policy	Impact
Mexico	Progresa/Oportunidades conditional cash transfer	Between 1997 and 1999: ■ Reduction of poverty gap by 30 percent ■ Reduction of severie poverty index by 45 percent ■ Reduction of headcount poverty rate by 17 percent
Brazil	Bolsa Familia conditional cash transfer	16 percent of the recent fall in extreme poverty due to Bolsa Familia
Chile	Social pension	Decrease in number of indigent households by 10.7 percent
Columbia	Family benefit »Familias en Accion«	Drop in chronic malnutrition of children in the 0 to 2 years old age bracket by 10 percent (in rural areas)
South Africa	Social pension	Improved nutritional status of children
Nicaragua	Cash transfers	Caloric intake of poorest third of households increased by 12.7 percent

Goals. As mentioned earlier, they help to »*eradicate extreme poverty and hunger*« (MDG1). The Social Protection Floor also contributes to *MDG 2 (Achieve universal primary education)*. In order to achieve the goal of education for all, the SPF strongly emphasizes both creating effective demand for education services – for example, through transfers that cover direct and indirect costs of school attendance – and ensuring an adequate supply in terms of geographical access and a minimum quality of the educational services delivered.

The social guarantees of the social protection floor facilitate access to health services, thus directly contributing to the targets set for *MDG 4 (Reduce child mortality), MDG 5 (Improve maternal health)* and *MDG 6 (Combat HIV/AIDS, malaria and other diseases).* There is evidence for the effectiveness of social transfers, in addition to supply-side interventions to achieve progress in maternal and child health, as well as HIV/AIDS.

Finally, the initiative builds strong coalitions at the national, regional, and global levels between all stakeholders to achieve progress in building social protection floors for all. The initiative currently brings together 19 UN agencies, bilateral development organizations, international NGOs, regional development banks, and national stakeholders including government ministries, social partners, and civil society organizations and thus also helps to achieve *MDG 8 (Develop a global partnership for development).*

National Social Protection Floors Are an Economic Necessity

Without investment in a basic social protection floor, people and societies will not be able to develop their full productive potential. A basic social protection floor is hence a necessary condition for a successful fight against persistent levels of low productivity and informality. The ILO study *Extending Social Security to All* (2010) contains ample evidence that such a development paradigm has been pursued by successful developed economies throughout their economic maturation process and is presently being pursued in a number of developing and emerging economies that have introduced elements of or have fully elaborated social floors.

Global society will not be able to reap the potential benefits of globalizing markets without providing a minimum of social protection for people. Without a solid floor to stand on, it will be difficult to persuade people to accept the inevitable new levels of insecurity due to structural change in the global production system and, consequently, labor markets that is triggered by globalizing and fast changing markets.

Overall, social security development cannot stop at the first floor; neither can a national socio-economic development strategy. Hence, the ILO is integrating the SPF into a wider social security extension strategy. In the next section we discuss this economic necessity of integrated social protection systems that consist of both a social protection floor and contributory social security schemes in more detail.

4. The ILO Social Security Extension Strategy and the Social Protection Floor: Completing the Picture

It is obvious from the above discussion that social security systems have to grow in sync with economic and social development. Hence, the ILO is pursuing a two-dimensional conceptual strategy for the Campaign on the Extension of Social Security and Coverage for All.[12] One dimension comprises the extension of income security and access to health care, even if at a modest basic level, to the whole population through the social protection floor. This dimension may be called »*horizontal*« extension. The second dimension seeks to provide higher levels of income security and access to higher quality health care at a level that protects standards of living even in the face of basic life contingencies, such as unemployment, ill health, invalidity, loss of breadwinner, and old age. This dimension may be called the »*vertical*« aspect of extension. The horizontal dimension thus seeks to extend a basic level of core benefits to all members of society as rapidly as possible, whereas the vertical dimension seeks to increase the scope of the coverage – that is, the range and level of benefits – to at least the level described in ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) and preferably to higher levels, as defined in other, more up-to-date ILO Conventions.

