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Office

SOCIAL SECURITY DEPARTMENT
SOCIAL PROTECTION SECTOR

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Editorial

Since 2001 when the ILO conference reaffirmed the global need for social security, leading to the launch of the Global Campaign on Social Security and Coverage for All, the ILO has been addressing the question of how to introduce, implement and support such a plan. The ILO's Social Security Department has explored, analyzed and piloted various ways and means to extend coverage of health care systems and basic universal cash benefits.

The main concern of the Campaign is that there remain still many countries in the world, particularly among those low and middle-income levels, with low social security coverage. The Office belief is that the best strategy to achieve progress would be to put in place as soon as possible a set of basic and modest social security guarantees – a social security floor – for all residents, while planning to move towards higher levels of provision – as envisaged in the Social Security (Minimum Standards) Convention, 1952 (No. 102) – as their economies develop.

The rapid extension or introduction of social transfers is one of the most powerful tools to limit the social fall-out of the crisis and stabilise aggregate domestic demand. It is widely recognized that the labour market effects and hence many of the social problems triggered by the financial crisis will outlast the actual economic downturn by probably a number of years. The UN system as a whole and many of its agencies are devising coping mechanisms.

The UN's High Level Committee on Programme is developing a common, "One UN" concept of a social protection floor. The ILO, WHO with

the support of UNDESA and UNICEF are leading the effort. They are trying to build a coalition of international agencies and donors enabling countries to plan and implement sustainable social transfer schemes on the basis of the social protection floor concept.

The Social protection floor concept was endorsed by the Global Jobs Pact that the International Labour Conference adopted in June 2009. It requests countries that do not yet have extensive social security to build "adequate social protection for all, drawing on a basic social protection floor including: access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and the working poor" and urges "the international community to provide development assistance, including budgetary support, to build up a basic social protection floor on a national basis".

The essential first step to extending coverage in an equitable way, in all regions, and considering the fiscal possibilities of all countries is a firm basis of policy that all within ILO's tripartite system can agree to. The series of policy briefings presented here in overview demonstrates the thinking, not just within ILO, but also but within sister organizations, in achieving changes in policy, the study of current situations, whether countries can afford social security and how it can be implemented.

Policy Briefings 7, "Social Security for All. Investing in social justice and economic development", assesses the important role that improved social security can play in a country's economic and social development.

The ILO's commitment to support the transitions of countries to universal social security coverage is an essential part of its future plans and will be tailored to the circumstances of each region and country. Support will take the form of knowledge transfer, strengthening institutional capacity, supporting the development of policy and advisory and monitoring services, different for each region.

Most importantly, to provide an equitable base for all countries, ILO supports establishing a set of guarantees as a "floor" level of protection.

The International Labour Organization is a standard-setting organization and also in the area of social security there exists a body of internationally accepted standards. The question however is that despite that social security for all was recognized as both human right and labour standard already in forties and fifties of the XX century, today still only twenty percent of the world's population enjoys coverage by comprehensive social security systems. During a meeting of experts in 2008, the ILO tackled the continuing appropriateness of its existing convention on social security (Convention No. 102) and Recommendations (No. 67 and No. 69). Policy Briefings 2, "Setting Social Security Standards in a Global Society" examines the efficacy of these mechanisms in today's world and asks how to guide their implantation and if there is a need to new mechanisms to push the extension of coverage agenda significantly forward.

Because health care is such a burden for the poor in developing countries, the ILO considers it a main branch of social security and emphasizes how a healthier population is the best investment a country can make from the point of view of reducing the existing health care burden for the poor and increasing productivity. In focusing on health care security Policy Briefings Paper 1 emphasizes the importance of pluralistic financing mechanisms after an initial assessment of access deficits and developing a coverage plan to fill health access gaps. The Access Deficit Indicator should be a universal tool for assessing coverage.

Can low income countries afford basic social security? Policy Briefings Paper 3 addresses this crucial question, discussing costs of not having social security as measured by the rising economic and social costs of poverty and social exclusion against costs of introducing basic social security for all within each country's fiscal space. Long term benefits of social security are much higher than its fiscal costs and even

low income countries can and have to afford gradually building social security systems.

