Foreword

This special double issue of the International Social Security Review addresses the priority challenge of social security coverage extension. It has been prepared under the stewardship of Krzysztof Hagemejer of the Social Protection Department of the International Labour Office.

In June 2012, the 101st Session of the International Labour Conference adopted a new Recommendation on social security: Recommendation concerning national floors of social protection, 2012 (No. 202). The International Social Security Association (ISSA) strongly supports Recommendation No. 202 as an indispensable instrument to help promote social security coverage extension and guide national actors in achieving progress towards social security for all. It follows naturally that a major aim of this special double issue is to support and give voice to the Recommendation’s objectives.

Underpinning and directing Recommendation No. 202 is a two-dimensional strategy to extend coverage and build and maintain comprehensive social security systems, involving: establishing floors of basic social security guarantees to provide protection to all in need as soon as possible (“horizontal” dimension); extending the scope and levels of social security coverage as guided by the Social Security (Minimum Standards) Convention, 1952 (No. 102) and other existing social security standards to as many people as possible and as soon as possible (“vertical” dimension).

Guided by the ISSA’s strategic vision of Dynamic Social Security and the ISSA strategy for the extension of social security coverage, ISSA member organizations have much to offer one another and other relevant stakeholders in terms of expertise in the administration of social security programmes to support successful coverage extension, not least as regards the vertical dimension. The sharing of this incomparable professional expertise, drawn together and authoritatively formalized in the form of the ISSA’s Guidelines for social security administration, is being facilitated by the development of the ISSA’s Centre for Excellence which is to provide a comprehensive set of services for ISSA members.

Another aim of this special issue is to support the longstanding working relationship between the ISSA and the ILO, which has been further strengthened by the signing in 2012 of a Memorandum of Understanding between the two organizations to collaborate in the field of social security.

A no less important aim is to keep ISSA member organizations abreast of international developments in social security. The questions and challenges presented in the contributions to this special double issue will help shape discussions about the roles and objectives of national social security systems, which will take place during the third World Social Security Forum in Doha, Qatar, 10–15 November 2013.

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INTRODUCTION

The role of national social protection floors in extending social security to all

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Abstract  In June 2011 the International Labour Conference (ILC) adopted a Resolution and Conclusions setting out the Organization’s new social security strategy, which aims at supporting Members in building and maintaining comprehensive social security systems on the basis of a two-dimensional approach: (1) (“horizontal” dimension) establishing – as a priority – nationally-defined sets of basic social security guarantees to provide a floor of protection to all in need as soon as possible; (2) (“vertical” dimension) extending the scope and levels of social security coverage as guided by Convention No. 102 (1952) and other existing social security standards to as many people as possible and as soon as possible. In June 2012, the ILC completed this strategy with a new international labour standard: Recommendation concerning national floors of social protection, 2012 (No. 202). The Recommendation is deemed a breakthrough in global social policy, whereby the establishing of national social protection floors may close prevailing gaps in social security coverage and help countries to effectively address poverty and vulnerability. This special double issue offers analysis of the process that culminated in the Recommendation’s adoption and addresses practical fiscal, legal, political and institutional challenges that must be addressed if the Recommendation’s goals are to be successfully implemented.

Keywords  recommendation, gaps in coverage, social security planning, social protection, ILO, ISSA, international

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Introduction

This special double issue addresses the global challenge of social security coverage extension and does so in the light of the historic adoption – exactly 60 years after the adoption of Convention No. 102 concerning minimum standards in social security – by the 101st International Labour Conference of a new international labour standard, the Recommendation concerning national floors of social protection, 2012 (No. 202).

It has been several years since the International Social Security Review last prepared a special issue on coverage extension; in 2007, in a special double issue entitled “Extending social security to all” (ISSR, 2007). The extension of social security coverage is a long-term priority for the member organizations of the International Social Security Association (ISSA), as it is for the tripartite constituency of the International Labour Organization (ILO). A key objective of this present issue, therefore, is to revisit and bring up to date the discussions on coverage extension presented in 2007.

The concept of coverage

Comprehensive effective coverage under social security systems – defined typically by access to protection against the contingencies addressed by the nine branches of social security as set out in the ILO’s Social Security (Minimum Standards) Convention, 1952 (No. 102), and supported by other important ILO Conventions and Recommendations and international instruments (see Kulke and Saint-Pierre Guilbault in this issue) – extends only to around an estimated 20 per cent (ILO, 2010, p. 33) of the global population.

There is no country in the world without any form of social security, but in many countries coverage is limited to a few branches only, and only a minority of the global population has – both legally and effectively – access to existing schemes. Only one third of countries globally (inhabited by 28 per cent of the global population) have comprehensive social protection systems covering all branches of social security as defined in ILO Convention No. 102 (ILO, 2010, p. 1).

As a concept, coverage is multidimensional (Cichon and Hagemejer, 2007) and generally it relates to the extent of the population effectively protected, the scope

1. See annex to this issue. The full text of the Recommendation in English, French, German, Spanish, as well as Arabic, Chinese and Russian is available at <http://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100_INSTRUMENT_ID:3065524>.
of the protection guaranteed as well as the “depth” of this protection, which can be assessed by the levels of benefits and quality of services provided. The major effort found in many coverage studies, including that of the Review in 2007 and in the World Social Security Report (ILO, 2010), has been placed on those measures of coverage which can be quantified relatively easy (i.e. how many people are covered, and for which types of benefits, how much do they receive and how easily accessible are the services). Increasingly, however, such more easily quantifiable measures are being more systematically joined with attempts to quantify qualitative aspects of coverage, seeking, for instance, to evaluate the availability, accessibility, appropriateness and, indeed, the quality of health care service provisions (see ILO, 2010, chapter 3 on social health protection coverage; Scheil-Adlung and Bonnet, 2011; and Scheil-Adlung in this issue) or the quality of services provided by social security institutions (see Brimblecombe in this issue). The multidimensional conceptualization and analysis of coverage permits a better understanding of the nature of the coverage afforded to populations and, thus, more clearly depicts the extent of remaining coverage gaps. On the basis of the more precise identification of coverage gaps, policy planning to remedy such gaps can be facilitated, policy implementation improved and policy outcomes made more effective. Related to this, there are also growing demands to prioritize policy responses that are results-driven and tailored to the needs and varying capabilities to contribute to social security programmes of different population groups, including the most vulnerable and the poorest, across the life course.

Changes in many countries, on the one hand, leading to the expansion of previously underdeveloped non-contributory social protection programmes and, on the other hand, within contributory programmes permitting a greater degree of flexibility concerning the rules governing the calculation of contributions due and their periodicity, and wider choices as regards the institutional mechanisms through which such payments can be made, are intended to address the double challenge of how to significantly extend coverage and help workers to graduate out of non-regulated work into formal regulated employment. For years, many expected – a supposition that was grounded on the experience of industrialized economies – that such graduation would happen automatically in the course of development and would thus lead to increased population coverage under

2. Even so, a challenge for many governments and national social security administrations – especially in countries with limited capacities and where social security systems may be highly fragmented and coverage levels limited – is still to produce, compile and disseminate necessary information and statistics which would allow to develop accurate, up to date and internationally comparative measures of quantitative coverage levels.
contributory social security programmes.3 Stubbornly high and, indeed, in many
developing economies growing levels of informal work have forced a fundamental
rethink of how significant improvements in social security coverage might be
attained in the short to medium term. The need to intensify active measures pro-
moting formalization of the economy and to integrate these with strategies and
policies aimed at extending social security coverage belong to the most important
elements of the new ILO social security strategy spelled out in the 2011 Interna-
tional Labour Conference (ILC) Conclusions and Recommendation No. 202 of
2012 (see ILO, 2012a).

In countries with well-established and predominantly contributory social secu-
rity systems (as in Europe for example), the trend towards more precarious pat-
terns of employment combined with high levels of unemployment, and youth
unemployment in particular (ILO, 2012b), poses challenging questions about the
design and roles of contributory social security systems. In countries where con-
ventional contributory programmes – designed typically to cater to the needs of
workers in stable patterns of employment and who are engaged in a formal
employee-employer relationship – continue to exclude often large parts of the
working population who have difficulty meeting contribution requirements, the
status quo may become increasingly untenable and new thinking will become nec-
essary as regards the appropriate design and the approaches used to ensure the sus-
tainable financing of social security programmes.

As is already well understood and as the contributions to this special issue
further underline, the nature of the coverage challenge differs across countries but
is often strongly linked to the structure of labour markets (the share of waged
employment in total employment) and the degree of formalization (that is, the
degree to which economic activities are registered and income from these activities
are effectively monitored) (ILO, 2010). While low and stagnating levels of coverage
are the preoccupying challenge in the majority of countries, in those which have
already achieved higher levels of coverage, the challenge is one of maintaining cov-
erage levels for those ostensibly already covered. This observation highlights the
dynamic nature of risk and underlines that although it is necessary for the effec-
tiveness of social security programmes and overall systems that they keep apace of
risk trends, this in itself is insufficient. Social security policies must also adopt a
more forward-looking position to predict the future development and anticipate

3. In countries with developed social security systems, programmes are rarely financed exclusively on
the basis of contributions and in some national systems this financing method is in the minority, most
notably in Australia and New Zealand where the majority of programmes are financed from general tax
revenues only. In other countries of this group, tax-financing is sometimes the only source used to fund
some specific universal minimum benefits, but this method of financing is most often associated with
social assistance.
the likely future impact of risk factors. Such evaluations should feed strategically into national social security policy planning.