The metaphor that emerged is that of a social security »staircase.« The bottom step comprises a set of basic guarantees for all through the social protection floor. For people able to contribute, a second level of benefits as a right (defined and protected by law) should be strengthened and, finally, for those who need or want still higher levels of protection, a »top floor« of voluntary private insurance arrangements can be organized (but should be subject to regulation and public supervision in the same way as all private insurance schemes). This metaphor is appropriate to countries at all stages of development, although the number of people whose only protection would consist of basic social guarantees is naturally larger in countries at lower levels of economic development. It is important to note that the different levels of the »staircase« cannot function in isolation. Social protection floor guarantees and contributory social security benefits are mutually dependant and indivisible. This interdependence takes different shapes depending on

12. ILO (2010a), p.18

Figure 1 The social security staircase

Source: ILO (2011, forthcoming).

the country context and specific national design of the overall social protection architecture. However, the following interlinkages are relevant to all systems.

As shown above, without investment in a social protection floor, many people will not reach a level of skills and productivity which would enable them to enter the formal economy but will remain trapped in informality and low productivity. Investing in a basic level of social protection that triggers a virtuous cycle of improved productivity and employability will ensure the sustainability of statutory schemes by enabling more and more people to move into contributory systems. A larger base of contributors and a larger risk pool will make these systems more financially sustainable and less politically vulnerable. Schemes that cover only a minority of the workforce will inevitably operate on a weaker financial basis. They will be more vulnerable to expenditure and income-side shocks. In addition, the smaller the number of people with a stake in these systems the lower the level of political protection of these systems through the electorate. If many people fall through the cracks of a social security system, popular support for the scheme in any democratic society will be eroded, notably the support of those who are not covered by the scheme.

Furthermore, it is easy to see how a social protection system that does not support higher level benefits to a significant proportion of its population can lose the support of its own beneficiaries and contributors. Contributors and tax payers will question the value of solidarity-financed social security systems that provide only modest benefits to many of them, for example by only replacing a tiny proportion of income lost when life's risks strike (such as invalidity, sickness, unemployment, old age, etc.). However, the support of those who can pay relatively high contributions and taxes is necessary to

ensure the financial sustainability of the entire structural architecture (including the floor-level benefit schemes) of the social security system. Fiscal space for redistribution tends to shrink when public support withers away. If fiscal space shrinks and SPF benefits are, consequently, reduced or abolished, regression to informality will occur even in today's highly formal economies and old boundaries to productivity and growth will reappear.

It is therefore critical to ensure that public social security systems include and are supported by all strata of the population, including the rich and the better off, in order to maintain and strengthen broad public support and national solidarity. Such a broad national consensus will protect the necessary fiscal space and maintain pressure to assure the quality of provision. A broad national consensus can best be maintained by ensuring that all people perceive the potential benefits as worthwhile pillars of their risk management strategies. Solidarity works best when providing benefits for all. As the famous health economist Brian Abel-Smith once said: *A system for the poor alone will always be a poor system*.

However, the litmus test question »Is a social protection floor affordable everywhere?« needs to be addressed.

5. Reality Check: Are National Social Protection Floors Affordable?

According to ILO costing studies related to low-income countries in Africa and Asia, the cost of a basic set of social transfers (excluding health care) that enable people to access or purchase essential services was estimated to be in the range of 2.3 to 5.7 percent of GDP in 2010.[13] Individual elements of the package, such as modest universal basic pensions, for example, were estimated at between 1.0 and 1.5 percent of GDP in Burkina Faso, Ethiopia, Kenya, Nepal, Senegal, and Tanzania. These estimates reflect the direct cost of such programs, which are likely to be offset by a substantial potential »return« on such investments in terms of people: ILO studies show that an investment of around 4 percent of GDP in old-age, disability, and child benefits could directly reduce poverty rates in countries such as Tanzania and Senegal by about 40 percent and are likely to have a much wider positive impact on nutrition, health, education, local economic development, and employment, and result in lower levels of poverty and vulnerability in the medium and long terms.