Each of the three – Latin America, the Arab States and Asia – out of five regions where ILO is particularly active have their own social security challenges and have each recently met in tripartite meetings to focus on their existing social security infrastructures and cultural contexts and how to move forward. Countries must ask themselves four basic questions: Are we reaching everybody, especially the poor? Are the provisions reliable and sufficient? Is their design working toward higher levels of employment and better economic management? Are the contributions and payments of employers and employees used efficiently? Policy Briefings 4, 5 and 6 outline the conclusions and recommendations that resulted from these meetings.

Africa, the region of the world with deepest social security coverage gap, experiences recently also the most vivid debates on bringing the basic cash transfers and affordable access to health care into the continent's reality. The Eleventh ILO African Regional Meeting held in April 2007, which focused on the Decent Work Agenda in Africa 2007 2015, recommended that: "All African countries adopt coherent national social security strategies, notably for the creation or extension of a social security system providing access to basic health care, protection of maternity, allowances for children of school age, protection against disability and a minimum pension". The follow-up meeting, similar to the regional meeting in Latin America, the Arab States and Asia described above, will be convened in February 2010.

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Investing in social justice and economic development

What is just and affordable in social security for all countries? Social security policy must be developed within a framework that is based on principled, practical and responsive foundations.

Social security is one of the most effective tools to combat poverty and reduce vulnerability and is an instrumental investment for sustainable economic development. It is essential to unlocking the full productive capacity of individuals and is affordable for any country at virtually any stage of development. It has an unquestionable moral dimension of solidarity – no country is too poor to share. Based on ILO studies, it has been shown that social security has a potential dynamic effect on national economic growth and productivity. But each country has a different fiscal space and different circumstances which must be studied carefully to find an internal fiscal consensus.

The social objectives of social security must be assessed together with economic ones. OECD studies have shown that countries with good social security schemes perform well economically. There need be no trade-off between efficiency and equity. Social security programmes benefit productivity, reduce or prevent social exclusion, reduce constraints to private enterprise and enhance human capital through health and education. They increase the incentive to work and to invest and create jobs. However, an increase in social transfers does not automatically equal enhanced economic performance – design matters. Well designed social security systems and sound economic performance can and do coexist. Adequate social security is not a consequence of economic growth but a necessary condition.

Global challenges, such as opening national economies to international trade and financial flows must address the increase in informal markets, greater movement of migrant workers and the correlation of economic growth and international trade. Dramatic demographic changes in many countries (increase in life expectancy, a declining fertility rate, gender issues and newly identified health threats) put social and health security high on the agenda. As well as global influences, each country's social security system will reflect its social and cultural values, history, institutions and level of economic development.

The new strategic baseline of ILO's Global Campaign on Social Security and Coverage for All includes rule of law

and individual rights, universality (but not uniformity), progressiveness (up from the "floor"), solidarity as well as pluralism and focus on the outcomes (outcomes matter, not what and how elements are combined). It is the State which bears the ultimate and general responsibility to guarantee a framework of good governance, the assurance that benefits are paid as promised and that promises are sustainable.

ILO's approach is that every country should establish the basic levels of protection, the "floor" level – with then progressive expansion in scope and benefit quality as economic prosperity increases.

What is the social protection floor?

The origin of the idea dates back a number of years. The idea of "a socio-economic floor" and its relationship to social protection was emphasized by the World Commission on the Social Dimension of Globalization that stated "A certain minimum level of social protection needs to be an accepted and undisputed part of the socio-economic floor of the global economy." Since then, the term "social floor" or "social protection floor" has been used to mean a set of basic social rights, services and facilities that the global citizen should enjoy. The term 'social floor' can correspond to the existing notion of 'core obligations', to ensure the realization of, at the very least, minimum essential levels of rights embodied in human rights treaties. The Chief Executives' Board of the UN System suggests that a social protection floor could consist of two main elements that help to realize respective human rights:

- » Services: geographical and financial access to essential services (such as water and sanitation, health, and education).
- » Transfers: a basic set of essential social transfers, in cash and in kind, paid to the poor and vulnerable to provide a minimum income security and access to essential services, including health care.

In the context of its campaign to extend social security to all, the ILO is promoting the social transfer component of the social protection floor, social security i.e. a basic and modest set of essential social guarantees realised through transfers in cash and in kind transfers that could ensure a minimum level of income security and access to health care for all.