For all countries, according to contextual influences (such as demographic, macroeconomic, fiscal, governance and political factors), the parametric and systemic reform of social security systems and programmes and the relative effectiveness and efficiency of social security administration, quantitative legal and effective social security coverage levels may, to a relative degree, rise or fall. In turn, and again according to contextual influences, relative public perceptions of the quality of coverage of benefits and services may also rise or fall.

**Social security, social protection and social protection floors**

Just as understanding of the concept of coverage has deepened in recent years, the concept of social security has continued to be revisited and broadened. Social security programmes are sometimes incorrectly characterized as simply providing ex-post responses to insured risk events – with such coverage typically accessed by “workers” (and their families) engaged in the formal labour market. This vision is changing. In many countries, the perceived roles of social security systems are adjusting, with the relative emphasis moving towards giving greater priority to the needs of “individuals”, including the alleviation of poverty in all its dimensions and meeting the complex needs of those marginal to formal labour markets. In tandem, efforts are underway to achieve a better balance in, and make more effective use of, all the protective, preventive and rehabilitative (activating) roles inherent to social security programmes.

In the Review’s 2007 special double issue on coverage, elements of these changes were already apparent. For instance, the issue’s concluding “future perspectives” section presented the seminal conceptual framework for the ISSA’s strategic vision for achieving excellence in social security administration: “Dynamic Social Security” (McKinnon, 2007). According to the mission and programme of the ISSA, Dynamic Social Security refers to social security systems that are accessible, sustainable, adequate, socially inclusive and economically productive, and that are based on performing, well-governed, proactive and innovative social security institutions.

concrete at the 2011 and 2012 International Labour Conferences and which, in turn, has provided the driving impetus behind the preparation of this special issue.

Following 2007, international discourse surrounding social security continued to evolve. In particular, the impacts of the financial and economic crisis and the ensuing “Great Recession” helped extend significantly the level of agreement that social security is not only a human right but a social and economic necessity. Although “we know from decades of European social history that social security systems are powerful tools to combat poverty and inequality” (Cichon, in this issue), it took some time to reach a consensus that this insight actually applies to any country. A similar remark can be made about the fact that “[t]he effectiveness of social protection in combating poverty and vulnerability, cushioning shocks, attenuating inequality, and supporting long-term growth is well-established” (Harris, in this issue).

In 2009, chiefs of the UN agencies agreed on a joint Social Protection Floor Initiative aiming “to promote nationally defined strategies that protect a minimum level of access to essential services and income security for all”, while the International Labour Conference a few month later agreed on a Global Jobs Pact stating that:

Sustainable social protection systems to assist the vulnerable can prevent increased poverty, address social hardship, while also helping to stabilize the economy and maintain and promote employability. In developing countries, social protection systems can also alleviate poverty and contribute to national economic and social development.

Countries, among other measures, should consider:

... building 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 working poor (ILC, 2009, p. 6).

In June 2011, the 100th ILC adopted a Resolution and Conclusions defining the ILO’s new social security strategy, to support Members in building and maintaining comprehensive social security systems on the basis of a two-dimensional approach: (1) (“horizontal” dimension) establishing floors of basic social security guarantees to provide protection to all in need as soon as possible; (2) (“vertical” dimension) extending the scope and levels of social security coverage as guided by Convention No. 102 and other existing social security standards to as many people as possible and as soon as possible.

In June 2012, the ILC completed this strategy with the adoption of Recommendation No. 202 – the first autonomous Recommendation on social security since the ground-breaking Income Security Recommendation, 1944 (No. 67) and the
Medical Care Recommendation, 1944 (No. 69). The Recommendation is deemed a breakthrough in global social policy, whereby the establishing of national social protection floors may close prevailing gaps in social security coverage and help countries to realize peoples’ right to social security, effectively address poverty and vulnerability, to achieve the targets of the United Nations Millennium Development Goals (MDGs) as well as post-MDG international and national development objectives.

Prior to the adoption of Recommendation No. 202, the concepts of “social protection” and “social security” were often treated in a somewhat disconnected or even opposing manner (see discussion in ILO, 2010, pp. 13-17). The concept of “social protection” has been often used to convey a broader institutional notion of “risk management” than that offered by “social security” systems (Holzmann and Jørgensen, 2000). By some, it was often used to describe measures addressing only the needs of the most vulnerable and excluded in particular. Sometimes “social security” was seen as a select and thus a non-universal component of “social protection” reserved only for those in a formal employment relationship. The concepts of “social protection” and “social security” might be then perceived as mutually exclusive, with the suggestion that the former offered the potential to reach out to those people thus far not covered, or thought to be incapable of being covered easily, by the latter. In terms of their relative positive potential for significantly reducing social insecurity and doing so as soon as possible, especially in countries with high levels of informal employment, “social protection” policy experiments and pilots have sometimes been perceived as having become much more relevant as an alternative to mandatory “social security” programmes – rather than being complementary to their objectives. The wording of the Recommendation should alter this outlook by having set out clearly, once and for all, that the terms “social security” and “social protection” are actually part of the same social policy concept. Recommendation No. 202 defines social protection floors as “nationally defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion. For countries that yet do not have a minimum level of social security guarantees” as a “fundamental element of their national social security systems”, the establishment of national social protection floors should be a priority objective of “national social security extension strategies”. In addition to establishing and maintaining the floors of protection, national strategies should “progressively ensure higher levels of social security to as many people as possible, guided by ILO social security standards”.

It is clear that both terms describe the same social policy concept: the objectives of basic social security guarantees are to establish at least floor levels of social protection. As the Recommendation further explains, this can be achieved through various instruments including both contributory and non-contributory social security programmes. At the same time, the Recommendation clearly states that
social security should not remain at the floor level: higher levels should be ensured progressively to as many as possible and as soon as possible.

Astonishingly, use of the concept and even the term “floor of protection” in the context of social security debates is far from new. In 1936, the United States’ actuary, W. R. Williamson, when describing the concept of social insurance said: “Social insurance intends to foot the bills on the minimum economical bases of living, and it is not affected to the same extent by those limitations which deny protection to those who need it most” (Williamson, 1938, p. 32). In his paper published in 1946, when presenting the United States’ Social Security System, he stated:

Budgeting for social security is a crude over-all arrangement for a floor of protection only. It is designed neither to furnish a comfortable living, nor to meet every situation, even for a minimum required by individual need. Instead it will be buttressed by group methods of planned cooperation, such as group insurance and retirement plans, and by all the individual forms of thrift. It will also be reinforced for cases of particularly high living costs, or particularly serious needs by assistance, relief, and organized charity. It should, however, make unnecessary any relief supplementation for the large majority of beneficiaries and should serve to stimulate the group and individual programs which have been so prominent in the civilized development of America (Williamson, 1946, pp. 69-70).

Moving toward social security for all

The process that led to the adoption of Recommendation No. 202 can be interpreted in different ways. Such differences are important in that they act as a reminder of the role of political economy, and thus of the political and institutional challenges that must be dealt with in the conceptualization and effective design and, thereafter, the successful implementation of social security policy. The text of the Recommendation is a major achievement of international tripartite negotiation and consensus, made possible as much by moral perseverance as by extended physical effort. As regards realizing “social security for all”, its adoption by the ILC, however, is but one important step.

As an international instrument to frame and support the realization of social security for all, the adoption of the Recommendation opens the way for a potential new phase in the global development of social security systems and in efforts to prevent and mitigate social insecurity in all its guises. Yet, for all countries seeking to introduce or expand a national floor of social protection, remaining to be addressed is the need for national consultations based upon effective social dialogue and social participation which would lead to the creation of policy space and necessary social security policies, resulting in political will to free indispensable
fiscal space. Like with any other international labour standards or human rights conventions, its implementation in countries depends on how actively citizens push for necessary changes in policies. As the text of the Recommendation recognizes, the expectation is that only through such a process will it be possible to formulate and implement sustainable national social security extension strategies. When issues of political economy are factored into the process, this necessitates a greater degree of realism about the pace at which such wished-for progress can be achieved.

At present, the political economy of extending national floors of social protection in light of the adoption of Recommendation No. 202 remains to be more fully observed and analysed and will surely form the basis of much future research. The focus of this special double issue is more concerned with the events of the very recent past and the very immediate future. In the main, the articles focus on one of two main themes. The first of these themes can be characterized as an insider’s analysis of the process that culminated in the Recommendation’s adoption. This is done from a number of different but unique perspectives. The second common theme is to address practical financial, legal and institutional considerations that must be addressed if the Recommendation’s goals are to move readily from the drawing board and be successfully implemented.