However, real-life evidence is much more convincing than actuarial and economic simulations. There is a growing body of evidence from countries in the developing world where components of the social protection floor are already being implemented and are proving to be affordable.[14] For example, Brazil set up the *Bolsa Família* program, Mexico has the *Oportunidades* program, and South Africa, Namibia, and Nepal have installed tax-financed basic pension systems. The *Bolsa Família* program is thought to be the biggest social transfer scheme in the world, and presently covers some 46 million people at a cost of about 0.4 percent of GDP. South Africa has increased its spending on social welfare considerably over the past two decades, extending, for example, the coverage of its child grants system to more than 10 million children in 2010 at a cost of 3.5 percent of GDP financed from the state budget. In India, the 100-day National Rural Employment Guarantee Scheme (NREGA) has been rolled out nationwide, and a new law mandates the extension of basic social security coverage to about 300 million people not previously covered. The scheme is entirely financed through domestic funds at central and state level. Cash transfer (or universal benefit) schemes are being successfully implemented by even poorer countries. Nepal, for example, is currently extending the scope of its universal old-age allowance scheme, aiming to reduce the retirement age in due course from 75 to 65 years. Given a sufficient level of policy priority, phasing-in a package of modest social security benefits over, perhaps, a decade does not seem to be unrealistic. The evidence shows that, almost everywhere, something can be done.

A basic social protection floor package appears affordable, but in some countries on condition that it is implemented progressively. The fiscal space available for introducing related elements is growing: domestic revenues in Africa alone increased by 4 percentage points between 2002 and 2007.[15]

The key challenge will be to boost the political support necessary for the allocation of the available fiscal space

13. Excluding health services that could be financed by the reallocation of some of the present budgetary allocation to health care. See ILO (2008).

14. See ILO (2010a) for a review of global experiences.

15. OECD and UN Economic Commission for Africa (2007).

to social protection in a number of developing countries. To maximize fiscal space may require, however unpopular, substantial attention to the effectiveness of a country's tax and contribution collection mechanism, which needs to include equity considerations. Without a sound machinery for revenue collection, funds will not be available for redistribution. The challenge of increasing fiscal space has a different face for each country. A checklist of components for a national strategy was identified by the tripartite expert meeting on strategies for the extension of social security in September 2009[16] and may include:

1. tax reforms to increase fiscal resources, including, in particular, enhancing the effectiveness and efficiency of tax collection;

2. a gradual increase in social spending as a proportion of GDP and as a proportion of total spending;

3. redistribution between social policy areas to refocus expenditure on the most urgent needs;

4. refocusing spending within social sectors and policy areas to make some spending more progressive and more effective in combating poverty and vulnerability.

Implementing some of these measures will inevitably require investment in the upgrading of national revenue collection mechanisms, which may have to precede the implementation of the full range of SPF guarantees in some countries.

6. By Way of a Conclusion: Trade Union Interest in Supporting the SPF Initiative

If national social protection floors are, in principle, affordable, even though they may have to be introduced over a number of years – or even a decade – in some countries, the crucial challenge remains to create the necessary political will at the national level. People need to be convinced of the benefits and the soundness of the propositions in order to generate the necessary political will to implement these policies.

The establishment of at least a basic level of social protection is a necessary pre-condition for enabling people to exit from poverty, for the creation of social cohesion, for the development of a productive and employable workforce and hence for the creation of the necessary basis for economic growth and rising welfare levels for all. Real-life evidence shows that, almost everywhere, something can be done. And even more importantly, real-life evidence shows that these systems deliver in terms of poverty reduction and enhanced social cohesion. Trade unions as the standard bearers and advocates of social justice have every reason to promote a social and economic policy paradigm that lays a solid foundation for inclusive long-term social and economic progress. The SPF Initiative offers them the opportunity to demonstrate their commitment to solidarity and social justice.

Already at the 2nd World Congress of the ITUC in Vancouver in June 2010 trade unionists came out strongly in support of the SPF, instructing the ITUC to »work with the ILO to campaign for the extension of social protection to all, for ratification of ILO social security conventions and for a basic social floor for all, including the adoption of an ILO Recommendation on the establishment of a social protection floor set at a level above the poverty line, and sufficient to provide reasonable living standards«.[17]

The opportunity to act on a global level will come in June 2011. On the agenda of the 100th International Labour Conference will be the overall endorsement of the ILO's two-dimensional social security development strategy. Trade unions will be key in creating the necessary global political will.

16. See ILO (2010a), p. 145.

17. See ITUC (2010), p. 4.

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Trade unions, works councils and other forms of workplace representation of interests are fundamental as an expression of democratic freedoms in a society. They enable a significant segment of the population to articulate its interests and contribute to the social and equitable development of societies in so doing.

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