Such basic set of guarantees promoted by the Office aims at the situation in which:

- » All residents have the necessary financial protection to afford and have access to nationally defined set of es-

sential health care services, whereby the state accepts the general responsibility for ensuring the adequacy of the (usually) pluralistic financing and delivery systems;

- » All children have income security at least at 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 or social transfer schemes (such as income transfer schemes for women during the last weeks of pregnancy and the first weeks after delivery) combined with employment guarantees or other labour policies.
- » All residents in old age and with disabilities have income security at least at the nationally defined poverty level through pensions for old age and disability.

The level of benefits and scope of population covered (for example age eligibility for social pensions) for each guarantee should be defined according to national conditions (potential fiscal space, demographic structure and trends, income distribution, poverty spread and gap, etc.), political choices, characteristics of groups to be covered and expected outcomes. In any circumstance, the level of benefit should not be set under a minimum that ensure access to a basic basket of food and others essential goods and services.

Social Security for All. Investing in social justice and economic development

Social Security Policy Briefings. Paper 7

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An ILO strategy towards universal access to health care

More than 100 million people are pushed into poverty by the need to pay for health care. For the ILO universal and affordable access to health care is an essential part of basic set of social security guarantees, essential part of the social protection floor.

There is a strong link between ill health and poverty (out-of-pocket costs, the inability to work, etc.), while on the other hand good health is important in building human and social capital, increasing productivity, profits and enhancing macro-economic growth. However to achieve Millenium Development Goals and other development objectives there is a need for increased investments, in particular in low income countries, in viable health care system which would address issues like high incidence of preventable deaths happening as a results of poverty and lack of social health protection leading to impoverishing out of pocket financing of basic health needs.

This paper calls for world-wide consultation and strategy on specific health protection systems and benefits and regional approaches, as part of a broader umbrella of the campaign for social security for all. It emphasizes ILO's approach of "rationalisation of the use of pluralistic financing mechanisms" (taking stock of existing mechanisms, assessing access deficits and developing a coverage plan to fill the gaps through a mixture of financial protection mechanisms: public health care, social health insurance, community based schemes and micro insurance). However, all these mechanisms or sub-systems in a country should be linked into one pragmatic and pluralistic but coordinated system. Its aim will be universal coverage, an adequate benefit package (which is not necessarily uniform), an appropriate governance system and fiscal and economic affordability. In its turn, ILO will provide an analysis of government potential, recommendations to governments, an information base and support in the form of a toolbox for advancement. It includes measurement tool, Access Deficit Indicator, measuring multidimensional aspect of access to health care services and coverage by financial protection mechanisms. Measuring access coverage requires however a wide range of accurate data and a combination of indicators.

Social Health Protection. An ILO strategy towards universal access to health care

Social Security Policy Briefings. Paper 1

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<http://www.ilo.org/public/english/protection/secsoc/downloads/policy/policy1e.pdf>


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 Setting Social Security Standards in a Global Society

A analysis of present state and practice and of future options for global social security standard setting in the ILO

Are existing social security instruments effective tools for promoting the extension of social security coverage to all those in need? Experts confirm the relevance of ILO social security standards. ILO's mandate for universal coverage is clearly defined in its Constitution (Declaration of Philadelphia) and Income Security Recommendation (1944, No. 67) as well as Medical Care Recommendation (1944, No. 69). However, the flagship Social Security (Minimum Standards) Convention (1952, No. 102) lacks the same clear mandate for universal coverage, allowing ratifying countries to cover only selected branches and prescribed minimum percentages of employees or economically active persons and not necessarily urging them to aim at full coverage.

Although Convention No. 102 continues to be of pivotal importance as an internationally accepted benchmark of social security and an instrument of social progress, it has gaps and limitations, and a relatively low rate of ratification shows its limited effectiveness in assisting countries to provide social security in harmony with their level of economic development. There is a need for mechanism which would, using the ILO Constitution, Recommendations No. 67 and No. 69 and Convention No. 102 as a starting point, guide the countries even at early stages of the economic development into guaranteeing basic protection levels to everybody in need – social protection floor and thus provide the global standards required by a globalised

society of a level playing field. After gradually building basic social security system, countries should be guided – as they develop economically – to build progressively higher levels of protection. Such new mechanism should be flexible enough to allow countries to achieve social protection progressively, it would strengthen the position of governments in low income countries to negotiate support from donors and would provide guidance on how to achieve these goals. There is a whole range of options of what form such a new mechanism would take: ranging from revision of protocols to the existing standards, a new Convention or Recommendation (focusing on setting a floor levels of protection to everybody, i.e. Social Assistance Convention or Recommendation) or less binding Declaration to include guidance on how to implement existing standards in a way which would ensure basic social security to all.