In the first article, Michael Cichon commences with an assessment of the harsh global socioeconomic context, wherein he notes that the majority of the world’s population live in conditions of social insecurity, and links this situation to the unanimous adoption by the ILO’s 185 member States of Recommendation No. 202. He goes on to offer a frank overview of the role played by the ILO in promoting social security and the ILO’s in-house deliberations on how significant and rapid progress could best be achieved with regard to closing the global equality gap and realizing social security for all. Outlining the importance of parallel developments that had contributed to placing social policy concerns higher on the political agenda, the article provides a truly insider’s viewpoint (Michael Cichon was Director of the ILO Social Security Department from 2005 to 2012) on how Recommendation No. 202 came to be adopted, pinpointing and explaining policy hotspots that required careful negotiation. As the first substantive contribution to this special issue, the paper fittingly argues that the historic adoption of the Recommendation, albeit an “unprecedented demonstration of good will” and “one further step towards greater social justice”, is best viewed as a starting point offering great promise for the future. In the author’s sober assessment, the Recommendation will only be capable of changing the course of social history if, in the first instance, meaningful political momentum can be maintained at the national and international levels and this, in turn, leads to widening policy space at the national level and, ideally, to a future comprehensive social UN Convention at the global level. Pragmatically, to achieve this goal, much more work is required, and this will
take time. At the national level, Michael Cichon insists that “the demand for social justice has to be articulated and carried by the people themselves . . . The centre of action now has to become local”. Nevertheless, continuing actions at the global level can help to expand national policy space. In this regard, how the international community defines and sets priorities for the post-2015 development agenda, and the role of social protection therein, will be telling.

In his contribution to this special issue, Bob Deacon’s focus is placed on the question of global social governance. Having been accorded privileged access as a researcher by the ILO in the period leading up to the adoption of the Recommendation, the author first investigates how the International Labour Organization was able to bring its influence to bear on other international organizations and global agencies and successfully drum up support for the social protection floors concept and Recommendation No. 202. We read that detailed planning, hard work, skilful negotiation and drafting and even fortuitous circumstances all played a part. Initiated by the ILO’s Social Security Department in the first years of the new millennium, growing support and endorsement for the “floors” concept, not least by the then ILO Director-General, Juan Somavia, and then by the UN, the World Bank and the G20, helped push it into the global limelight. By 2012, this had prompted the need for high-level inter-agency cooperation in the form of a new coordinating authority, the Social Protection Inter-Agency Cooperation Board (SPIAC-B). The inauguration of this new global body of social governance just several weeks after the adoption of Recommendation No. 202 prompts the author to ask to what extent this may actually risk creating new contradictions, overlapping and competing mandates and policy disagreements between agencies at the global level. Time will tell, the author concludes. As to whether we may hope for greater global social policy synergy within the field of social protection and more effective cooperation between agencies involved at a global level, the early evidence is, at best, mixed. Bob Deacon, like Michael Cichon, suggests that the parameters of the post-2015 development agenda will also be crucial for extending access to social protection.

The third article offering an insider’s analysis presents the events of the 101st ILC from the perspective of civil society. Wouter van Ginneken, a designated NGO representative during the conference debate on the Recommendation, opens his article with the important observation that “civil society organizations contribute to national and global policy-making on basic social protection, and in many countries they are key providers of social protection services”. A key message here is the importance of truly participative democracy for ensuring greater social justice and the human right to social security, through opening policy space for necessary and adequate social policies at the national level. The article details the participative role of national and international civil society organizations, in the collective form of the Civil Society Coalition for a Social Protection Floor, in
the ILC debate among governments, trade unions and employers organizations and how changes proposed by the Coalition helped to influence aspects of the final draft of Recommendation No. 202. Driven by a human rights-based approach to social protection, the Coalition emphasizes four important attention points: i) respect for the rights and dignity of people holding rights to social security; ii) full participation of civil society; iii) universal coverage at the local, national and international level; iv) and concern for vulnerable groups. These points are considered essential for the design and implementation of national floors of social protection that are empowering and sustainable. Going forward, the article argues that the real influence of civil society at the national level will come into its own as a force to monitor national progress in the implementation of the social security guarantees set out in the Recommendation, as well as in helping to actively shape national strategies and policies aimed at closing the coverage gap and extending coverage. In this regard, there is a role for documenting and disseminating good (and bad) practices. Civil society organizations can also contribute to education programmes and advocacy campaigns directed towards social security organizations, states and international organizations – primarily within countries but also regionally and globally. This is to be done to promote knowledge and understanding of people’s rights to social security and the concrete strategies and policies that can help to make this right a reality. Such actions, however, are dependent upon often very limited resources, which will necessitate defining priorities for pursuing activities and building partnerships across all the stakeholders representing different parts of civil society. At the global level, in addition to promoting Recommendation No. 202 and supporting its implementation, one immediate priority is, of course, to promote social protection in the discussions on the post-2015 development agenda.

Whereas the first three papers map out the global socioeconomic context and the respective roles of different political economy actors in national and international social protection debates, and especially in influencing the development and content of the Recommendation, the fourth article by Ursula Kulke and Emmanuelle Saint-Pierre Guilbault presents a precise analysis of the judicial linkages between, and the complementarity of, the adopted Recommendation No. 202 and the pre-existing ILO social security standards and other international human rights instruments. Of great importance for the international social security legal code and the ILO social security standards in particular, the article sends packing the argument that the new Recommendation has rendered existing standards irrelevant. The message presented is unequivocal: the new Recommendation not only complements but broadens and strengthens the existing international social security code, providing a complete and adequate normative framework for the establishment and maintenance of comprehensive social security systems. Indeed, the clear and detailed manner in which the authors explain the linkages and
complementarity of the Recommendation and pre-existing social security standards and other international human rights instruments is a major strength of this article. Too often, ill-informed perceptions of the content and reach of ILO social security standards underestimate the usefulness of the normative power of such instruments, including their adaptability to specific country circumstances. This seminal judicial analysis will surely contribute to better informing all not only of the full reach and applicability of Recommendation No. 202 but of the continuing importance of all social security standards.

The adoption by the 101st ILC of Recommendation No. 202 symbolizes the forging of an international moral and legal consensus concerning the aspiration to realize social security for all. As the last three papers in this special issue underline, to help support efforts to make this aspiration a reality a number of practical challenges and political choices remain to be addressed.

When looking at practical challenges and political choices in social policy, the core question of how to ensure adequate and sustainable financing is often among the most preoccupying for policy-makers. This is the subject Elliott Harris tackles head on in his article. As the author explains, the social protection floor concept aims at providing a guaranteed minimum of social protection at a reasonable cost, even in resource-constrained circumstances, serving as a platform for the gradual implementation of a full social protection system. But to do so requires the mobilization of fiscal space, both immediately and in the future. Appropriately, the article turns first to examining the concept of fiscal space, highlighting the interaction between the various means of generating fiscal space and the impact of these instruments on macroeconomic stability and growth, poverty reduction and inequality. Discussed is the scope for developing countries to increase fiscal space, with consideration of the suitability of the various means of doing so for the sustainable financing of social protection floors. A major argument presented and developed at quite some length in the article is that domestic resource mobilization is the central pillar of financing for development. This view is also central to and conveyed by Recommendation No. 202: Paragraph 12 asserts that “National social protection floors should be financed by national resources”. Of course, external resources (the author highlights the conventional use of grants and loans, but one could also mention the continuing discussion surrounding the need to establish a Global Social Protection Fund to support investment in social protection in low-income countries, discussed in several of the contributions to this special issue, as well as other forms of international cooperation and support) can ease the domestic financing constraints and complement own efforts of – as again Recommendation No. 202 affirms – countries “whose economic and fiscal capacities are insufficient”. Nevertheless, domestic resources are generally more stable than other sources of financing, and can be used more consistently to promote developmental and distributional objectives and finance programmes offering predictable and
sustainable social protection. Attention is drawn to the success of many developing countries in enhancing domestic revenue mobilization, rationalizing expenditure policies and management, and reducing debt over the past decade, making possible the introduction of social protection measures. However, the question of financing social protection floors is a complex one. The author concludes that decisions on how and when to introduce a social protection floor must carefully consider the sustainability and predictability of funding sources, as well as the impact of the choice of funding instruments on macroeconomic stability, fiscal and debt sustainability, and economic growth in addition to its outcomes with respect to poverty reduction and the equality of income distribution. One also has to add that analysis of these impacts should go beyond the short term and attempt to assess longer-term returns from the investments in social protection. Specifically, with higher aggregate demand resulting from more equal income distribution and reduced and less precautionary savings, the unlocking of economic activity resulting from the higher propensity to take economic risks (owing to the availability of social security guarantees of basic income security in case things go wrong), and the higher productivity of a better educated and healthier workforce, then not only do poverty and income inequality decline but the economy, its tax base and effective government revenues grow faster, thus easing the fiscal constraints.

In recent years, a policy priority in many low-income countries has been the extension of social health protection coverage. Despite progress, most low-income countries are still far from achieving universal health coverage with services often of low quality and benefits often inadequate. Those who remain most vulnerable are the rural and urban poor (such as slum dwellers) and many other workers in the informal economy and their families. Moreover, continuing inequities in access to health care often stem from structural issues, including an absence of participative social dialogue shaping policies and the allocation of resources, within and beyond the health system. This set of observations is the starting point for the article by Xenia Scheil-Adlung. The article argues that the implementation and development of social protection floors may help to achieve sustainable progress towards universal health coverage and other social protection objectives, by breaking the mutual linkages between ill health, poverty and other vulnerabilities. In spite of the policy priority in many countries to extend social health protection, the coherent adoption of social protection floor policies offers the potential of important pay-offs in pursuit of this goal. For instance, it is argued that the achievement of universal health coverage, as sought by the health-related MDGs for example, will be possible only when health policy is coupled intelligently with providing at least basic income security over the life cycle to all in need. More specifically, a broad set of measures are required in unison; namely i) extending health coverage and improving access to needed health care; ii) providing income security
through income support to those in need; iii) addressing limitations, or the inability to participate, in income-generating employment; and iv) implementing coherent policies within and across the social, economic and health sectors that set priorities on poverty prevention and alleviation. The importance of Recommendation No. 202 for the goal of extending social health protection and social protection generally lies in its recognition of the multidimensionality of vulnerability and, consequently, the need for a holistic approach to policy interventions.