Setting social security standards in a global society. An analysis of present state and practice and of future options for global social security standard setting in the International Labour Organization

Social Security Policy Briefings. Paper 2

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Can low income countries afford basic social security?

There are many reasons why countries should invest in universal social security, ranging from the facts that demand for social security arises from basic human needs as it not only alleviates poverty but also prevents it, that social security is a human right and that it is an economic necessity as it generates growth by expanding domestic markets, enhancing human capital and productive employment. In crisis it not only prevents greater poverty but stabilizes the aggregate demand. It is thus indispensable part of institutional tissue of any efficient market economy. It is also political necessity as it promotes peace, stability and social cohesion through social justice. It helps to prevent conflict and create politically stable societies. Well designed and governed social security ensure the political/electoral support of citizens.

It is also proven that even the basic levels of social security provided to all in need can make a change. Countries thus cannot afford not to provide at least basic social security. The elements of social security floor, as defined by the ILO, includes universal affordable access to essential health care and income support all in need: children, the unemployed and working poor, older persons and person with disabilities. Governments must be encouraged to understand that floor levels of social security can be fiscally affordable. First – it is an investment with high returns: ILO simulation studies in countries such as Tanzania and Senegal, have provided calculations as evidence that a combination of old age and child benefits can reduce poverty rates by as much as 35 per cent and can have a major effect on poverty alleviation and the achievement of the MDGs. Second – the level of costs is such that every country can start immediately sequential and gradual implementation of basic benefits constituting the floor with the fiscal space available domestically. Some countries would need donor support and many technical assistance and there thus a need to redirect and/or increase current external support through assurance of the predictability of aid and to create additional fiscal space and institutional capacity for governments to achieve such goals. A social protection package is affordable, it can be implemented sooner rather than later through the joint efforts of the low income countries themselves and the international donor community.

Can low-income countries afford basic social security?

Social Security Policy Briefings. Paper 3

Author: ILO, Social Security Department**Year:** 2008**No. pages:** 24**ISBN** 978-92-2-121227-0 (web pdf)<http://www.ilo.org/public/english/protection/secsoc/downloads/policy/policy3e.pdf>**Contact information****Karuna Pal**

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egional Tripartite meeting on the future of social protection in Latin America

The Tripartite regional meeting in Latin America focused on what LA has achieved in social protection and at the same time how much it has adhered to ILO Campaign on universal coverage. Representatives of 10 LA countries described the evolution of social protection in the region and recent reforms aimed at the development of flexible and universal social security systems. The goal of the meeting was to establish the basis for a plan of action and a follow up of the objectives of the Hemispheric Agenda for Decent Work (Brasilia, 2006). Latin America has shown itself to be a pioneer in the reform of social security (including the most widely known examples of reforms in Brazil, Chile and Mexico) and its aims are now better extension of coverage, a higher level of protection and better governance of social security in the light of constantly changing economic, demographic and political circumstances. Countries must ask themselves four essential questions: Are we reaching everybody, especially the poor? Are the provisions reliable and sufficient? Is their design working toward higher levels of employment and better economic management? Are the contributions and payments of employers and employees used efficiently?

The ILO is committed to supporting this process by developing and disseminating knowledge (databases for comparison, study and best practice), strengthening institutional capacity (through training), supporting the development of policy (especially the potential creation of new instruments [link to Paper 02]), advisory services and the monitoring of progress.

Reunión Regional Tripartita sobre el futuro de la protección social en América Latina

Social Security Policy Briefings. Paper 4

Author: ILO, Social Security Department**Year:** 2008**No. pages:** 135**ISBN** 978-92-2-321733-4 (pdf)**Contact information****Carmen Solorio**

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nterregional tripartite meeting on the future of social security in the Arab States

Furthering politically and socially stable societies and reaping the benefits of globalization in the region cannot be achieved without addressing social and decent work deficits. The role of social security in the ILO's Decent Work Agenda is to dispel the myth that social security is a detriment to national competitiveness, an unproductive expenditure and exclusively consumptive. From the point of view of productivity, better health and increased education contribute to a more productive and skilled work force. A politically and socially stable society encourages outside investment. High social expenditure and superior economic performance can coexist. However, at the early stages of a country's development, fiscal space is most often limited and benefits must be sequenced by order of priority.

Can countries in the region afford a basic benefit package accessible to all? Yes, if they invest in tax system design and effective contribution collection mechanisms. The concept of "grow first, distribute later" no longer applies and countries must devise policies that enable them to pursue both economic efficiency and social security. The basic benefit package proposed is only the "floor" for countries to build on as they increase their fiscal space.

The meeting focused on managerial, gender and coverage challenges with a particular emphasis on the informal economy and establishing benchmarks and good practices for extension of social protection to all. Major issues addressed were growing unemployment, under-employment and the increased informality of work. Not only is it important to extend social security to uncovered groups, but short-term benefits such as maternity & sick leave and unemployment insurance must also be provided.

Although nearly all Arab States provide old-age, invalidity and survivor pensions to some extent, they share several weaknesses: overpromising benefit levels, systems that are unsustainable, negative incentives for labour participation and inefficient administrations. Social security systems in the Middle East are well established but specific coverage gaps must be addressed: expatriate workers, women, the unemployed and those working in the informal economy. All countries in the region should prepare development plans and a roadmap that can include a basic social security guarantee and higher levels of health protection and income security, as well as effective review systems.

Most of the Arab States are working towards extension of coverage and agree that social security is a social and economic necessity for stability. Nevertheless, each faces its own problems. As other regions, the Arab States need to adapt to constantly changing challenges, increase the participation of social partners and must deal with the added complexity of the co-existence of different social protection schemes. ILO's early commitment to social security and focus on outcomes rather than process is being supported by practicalities on the ground. As in other regions, ILO is committed to providing a knowledge base in the form of tools to monitor progress (GESS), to building capacity through training, develop policy on an advisory, legal, actuarial, financial and fiscal level, to supporting countries in ratifying conventions and to working with collaborating centers for greater regional interaction.

Interregional tripartite meeting on the future of social security in the Arab States

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Asia-Pacific Regional High-Level meeting on Socially-Inclusive Strategies to Extend Social Security Coverage

The Asia-Pacific regional high-level meeting flagged up country-specific problems in the extension of social security to all. Only three countries in the region have full coverage (Australia, New Zealand and Japan); most others have only 10 per cent and 60 per cent of the region's population works in the informal economy. In the light of the new challenges of globalisation, economic growth matters but does not automatically reduce poverty. Government intervention – including redistribution through social security systems respecting the unique circumstances of each country – is needed to make the growth pro poor. In the light of fiscal realities, social security is not only a human right, but it can be also an affordable system for any country.

The main objectives of the ILO are to share knowledge and best practice and to seek a consensual approach among countries of the region. A variety of measures should be

integrated and the value of social dialogue cannot be underestimated. ILO laid out its future plans for work in the region which included a knowledge base, capacity building, policy development, monitoring, partnership with national institutions and working within the framework of the Decent Work Agenda.

Asia-Pacific Regional High-level Meeting on socially-inclusive strategies to extend social security coverage

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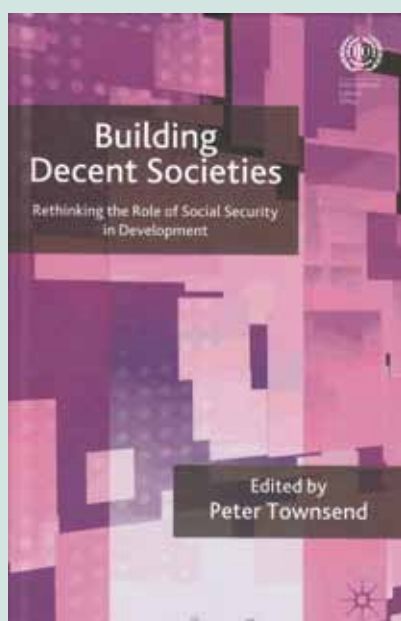
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Building decent societies: Rethinking the role of social security in development