The final article in this special double issue, by Simon Brimblecombe, looks to the two dimensions (horizontal and vertical) of the social security extension strategy found in Recommendation No. 202 and considers, in broad terms, the adequacy of social security provisions. Introducing current conceptual work being undertaken by the International Social Security Association, the article suggests different elements to be taken into account when seeking a multivariable definition of adequacy and also suggest how the adequacy of these elements might be measured, assessed and monitored. Importantly, the use of a broader measure of adequacy, which goes beyond cash benefit levels or the replacement ratio, is argued as not only appropriate but necessary. Albeit starting from a conceptual position, the practical importance for policy design of defining adequacy broadly is to better capture objective measures of benefits (e.g. scope of provisions, effective coverage rates, cash value, coherence with labour market policy objectives, coherence with demographic trends, financial sustainability) as well as subjective perceptions (e.g. accessibility, empowerment, social and political sustainability) of quality of service when beneficiaries and other stakeholders interface with the social security system. Social security systems are viewed as increasingly complex and, depending on the country, may comprise multiple tiers of provision and mandated public, private and occupational-level provision. Greater movement, mainly in developing countries, towards the introduction of social protection floors may increase the institutional complexity and heighten the challenges for coherently designing and implementing social programmes in these countries. A consideration of the respective levels of adequacy of different cash benefits covering the same contingency, such as old-age pensions for example, becomes more important in such instances. If the goal of Recommendation No. 202 is to provide “floors” upon which higher levels of social security can progressively be built, great care must be taken to create incentives (i.e. appropriate differentiation between the levels of non-contributory and contributory benefits) that encourage workers to move into more formal and regulated forms of work requiring periodic payments of contributions to the social security system. Ultimately, ensuring the delivery of an “adequate” benefit, defined broadly, may entail trade-offs. However, as the article concludes, a programme that does not provide adequate benefits risks a fall in public support and threatens the sustainability – assessed in a global sense – of the entire social security system.
The main objective of international labour standards such as Recommendation No. 202 is to support national efforts – in this particular case, to broaden significantly policy and fiscal space to permit the gradual extension of social security coverage to achieve comprehensive, adequate and sustainable social security systems as an ultimate goal and to establish at least a floor of basic social security guarantees to all in most urgent need as an immediate priority. The Recommendation sets priorities in terms of what should be achieved as well as principles in terms of how it could be done to guide policy-makers, social security agencies and all other actors and stakeholders. Just as for all ILO standards, these priorities and principles are not “written by a handful of experts, vetted by another handful of experts, and then released on glossy paper” (Cichon in this issue). First, they are based on policy and implementation experiences and practices in extending social security coverage to those most in need that have been developed in many countries around the world over the last decade or more. Member States of the ILO then decided to reformulate the lessons of these experiences and practices into a new international labour standard, the Recommendation. In parallel, multilateral international agencies, bilateral donor agencies and civil society organizations – in coalitions and individually – offered strong support to the concept of the social protection floor and the need to build comprehensive social protection systems.

With the ILC’s adoption of the Recommendation, it may be said that the international community has made a commitment to a new beginning of sorts. Whether this new beginning for social policy and the “moral authority of the global consensus” will prove to be lasting or short lived is likely to depend, as many of the contributions to this special issue underline, on a number of factors. Primarily, it will depend on actions taken at the national level. It depends on how strongly civil society will organize and actively assert itself as an agent of political will, to advocate for the rights and empowerment of people. As one of the authors suggests, Recommendation No. 202 can be used “to build strong cases for more social justice, more participation, and more opportunities through social protection . . . When demanding the establishment or safeguarding of social protection floors and national social security extension strategies at the national level, [civil society] can remind national governments of the global consensus they have subscribed to in Geneva”.

Of course, also required is that the global consensus will prove lasting and, indeed, be strengthened further. As we know all too well from the history of the last decades, national policy and fiscal spaces in developing countries may be significantly affected by the prevailing attitudes of global actors: multilateral agencies, development banks, bilateral donor-agencies, and also international NGOs. In the
immediate future, much is likely to depend on the nature of the priorities that come to be adopted for the post-2015 international development agenda. The extension of social protection must be included as part of this. If not, the social protection floors concept risks being quickly forgotten. Michal Cichon reminds us that earlier ILO Recommendations (No. 67 and No. 69 of 1944) demanding universal protection – the adoption of which reflected the then prevailing global consensus that “poverty anywhere constitutes a danger to prosperity everywhere”, that “the war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort” (Declaration of Philadelphia, 1944), and that freedom from want is a national priority which can be achieved only by comprehensive social security systems combining contributory and non-contributory measures (Beveridge, 1942) – were by and large forgotten as policy priorities shifted in the decades after the Second World War. However unthinkable it may be in 2013, the same fate for Recommendation No. 202 is not impossible. Evidently, when we speak of the concept of social protection floors in 2013 and as we look forward to 2015 and beyond and consider the many people who live in conditions of social insecurity, the stakes are high.

As a set of considered priorities and comprehensive principles, the ability of Recommendation No. 202 to make a lasting contribution to reducing levels of global social insecurity depends, ultimately, on concrete action. On the one hand, it depends on national governments and civil society organizations and their abilities to turn its contents into reality and, on the other hand, it depends on the international community and its ability to maintain and strengthen the global consensus and, by so doing, support national efforts.

Bibliography


The role of national social protection floors in extending social security to all


THE ROLE OF NATIONAL SOCIAL PROTECTION FLOORS
IN EXTENDING SOCIAL SECURITY TO ALL

The Social Protection Floors
Recommendation, 2012
(No. 202): Can a six-page
document change the course
of social history?

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Abstract In June 2012, the global community made an
important step to firmly establish social protection as part of
national and global development strategies. The International
Labour Conference unanimously adopted the Recommendation
concerning national floors of social protection, 2012
(No. 202), providing concrete content to the human right to
social security. This article puts the Recommendation into its
historical standard setting and development policy context,
reviews the emergence of the social protection floor concept,
and analyses the contents of the new Recommendation and
some of its political hotspots. It then explores whether the new
instrument has the potential to change the social reality in the
185 ILO member States. It concludes that its adoption is an
unprecedented demonstration of good will and far-reaching
global social policy consensus. However, in order to help create
space for national policy change, the campaign to achieve at

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tional Labour Conference that adopted Recommendation No. 202 in June 2012. He is President of the
International Council on Social Welfare (ICSW). The views expressed here are those of the author and
do not reflect official positions of the ILO or the ICSW. The author explicitly wishes to recognize the
many ideas that were developed by the staff of the ILO’s Social Security Department who as a team
created the momentum and shaped the content of the first standard setting procedure in social security
for about two and a half decades and that are reflected in this article.
least a minimum of social security for all needs to continue and has to be kept on the international agenda. In closing, the article lists strategies that the global coalition behind this campaign needs to pursue for social security to remain or become an inalienable objective in national and international development strategies.

**Keywords**  
social security planning, social protection, recommendation, ILO, international

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**Introduction: The global social protection challenge**

The figures vary slightly, but most sources agree that between 75 and 80 per cent of the global population have no access to a comprehensive social protection system and are hence living in social insecurity.¹ Behind the abstract concept of social insecurity lie stark, unnerving figures and numbers but even more dramatic personal fates. Globally social insecurity means that about 30 per cent of the global population do not have access to adequate health care when needed, or 40 per cent face a complete or near complete loss of income security when a personal or a national economic crisis strikes.² Twenty per cent of the global population live in abject poverty, i.e. the most cruel form of insecurity, which contributes to 10 million children dying every year of preventable causes, and millions of elderly dying too early for the same reason – even if their number has never been estimated properly. The global social challenge remains gigantic by any measure.

In a world that is more and more closely connected, where money flows freely and tradable goods are increasingly freed from barriers to national markets, where the market for skilled labour is almost global and the market for unskilled labour is almost equally global but less legally so, social conditions are considered national affairs. The same people who demand a universally-level playing field for financial markets and markets for goods and services repeat on every possible occasion that there cannot be universal “one-size-fits-all” social standards.

1. The semantic debate about the definition of “social protection” and “social security” is avoided here and a pragmatic stance is adopted that is in line with the usage of the words “security” and “protection” in the ILO’s *Declaration of Philadelphia* (1944). Social security schemes are all legal provisions that regulate transfers of income, in cash or in kind, to households. National social security systems are the entire set of social security schemes in a country. People are socially protected by social security schemes. The objective of social protection is social security.

2. As approximated by the number of people who live on less than two dollars a day. See World Bank (2013).
We know from decades of European social history that social security systems are powerful tools to combat poverty and inequality. We also know that in theory we probably need less than one per cent of global GDP to provide the world’s poor with a minimum of social security. And yet social security systems have – for a long time – not played the role in development strategies that is commensurate with their potential impact on poverty and inequality (Townsend, 2009).

However, in mid-2012 an important step was made to firmly establish social protection as part of national and global development strategies. The International Labour Conference (ILC) unanimously3 adopted the Recommendation concerning national floors of social protection, 2012 (No. 202).

The remainder of the article is structured as follows. The next section puts Recommendation No. 202 into its historical standard setting and development policy context, followed by a review of the emergence of the social protection floor concept. The following two sections analyse the contents of the new Recommendation and seek to assess whether it really has – nicely as it may read – the potential to change the social reality in the 185 ILO member States. The final section concludes that the campaign to achieve at least a minimum of social security for all needs to continue and that there are concrete strategies on the national and international levels that the global coalition for social protection, as fragile as it may be, can and probably needs to adopt in order to ensure that social security for all will be enshrined as a tangible and achievable objective in national and international development strategies.

ILO social security standards, global governance and the social development agenda

For much of its 95-year history, the social security work of the International Labour Organization (ILO) focused on social security for workers in the formal economy and their families. The standard setting of the Organization created a unique body of legal instruments (starting with the Unemployment Convention, 1919 (No. 2) and Unemployment Recommendation, 1919 (No. 1), dealing inter alia with unemployment insurance, adopted during the first International Labour Conference in 1919 and culminating in the adoption of the flagship Social Security (Minimum Standards) Convention, 1952 (No. 102)) focused on people who had the privilege of working under a formal employment contract and their dependants. This only changed in the late 1990s. A new concern for people that were excluded from social security coverage finally led in 2012 to a new comprehensive and universal standard.

3. There were 453 yes votes from employer, worker and government delegates from 142 countries. There were no votes against, and only Panama abstained.
Between the 1940s and the 1980s the ILO developed a narrow system of soft global social governance

For decades, ILO technical cooperation and advisory services in developing countries sought to emulate the European social protection patterns, i.e. they largely transferred Bismarckian social insurance concepts and, to a much lesser extent, universal tax financed schemes to countries of the Global South. The extension of social security coverage was considered a long-term process determined by the pace of the formalization of labour markets. That development pattern was observed in Europe during the last decades of the nineteenth century and first half of the twentieth century. That paradigm was considered “normal” and morally acceptable. It was also in line with the trickle-down theory in development economics, which assumes that the benefits of growth would quasi-automatically trickle down to the poor and underprivileged, a theory that explicitly or implicitly dominated development policies for decades. When the alleviation of poverty made it to the centre of the global development policy debate during a series of major United Nations (UN) Conferences during the 1990s and the Millennium Summit in 2000 and when finally “halving” extreme poverty became one of the targets of the Millennium Development Goals (MDGs) in 2001, that were gleaned from the UN Millennium Summit Declaration, the term and concept of social protection was absent in the discussions. Social security systems (United Nations, 2000) as a means of poverty alleviation as well as a means to make a meaningful contribution to a number of other MDGs did not play a role in the UN debates. The global debate on poverty alleviation bypassed social protection for a long time. The MDGs were an effort to introduce global social governance by formulating outcomes rather than concrete governance tools. The absence of social protection in the designing of the MDGs was partly due to the fact that ILO standards in social security, even though they are the only existing – albeit soft – instruments of global social governance, were not ready to support a wider social policy and development agenda.

The lack of concrete efforts to extend social security coverage beyond the formal economy, or at least towards groups on the fringes of formal labour markets, probably explains the absence of social protection in the MDG formulation process. However, the lack of effort to reach out to the informal sector remains surprising. Already during the last years of the Second World War, three progressive documents had been adopted by the ILC, i.e. the Declaration of Philadelphia (which subsequently was incorporated into the Constitution of the ILO), the Income Security Recommendation, 1944 (No. 67) and the Medical Care Recommendation, 1944 (No. 69). The Declaration of Philadelphia explicitly charged the Organization with “the extension of social security measures to provide a basic income to all in need of such protection and comprehensive
medical care”. This was echoed to some extent by the twin Recommendations, No. 67 and No. 69. The focus on workers in the formal sector was replaced by a much wider target group, i.e. “all in need of such protection”. Thereafter, and perhaps unfortunately, that extension of the ILO’s scope was ignored.

After the Second World War the Organization decided to focus on the consolidation of social security for the formal sector. The social insurance section of Recommendation No. 67 was reinforced by Convention No. 102 in 1952, a major milestone in the history of social protection. Even if its language might be outdated and in need of revision, its substantial benchmarks for benefits and eligibility conditions are of paramount importance and continuing relevance as the 100th and 101st International Labour Conference confirmed. Convention No. 102 is not strictly confined to the formal economy by its wording, but it was generally interpreted as if it were. To date, there are almost 50 ratifications from countries representing about 20 per cent of the global population and it is expected that important countries such as China and Russia will join the ranks in the near future. Unfortunately this was followed up by an approach that sought to deepen the “vertical level” of individual protection for specific contingencies to those who could be covered by traditional social security schemes, rather than to extend coverage “horizontally” to people that were left so far without protection. Hence, during a process that lasted almost four decades the Organization focused on instruments containing more detailed provisions for specific risks such as old age, invalidity and survivorship (Invalidity, Old-Age and Survivors’ Benefits Convention, 1967 (No. 128)), medical care and sickness (Medical Care and Sickness Benefits Convention, 1969 (No. 130)) and employment injury (Employment Injury Benefits Convention, 1964 (No. 121)). The process was concluded only in 1988 when the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) was adopted. Conceptually the instruments are concerned with equity in a rather narrow sense, i.e. they seek to ensure that a fair relationship between the contribution periods or periods of employment and levels of income on the one hand and the eligibility conditions and levels of benefits on the other hand is maintained. None of these single contingency Conventions has more than 24 ratifications. They are not concerned with wider equality objectives, which would seek to extend benefits “horizontally” to those who do not have regular careers in the formal sector.

However, as compliance with Conventions remains de facto voluntary, they are legally relatively weak instruments of global social governance and can only be enforced by the national judicial system in ratifying countries. But when compliance with ratified Conventions becomes too cumbersome, they can be renounced by the respective governments. Recommendations are even weaker instruments.

4. ILO (1944, Article 3f).
Their implementation relies entirely on moral suasion. However, they share that weakness with many other international treaties. Yet, the body of up-to-date social security standards remains the only set of globally accepted social security benefit standards and the only global comprehensive legal reference framework for governments, social partners and other interest groups. Without these standards, national benefit provisions could not be globally benchmarked, and the adequacy of national provisions could not be judged by national advocacy groups. In a globalizing economy and society, global benchmarking of legal provisions becomes more important than ever. Regional standards such as the European Code of Social Security and many national laws have been markedly influenced by the ILO standards. ILO Conventions and Recommendations represent hard-fought-over global political compromises that were adopted by a majority of workers, employers and government representatives of all ILO member States. These standards are a powerful normative guide for all countries as to what the global community considers a normal, decent state and level of social protection. No other social protection reference framework has the same level of political legitimacy and credibility. Their implementation may rely to a large extent on moral suasion but their moral authority – if used intelligently – is hard to ignore in the national policy development process. Ignoring or renouncing them may create high national political opportunity cost, as non-compliance can always turn into a loss of moral credibility for a government.

... and extended its scope beyond the formal economy around the turn of the century ... 

And yet, the standards did not demand full population coverage and neither did they prescribe the relief of poverty as one of the major minimum requirements for recommended benefit levels. That “equality gap” in the legal framework became a point of major concern for many social protection experts when it could no longer be ignored that – mirroring developments in labour markets – the gradual process of extending coverage had stalled or in some countries even reversed.

During the second half of the 1990s the extension of coverage moved into the focus of attention. The World Labour Report 2000 was the ILO’s first attempt to move the political agenda towards greater population coverage, albeit still somewhat imprisoned in the traditional view of formal social security. It was noted (ILO, 2000a) that the extension of social protection coverage will involve

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5. As scrutinized and classed as up-to-date by the Cartier Working Party of the ILO Governing Body in 2002.
the extension of existing schemes to cover currently excluded employees, with whatever adaptations may be necessary for specific groups, such as domestic employees. It will also involve the development of special schemes for the self-employed and for those working in the informal sector without any identifiable employer. Wherever possible these schemes should be compulsory. Where this is not feasible, as in low-income developing countries, support should be given to microinsurance and other grassroots initiatives which can provide some form of risk-pooling. Appropriate social assistance measures should be developed for the most vulnerable groups outside the labour force.

Coverage extension was thus thought to be primarily the extension of existing classical social insurance, developing similar schemes for self-employed workers and people in the informal sector, to be completed for residual cases by the creation of microinsurance schemes, universal benefit schemes and social assistance (see ILO, 2000b, p. 16). Consequently, one of the major foci of the conclusions of the general discussion of social security during the ILC in 2001 was the extension of coverage. The conclusions called for a major campaign to extend coverage. This was a major step forward, but half a success in many ways. The conclusions were the result of a compromise which left out any mentioning of the ILO’s only real means of social governance, i.e. standard setting. While the report of the International Labour Office that was submitted to the General Conference as a basis for its deliberations still contained a section on possible standard setting, calling either for a new comprehensive standard or alternatively for the continuation of the strategy to complete the set of contingency specific standards by a new standard on an individual risk, like long-term care, the conclusion remained silent.