Edited by Peter Townsend

In the programme for recovery from the 2009 global financial and economic crisis, there must be a guarantee of a minimum level of social security for all. This book addresses the question of whether and how social protection systems in general, and social security in particular, should be nearer the top of the world's policy agenda. Today, despite international efforts to promote social security, huge sections of the world's population continue to be denied this right. Bringing together historical and



contemporary developments in social protection in the Organisation for Economic Co-operation and Development (OECD) and developing countries, and especially considering the current financial and economic crisis, this book looks at new international strategies that can establish social security, reduce poverty and contribute to economic and social development. It concludes that to achieve this goal, low-income and middle-income countries require social security systems of a scale to match the systems operating in high-income countries.

The right to social security and national development

Up until the past decade, the right to social security and an adequate standard of living had not figured in the attempts to counter large-scale extreme poverty. Rather than urging the establishment of minimal living standards for all, major actors in international development have focused on targeting short-term means-tested benefits at lowest cost to reduce poverty. This shortsightedness was compounded by an ambiguous and unsuccessful international anti-poverty strategy – concerned in the broadest and most indirect terms with economic growth, overseas aid, debt relief and fairer trade – rather than with institutional systems serving the poor directly. Today the 30 OECD countries commit an average of more than 13 per cent of GDP directly to social security, in dramatic contrast to low-income countries that contribute an average of less than 2 per cent. Lessons have to be drawn from economic and social policies of both these groups of countries in order to remedy this discrepancy.

Issues for the global society of the 21st century

While social security is recognized as a human right and achieves demonstrable effects in reducing poverty, its effects on economic growth is debated. The three myths with regard to the relationship between social protection and economic performance are:

- » The affordability myth: at each stage of development, societies can only afford a certain level of social expenditure.
- » The trickle-down myth: economic growth will automatically reduce poverty.
- » The trade-off myth: there is a trade-off between social expenditure and economic efficiency.

Upon investigation, all three myths lose their credibility. Non-affordability ar-

guments are unfounded as conditions differ from country to country and there is considerable policy space with respect to social security expenditure. The poverty alleviating trickle-down effect is not reliable as economic growth does not automatically reduce poverty unless redistributive mechanisms such as social security systems are in place. As for the trade-off myth, investigation of many countries finds that high social expenditure per capita and high productivity can co-exist.

The lessons learned from these myths can be applied to explore social security options in low-income countries. The findings of an International Labour Organization (ILO) investigation in 2005 to extend social security in seven African and five Asian countries concluded that social security systems not only should, but could be established affordably. In situations of multi-dimensional poverty, social transfers – regular non-contributory payments of money provided by governments and non-governmental organizations (NGOs) to individuals or households – can alleviate conditions accompanying chronic poverty, soften the blow of sudden crisis and prevent the transmission of poverty to children. Children are at greater risk of poverty than adults and have no opportunity to contribute to their own social security. Collective resources mobilized at the global level can ensure that children receive social security coverage.

Social protection in Europe and the OECD

Social protection systems in Europe and the OECD countries have evolved over more than a century. In Europe, relief under the Poor Laws came to be rejected and, as a component of post-war reconstruction, "cradle-to-grave" universal benefits and compulsory contribution-based insurances developed. Today, high social expenditure levels are generally associated with low poverty levels, yet there are exceptions such as Estonia, Poland and Slovakia, where despite generous expenditure levels, poverty is still high. With the integration and development of the internal market, the European Union (EU) has come under increasing pressure to adapt a new social protection development model that is based on social justice and solidarity – an EU social policy financed at EU level.

The welfare systems in OECD countries can be classified into three models, represented by Norway ("Nordic" or "Social Democratic"), Germany ("Corporatist") and the United States and the United Kingdom ("Liberal" or "Residual"). The Nordic welfare state model's primary characteristics include a social entitlement principle that has been institutionalized and an universal social legislation system. The corporatist model features a sub-division of programmes into decentralized schemes, stress on cash benefits, centrality of social insurance and extensive la-

bour legislation. The liberal model has, compared to the first two, low overall public spending and an increased role of the market. Tax-credit schemes and selective social assistance are emphasized in the countries that follow this system. Poverty and inequality rates are smallest in the countries in the first of these models and largest in the third.