The conclusion placed major emphasis on the issue that there could be no “single-right” (or one-size-fits all) model of social security for all countries. It was an important step towards acknowledging pluralism and a pragmatic step towards accepting the fact that all national systems develop according to their own blueprint and pace. Unfortunately, in the following years the application of the no-single-right-model consensus was not limited to issues of the organizational structure and financing strategies of national social security systems. It was tacitly interpreted by many to refer also to the levels or even the affordable minimum levels – in other words, the outcomes – of social protection policies. As such it created an implicit obstacle to standard setting and also to efforts to promote further ratification of ILO Conventions on social security. It was also the preferred quote of all those who advocated a wider privatization of social security, notably pension schemes, and who sought to contain the influence of the International Labour Office’s critical position towards privatization on ILO members.

The ILO’s Global Campaign on Social Security and Coverage for All was launched in June 2003. During its first years it focused on a bottom-up approach

7. See ILO (2001).
that assumed that coverage extension through central government intervention would not yield much chance of success and hence it sought ways to empower communities to build so-called microinsurance schemes (largely for health care). It was thought that such schemes could be used as stepping stones towards forcing governments into adopting national coverage extension strategies. This bottom-up approach was to be combined with top-down elements that sought to extend the coverage of existing formal sector schemes to as many people as possible.

The microinsurance strategy, at least when it comes to social microinsurance that seeks to cover low-income groups and make major contributions to population coverage, de facto failed almost everywhere, perhaps with the exception of Ghana and some regions in South Asia. In Ghana individual micro schemes were made mandatory at the district level and confederated into a national social insurance system that provides premium subsidies for the indigent. The extension of the outreach of formal-sector schemes remained slow and was in some parts of the world even compromised by paradigmatic reforms, such as the pension reforms in Latin America and Central and Eastern Europe that generally lead to a stagnation or even shrinking of coverage. All strategies to extend coverage that were tested were implicitly built on the assumption that universal coverage, or at least complete coverage of the poor by some basic schemes, was not affordable in the emerging or low-income economies.

Inspired perhaps by the demonstrable success of the Mexican *Opportunidades* Programme from the late 1990s onwards and the *Bolsa Família* programme in Brazil and its precursor programmes, as well as the bold Thai Universal Health Care scheme that had started in 2002, the ILO’s Social Security Department undertook in 2004 the first serious attempt to debunk a myth that had implicitly governed national and international debates on social security. That myth was that low-income countries could not afford social security for all – not even in form of universal basic systems. A series of ILO policy papers showed that with an investment of between 2 to about 6 per cent of GDP even low-income countries could probably afford universal income security. Optimizing existing health expenditure could probably help finance universal access to at least basic health care for all. As part of its global campaign, the findings were promoted aggressively and a number of bilateral aid agencies and NGOs joined an informal coalition that promoted the idea of universal basic social protection in a number of areas. At the same time the ILO carefully moved the debate towards the need for new standard setting. The ILO policy briefing paper “Setting social security standards” (ILO, 2008a) reviewed existing standards and for the first time publicly recommended that a new standard might be needed that would close the equality gap.

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9. Figures and calculations can be found in ILO (2008b), Pal et al. (2005), and Mizunoya et al. (2006). See also Cichon and Scholz (2009) and ILO (2009).
From 2007 the debate to improve national social protection systems gained some momentum and made it even into the Chair conclusions of the G8 summit in 2007. However, while the origins of a new consensus on the role of social protection in national development can be traced back to the discussions during the ILC in 2001 and the work of the ILO’s “Campaign”, it needed the global financial and economic crisis to trigger a social policy breakthrough. The crisis, unfolding against the background of a much bigger, structural and permanent social crisis, clearly shook the certainties and agreed wisdom of economics and economic policies. It was suddenly widely accepted that social and economic development could be at risk without sound social policies and strong social protection systems. The international wave of support was triggered to a substantial extent by – as it turns out now – a fleeting attack of conscience among policy-makers. They were aware that the failure of national and the virtual absence of international supervision of the financial sector had permitted the crisis to happen. The social fallout could not be ignored and hence policy-makers hailed, and resorted to, social security systems as economic and social stabilizers. International agencies used the opportunity to adjust their development strategies. It is not accidental that the European Commission, the G20, UNICEF, the World Bank and the ILO, all have developed new social protection strategies seeking to promote more inclusive growth. All these strategies are broadly compatible and, at least, no longer openly contradict one another. All of them see an important role for social protection systems in national development. The ILO used the tailwinds of the crisis to move the agenda towards global social governance through standard setting.

The emergence of the Social Protection Floor concept

One of the key policy tools that emerged during the global financial crisis is the concept of a Social Protection Floor (SPF). It is based on a much wider – but from a political perspective perhaps too ambitious – idea of a socio-economic floor that was first presented to a wider international public by the World Commission on the Social Dimension of Globalisation. After years of internal debate in the ILO about concepts and terminology, the term social protection floor came to be used

12. See report of the World Commission that concluded inter alia that a “minimum level of social protection needs to be accepted and undisputed as part of the socio-economic floor of the global economy” (World Commission on the Social Dimension of Globalization, 2004, p. 110).
as the title of one of nine crisis initiatives of the UN system during a meeting of the UN Chief Executives Board for Programmes in April 2009 that was chaired by the ILO Director-General (CEB, 2009). The ILO and WHO were jointly charged with leading the Social Protection Floor Initiative (UNSPF Initiative). The ILO and WHO developed a joint position paper (ILO and WHO, 2009) and organized a first meeting of the 19 participating UN agencies, as well as some bilateral donor agencies and some major international NGOs. The meeting took place in October 2009 and developed a manual for country operations. Country work, while slow at times, generally built on previous activities commenced in countries such as Bukina Faso, Cambodia, Mozambique and Thailand. The concept of the SPF was incorporated as one policy tool for a socially-fair recovery into the ILO’s Global Jobs Pact adopted by the ILC in June 2009. In the global search for crisis coping mechanisms, the global community had found for the first time “agreed language” about the notion of the Social Protection Floor.

In September 2009 the ILO held an expert meeting on the extension of social protection, which developed the concept of a two-dimensional strategy for the extension of social security. According to this strategy, countries should first establish a basic floor of social protection for all (the horizontal dimension of the strategy) and then build on that basis, as soon as possible, higher levels of social security for all who could be reached by more comprehensive systems (the vertical dimension). Combining the two elements permitted to promote the idea of a new international standard for a basic level of security in tandem with the promotion of the ratification of higher level ILO social security standards, notably Convention No. 102. Marrying two dimensions of extending social security coverage into one internally coherent, comprehensive and non-contradictory approach helped to defuse the reservations of those who feared that promoting the SPF would lead to a lowering of ILO social security standards to social assistance levels. Such concerns had been voiced notably by a number of trade unions. The new two-dimensional approach allowed them to support the SPF and advocate for universal social protection covering a much wider population than their classical clientele. For the International Labour Organization this was a critical – albeit not widely noticed – juncture. Without the commitment of a number of visionary people in the trade union movement who understood that the provision of basic social security benefits for all was an investment in the formalization of the informal economy, the ILO would have been at an impasse. Further standard setting work could have easily been blocked for a long time. The full importance of trade union support for the SPF within a two-dimensional strategy still has to be assessed. It probably yields an enormous potential that allows the trade unions to redefine their role in the shaping of national social protection systems reaching out beyond the formal economy and developing comprehensive policies for the formalization of the informal sectors. From an ILO point of view, the next important step was to
find a way to put the strategy into an instrument of global governance. To move forward however, more prominent and visible support was needed.

In mid-2010 the ILO convened a high level advisory board for the SPF initiative that was chaired by the former Chilean President, Michelle Bachelet. In October 2010, the African ILO member States accepted the SPF as the major platform for the further development of social protection in Africa during an African Regional Decent Work Symposium. This echoed the recommendations of previous regional technical meetings in Latin America, Asia and the Arab States for basic social security for all, without necessarily using the brand name “social protection floor”.13

The ILO, in a process that was extraordinarily expeditious, seized the opportunity of the new global consensus on social protection and moved ahead to cast it into a new international instrument as quickly as bureaucratically possible. The speed of action was triggered by fears that a fragile and perhaps short-lived political reaction to a specific economic and financial crisis and its social fallout might fade away too quickly without leaving behind a trace in the global governance system. It just so happened that the ILO had scheduled – as a follow-up to the 2008 Declaration on Social Justice for a Fair Globalization – a recurrent discussion on the strategic objective of social protection (social security) (i.e. “Enhance the coverage and effectiveness of social protection for all”) for the 100th ILC in June 2011 (ILC, 2011a). Based on an Office report that made the case for universal social protection as a tool for social and economic development (ILO 2010a),14 the ILC in 2011 adopted the conclusions that15 inter alia confirmed explicitly the two-dimensional extension strategy, confirmed that increased ratifications of ILO Conventions on social security, notably Convention No. 102, was a key priority for member States, and it mandated the Organization to develop a new Recommendation on national floors of social protection. During the deliberations of the ILC committee, the ILO’s emerging social protection strategy and the concept of the social protection floors were supported by experts from the WHO, UNDP, UNICEF, the IMF and the World Bank as well as by Michelle Bachelet, who by now was also the Executive Director of UN Women. Their joint support helped to win over the sceptics on the employer side for a new Recommendation.

Already the expert meeting in 2009 had clearly established that there was no appetite on the side of workers, employers and governments for a new Convention on social security. A Recommendation was all that possibly could be achieved. Even proponents of a new legal standard feared that governments would expect that extending protection for all would have fiscal consequences, leading them to

14. See also ILO (2010b).
15. See ILC (2011b); see also Cichon, Behrendt and Wodsak (2011).
shy away from ratifying a new Convention – the possible outcome of a non-ratified new Convention was unthinkable. So it was accepted that the next most important step was to record the global consensus on social protection for all in form of a global instrument. A Recommendation was not a perfect solution, but as a first step it offered a way to prominently capture the emerging global social protection consensus in a legal instrument. After all, it had taken eight years for some of the ideas of Recommendation No. 67 to be incorporated in Convention No. 102.

The Bachelet Advisory Group issued the first version of its report in mid-2011 (Bachelet, 2011). Its messages reconfirmed the arguments that were exchanged during the debate of the 100th ILC and were developed in the ILO report to the General Conference. The report made the case for social protection floors, stating that they support the realization of human rights and promote social justice, are an effective tool for combating poverty and inequality, help accelerate progress towards achieving the MDGs and beyond, are affordable even in low-income countries, help to address the social and economic impact of crises and global economic imbalances, and are an important tool for gender empowerment.

"Extending social protection is a “win-win” investment that pays off both in the short term, given its effects as a macroeconomic stabilizer but also in the long term, due to the impacts on human development and productivity”, pronounced Michelle Bachelet when presenting her report to the UN Secretary-General. The case for the social protection floor was made, widely accepted and the mandate to develop a new global standard was given to the ILO.

A compact normative framework for national social security systems: Recommendation No. 202 of 2012

The iron had to be struck while it was hot. So, the Office requested the ILO Governing Body for permission to send out a law and practice report and a questionnaire to all members within a very short period of time and also requesting reactions on the details of the envisaged Recommendation by the end of November 2011. The response was encouraging. Responses were received from more than 100 governments and 120 workers’ and employers’ organizations. On the basis of the responses a consensus Office draft of the Recommendation was produced and published on 1 March, 2012.

However, the ILC in June 2012 still had to hammer out the exact shape of the new international instrument. It took political and legal craftsmanship in its drafting to permit a careful compromise between the national contextualisation of the new instrument and the need to formulate a universal objective for social

17. See ILC (2012a).
protection. At the same time, the draft also had to allay the fears of those who were still concerned that the new instrument would actually water down the levels of protection that were stipulated by the higher-level ILO Conventions or that it might become so general that it would contain nothing but a set of well sounding words and good intentions that would never have a chance of being implemented.

The General Conference found an intelligent compromise between global guidance and national responsibilities. The instrument focused on the outcome of national social protection systems, i.e. it defined four crucial social security guarantees that should be attained by all national policies. However, it would leave the means of implementation to national decision-makers. It also left the level of income security and the exact benefit levels underpinning the guarantees open to a national decision-making process. But it did stipulate that the means of implementation and levels of protection should be determined in a participative process, i.e. by the “participation” of representative organizations of employers and workers and by “consultations” with relevant and representative organizations of persons concerned.

Contents and scope of Recommendation No. 202

The objectives of Recommendation No. 202 are set out in Paragraph 1 as providing guidance to members to: 18

a) establish and maintain, as applicable, social protection floors as a fundamental element of national social security systems, and

b) implement social protection floors within strategies for the extension of social security that progressively ensure higher levels of social security to as many people as possible, guided by ILO social security standards.

National social protection floors should comprise at least the following social security guarantees:

• access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability, and quality;
• basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
• basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
• basic income security, at least at a nationally defined minimum level, for older persons.

Countries are also advised to “monitor progress in implementing social protection floors and achieving other objectives of national social security extension strategies” inter alia through “regularly” convening “national consultations to assess progress and discuss policies for the further horizontal and vertical extension of social security”.

The Recommendation thus defines the SPF as at least four essential social security guarantees that basically provide core content for the human right to social security, as expressed in articles 22 and 25 of the United Nation’s Universal Declaration of Human Rights. The term “guarantees” was a new addition to the ILO’s social security lexicon. The term underlines that the focus is on the outcome in terms of the social security that can be achieved by different types of benefits and different types of schemes. These schemes may provide benefits in cash or in kind by direct provision of essential goods and services and may be financed by contributions or by taxes. Given that all national social protection system have developed their own traditions and organizational structure, the focus on outcome rather than on process and organization made it possible for most national governments to agree to a common objective while not being forced to change their organizational set-ups. The “no-single-right-model” mantra of 2001 had been complemented by a “single-right” set of outcomes.

According to Paragraph 4 of the Recommendation, “these guarantees should ensure that all in need have access to essential health care and basic income security which together secure effective access to goods and services defined as necessary at the national level”. This formulation also was a way to canvas the definition of the floor as a combination of income security provided through social transfers and access to essential social services (including health care) as it was developed by the UNSPF Initiative and was quoted in the Bachelet Report.

However, it also puts the SPF initiative in the context of wider social security extension strategies, that countries are required to adopt, and identifies for the first time a comprehensive set of principles for national social security extension strategies (Paragraph 3) and hence for the first time codified the ILO’s two-dimensional strategy.

Policy hotspots in the policy discourse

The original Office proposal and the final formulation of the Recommendation remained very close to the Resolution and Conclusions of the 100th Session of the ILC, and faithfully reflected the concerns and suggestions voiced by constituents during General Conference discussions and the ensuing consultation process. This includes in particular the national definition of levels of protection,

the pace and mode of implementation and monitoring of social protection floors, as well as pluralism in the ways and means to achieve a basic level of protection ensuring that national social protection floors are in line with national circumstances. The need to adapt the concept of the social protection floors to national conditions was one of the major political hotspots of the policy debates during the 100th ILC, the consultation process between the two ILCs of 2011 and 2012, and the discussions of the 101st ILC. A visible sign of national contextualization was the decision to speak about national social protection floors as a concept in the plural rather than singular form. Even the short title of the Recommendation had to don the famous plural “s”. The “no-single-right” model philosophy had found its symbol.

Another hotspot of the policy discussion was the personal scope of the Recommendation (ILC, 2012b). To establish whether the social security guarantees should be enjoyed by “all residents” or by “legal residents”, or by “habitual residents” or by “citizens only” took the ILC considerable time. In the end, the Office proposal was accepted, which suggested that the personal scope of the Recommendation should refer to “all residents and children as defined by national laws and regulations”, but subject to existing international obligations of member States. In this manner, no new legal obligation had to be subscribed to, but the risk remained that some people, i.e. some categories of migrants, might be left without coverage. Then again, more than 160 of the ILO member States have ratified or signed without major reservations the International Covenant of Economic, Social and Cultural Rights (ICESCR) of 1966, which stipulates in Article 9 that “everyone” has a right to social security, and thus constitutes an “existing” international obligation.

Another compromise was the perceived need by many member States to introduce the concept of progressive realization that implies that – while the objectives of the Recommendation are clearly universal – the implementation could be phased in gradually. Nonetheless, it stipulates that social security extension strategies should follow a specific time frame (Paragraph 14(e)). This follows a similar reasoning in Article 22 of the Universal Declaration of Human Rights and in the ICESCR.

The nature of the guidance provided by Recommendation No. 202: Repercussions are easily overlooked . . .

The extent and potential consequences of the policy guidance provided by Recommendation No. 202 are much wider and much more concrete than one would

expect at first sight from a six page document. The 18 principles that should govern national social protection systems are challenging instructions and essentially describe the characteristics of national social protection systems to be ensured under the primary responsibility of the State. These range from the principle of universality of protection, adequacy of protection, the obligation to define benefits by law, non-discrimination, progressivity of implementation, acknowledging the diversity of methods and approaches, and the need for tripartite participation and public consultation on benefit levels and conditions, demanding respect for dignity of people covered, efficient complaints procedures, transparency, and financial, fiscal and economic sustainability. In their entirety the principles define rather high performance standards for national social protection systems.

And these performance standards should – in theory at least – require a rethinking of many national policies. A few examples may suffice to prove the point. Some of the reforms of recent decades, such as the pension reforms in Latin America and in Eastern Europe during the 1980s and 1990s might have to be reviewed with respect to the principles of adequacy and predictability of social security benefits. In defined contribution pension systems where benefit levels depend to a considerable extent on the accidental performance of financial markets, benefits – even after long years of contributions – may not be adequate and are certainly unpredictable (as requested by Paragraph 3(c) of Recommendation No. 202). New minimum replacement rates should be introduced in some of these schemes. In the case of defined contribution pension schemes, the principle of solidarity in financing is likewise violated (Paragraph 3(h)). Furthermore, the way in which social assistance benefits are provided to the poorest members of many societies may violate the principle of maintaining the dignity of recipients (Paragraph 3(f)).