When considering the three models of social security in OECD countries, the following conclusions emerge:

- » All OECD countries accept social security as a means of modernization and sustainable growth and as a key factor in reducing domestic poverty.
- » Social security in OECD countries is a mix of universal and selective measures.
- » If the OECD models of social security were to be adopted by low-income countries, key changes would have to be made that take into consideration the global economy.

The question of whether such models can be imported to developing countries depends on the differences in political voice of the country. Rich democracies have relatively egalitarian programmes, some of which are universal and some of which are targeted at the poorest income ranks. On the other hand, in many developing countries, regressive or even elitist programmes still prevail. The European model of welfare, while it may never be fully emulated, still provides a useful reference for welfare state reformers in developing countries.

Experiences from low-income countries

In developing countries, social security systems are desperately under-resourced and very diverse. A century ago, colonial powers in Asia, Africa and the Caribbean introduced schemes poor in coverage that mainly benefited civil servants and employees of large enterprises for health care, maternity leave, disability allowances and pensions. The mass of the population, especially the rural poor, had no cash relief. Today, the key challenge is to extend coverage of social security to the population as a whole. There are numerous constraints such as underdevelopment, fragmented political and policy processes, poor revenue raising capacity, and deficiencies in operational capacity. Global partnerships between national governments, international donors and NGOs could work effectively to lift these constraints.

Despite long-standing doubts of governments and donors, research shows that there can be positive synergies between social protection and agricultural growth policies

– the government of Ethiopia for example, is moving from a food-first to a successful cash-first approach. Research in Bangladesh, Ethiopia and Malawi generally supported a long-term build-up of social protection spending and the programmes had the positive effect of creating community assets, like soil and water conservation and roads, as well as household agricultural assets, including livestock.

South Africa, on the other hand, inherited a system of social assistance, which was racially equalized, expanded and in 1998 complemented by a cash benefit for young children. By 2010 there will be a new mandatory, contributory earnings-related fund which will be the vehicle for retirement savings, unemployment insurance and disability and death benefits – a major step towards a comprehensive system.

A major challenge in welfare development in South Africa and elsewhere is the lack of a coherent or comprehensive social assistance policy in the face of the HIV/AIDS epidemic. Related to this is the large-scale problem of ensuring a system of universal healthcare coverage. Of the 100 million people worldwide pushed into poverty by medical bills, the majority are in developing countries. An interesting exception is Thailand where universal coverage was achieved in a matter of only 27 years (compared to the 70 years it took developed countries) through the implementation of extensive pro-poor and pro-rural policies.

Conclusion

The prime strategies of the United Nations (UN) and all international bodies should consist of promoting a social security floor as a core element of poverty reduction policies and pursuing wider development policies that enable countries to grow with equity. There is an enormous potential for universal social security in low-income countries. As this potential has not yet been sufficiently explored, this book is a powerful case for the rapid expansion of social security in this part of the world.

Recognizing that economic and social development are inextricably intertwined across countries, new international strategies are required to design appropriate social security policies which would effectively help to reduce poverty and productively contribute to economic and social development. This is a strong message that has become particularly relevant to the global financial and economic crisis of 2008-09 and has started to find its way into the international and national debates on development policy.

WEB PAGE ON SOCIAL SECURITY AND THE GLOBAL ECONOMIC CRISIS

The ILO Social Security Department aims at developing on GESS (www.socialsecurityextension.org) a specific section on Social Protection and the Global Economic Crisis. This section will provide:

- » A description of the social protection challenges faced by high-, middle- and low-income countries, especially in times of crisis;
- » A description of national social protection responses to counter the crisis (trends and country examples);
- » A presentation of the international responses to the crisis, in the field of social protection, namely the social protection floor and global jobs pact initiatives.

Two pages have already been developed (in English) : Response to the crisis (<http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=941>) and What is the social protection floor? (<http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1321>). Do not hesitate to have a look at them.

In case you wish to share country examples of national social protection responses to the crisis do not hesitate to contact the administrators of this new section: Veronika Wodsak and Valérie Schmitt-Diabaté.

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Future newsletters
of the Social Security Department:

- » Social Security Technical Cooperation Matters, September 2009
- » Social Security Facts Matters, December 2009