In other instances, the practice of benefit financing, notably in pension schemes, through initially very low contribution rates, which are set at such levels to “buy votes” in elections, would also not be in compliance with Recommendation No. 202. As covered populations mature, contribution rates generally increase to much higher levels and may become unacceptable to the financiers of the system. The optimal balance between the responsibilities and interests of those who finance and those who benefit from the system (Paragraph 3(h)) would no longer be ensured. Overpromising to the detriment of financial, economic and fiscal sustainability would also be incompatible (Paragraph 3(k)). Likewise, health insurance schemes that collect contributions but where the actual health care delivery system is underdeveloped and cannot deliver promised services are similarly incompatible (Paragraph 3(n)).

The key question that remains to be answered is whether the guidance provided by Recommendation No. 202 is robust enough to contribute effectively to national policy change.
From paper to policy, or will Recommendation No. 202 have an impact on national social policies?

Recommendation No. 202 provides guidance for ILO members on how to build or maintain social protection systems. That is all a Recommendation can do. Is that enough to change the often dire reality of peoples’ lives? Any international instrument is only as good as its national implementation. The answer – unfortunately – is not clear cut.

Recommendation No. 202 is an unparalleled document of good will. Never before – perhaps since the period of the Great Depression or the period of economic and social reconstruction after the Second World War – has there been so much international and public support for social protection and recognition of its role in national development strategies as well as in the management of economic, social and political crises. Recommendation No. 202 emerged in unique historical circumstances where the results of careful preparatory work met with a global crisis that was discrediting all the certainties of global economic development theory and global economic management, and when access to information on alternative economic and effective national social policies had become truly universal.

As a Recommendation rather than a Convention, it remains a soft instrument of global governance. However, it is the most concrete consensual social protection charter that global society has ever given itself. In many ways, Recommendation No. 202 is a “Magna Carta” of social protection. Just as was the case with King John in England in the thirteenth century, compliance with the spirit and objectives of this social charter by national governments will not be automatic.

There are serious signs that the window of good will to achieve a real improvement in social protection worldwide is already closing. As soon as the economic and financial crisis turned into a fiscal crisis, austerity measures – strongly resembling the policy recipes that had sprung from the Washington Consensus, which in itself was believed to be long dead – took the top slot on the political agenda again and social protection spending came under attack once more in many countries.

There is only one principal conduit by which Recommendation No. 202 can influence national policies. It can help to create national policy space. The global community of nations has decided that everyone should enjoy a minimum of social protection and that societies should gradually build higher levels of social security on the basis of strong principles. In taking this decision there was unanimity. As such Recommendation No. 202 is much more than yet another policy

21. For details of the fiscal austerity measures taken in 2010-2011, see Ortiz, Chai and Cummins (2011) and Roy and Ramos (2012).
paper written by a handful of experts, vetted by another handful of experts, and then released on glossy paper. Behind Recommendation No. 202 is the moral authority of a global consensus.

However while words can be global, action has to be national. The demand for social justice has to be articulated and carried by the people themselves. The global community has taken the case and compromise as far as it could. The centre of action now has to become local.

Civil society and trade unions are natural agents of political will, natural advocates of the rights and empowerment of people. They can use Recommendation No. 202 to build strong cases for more social justice, more participation, and more opportunities through social protection. The global consensus creates moral legitimacy and thus a political shield for national demands. It provides a political platform for national pressure groups that demand more social protection. When demanding the establishment or safeguarding of social protection floors and national social security extension strategies at the national level, they can remind national governments of the global consensus they have subscribed to in Geneva.22

But as with all tools, Recommendation No. 202 has to be used skilfully to ensure effective and creative action. There are very concrete things that national coalitions for more social protection can do at the national and international level. The Recommendation provides a concrete anchor point for national action. It demands national monitoring of “progress in implementing social protection floors and achieving other objectives of national social security extension strategies through appropriate nationally defined mechanisms” (Paragraph 19). Monitoring and benchmarking national situations against that of countries in a similar socio-economic position can help to create the policy space that is needed to extend or complete national social protection floors. National civil society organizations and trade unions are best placed to undertake or contribute to that national monitoring, using their knowledge and understanding of real life situations. Effective monitoring should always be bottom-up rather than top down – from the people to aggregate statistics, and not vice versa. National coalitions for social protection can easily establish whether all children, adults in active age groups, and people in old age enjoy a minimum decent level of income security that ensures access to essential goods and services and whether everybody has access to a minimum level of health care. They can document gaps and even calculate the cost of closing these gaps, and can indicate where resources can be found. In order to do so credibly, analytical techniques have to be learned and applied, cost benefit analyses have to

22. In the United Kingdom, Robert Walker and others are already using the principles of Recommendation No. 202 to publicly influence that country’s welfare reform; see Walker, Chase and Lødemel (2012).
be undertaken, benefits costed, coverage extension estimated, poverty effects and effects on inequality assessed, economic scenarios have to be built, laws have to be analysed and bills written, and complex organizations have to governed and controlled. That diagnostic and analytical work can then be used to shame governments and decision-makers into action. However, in order to be successful, major investments in terms of time and effort have to be made.

Global associations can support national groups that need solid policy and technical backing, by tapping into an international coalition of organizations with a shared mission and with wide access to knowledge, evidence and experience. The ILO has a central role to play in providing technical and policy advice. If it does not do so, it fails to fulfil its Constitution and betrays the renewed mandate it was given by two consecutive International Labour Conferences. The indicators to judge its performance are easy to define and measure. It can simply be counted in terms of how many countries have adopted SPF policies, how many have adopted social protection strategies, how many have ratified higher level ILO Conventions, and in how many cases has the ILO provided substantial technical support and policy advice.

So, as regards the question whether a piece of paper can be turned into policy, the honest answer has to be: probably yes, but nothing will happen automatically. It needs work. It takes continuous effort by national coalitions, with support from the global coalition of UN agencies, NGOs and bilateral agencies and the global community, to keep the issue of social protection on the top of the political agenda. Moreover, the history of social protection shows that the achievement of objectives does not always go to plan and sometimes can go wrong.

Possible next moves

Almost 70 years ago the global community adopted the ILO Recommendations No. 67 and No. 69 demanding universal protection. Subsequently, they were forgotten. How can we make sure that Recommendation No. 202 does not share the same fate? If issues are forgotten internationally, it becomes much easier to take them off the political agenda nationally. While most actions have to become local, the global coalition cannot simply hand over the responsibility for the stewardship of the implementation of Recommendation No. 202 to local coalitions and rest on its laurels.

The key will be to find a few vehicles that maintain the momentum. The most powerful global social policy debate will be the setting of the post-2015 development objectives. The goal that all people should live in a minimum of social security can clearly serve as a development objective, but social protection can also alternatively be the means to achieve a set of related objectives such as the alleviation of poverty and the reduction of inequality, achieving access to health care for
all, achieving gender equality, etc. In any case, the establishment and maintenance of SPFs provide a tangible development policy tool. Whether people have access to social security is easily measurable and gaps in protection can be filled by concrete policy tools rather than fuzzy theoretical policy concepts. Whether as an objective of its own right or as a multi-purpose tool, the key will be to maintain Recommendation No. 202 in the global debate around the MDGs.

In turn, the global SPF coalition has to ensure that Recommendation No. 202 is used to its full potential. However, global coalitions are not independent of national politics and in the long run only react to national pressures. Otherwise, other issues will eclipse the social protection agenda sooner or later. National coalitions that realistically have to be carried by trade unions and larger NGOs have to be built and kept active. The key is to alert, again and again, all national stakeholder meetings that will be held on the post-2015 development goals as to the roles of SPFs in national economic and social development.

The national and the global SPF coalitions can jointly support the demand for a Global Fund for Social Protection that the UN Special Rapporteurs on the right to food and on extreme poverty and human rights have jointly issued\(^\text{23}\) and help to ensure that the Fund concentrates on sponsoring national action to implement the SPF. They can furthermore support the International Financial Transaction Tax and demand that it would help to feed the Fund and support the few countries that really cannot build floor levels of social protection by their own means.

The most powerful catalytic device to keep the issue on the agenda is to create a process and a movement that would lead to a UN Convention on national floors for social protection. The SPF initiative is so far supported by a wide group of international agencies. A UN instrument on the SPF would be a strong indication that they have jointly adopted the responsibility to ascertain a minimum of social security for all and hence a minimum of decency in the lives of all people. Decency, fairness and greater equality are ways to create social justice and social peace. Creating social peace – in addition to a responsible use of the earth’s limited natural resources and the protection of our environment – is the second major sine qua non for sustainable human development. Recommendation No. 202 is just one further step towards greater social justice; many more are necessary and the global community has to stay the course. A prominent and comprehensive social UN Convention would create a much more durable instrument than development goals that have to be revised every few decades. The process will be long. It may take a decade. And it takes work – a lot of it.

\(^{23}\) Olivier De Schutter, United Nations Special Rapporteur on the right to food; Magdalena Sepúlveda, United Nations Special Rapporteur on extreme poverty and human rights. See De Schutter and Sepúlveda (2012).
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THE ROLE OF NATIONAL SOCIAL PROTECTION FLOORS IN EXTENDING SOCIAL SECURITY TO ALL

The social protection floor and global social governance: Towards policy synergy and cooperation between international organizations

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Abstract This article addresses the influence of the International Labour Organization (ILO) on other international organizations and global agencies which resulted in their endorsement of the Social Protection Floor (SFP) concept. By 2012 the concept had been endorsed by the United Nations in the shape of the UN Chief Executives Board’s SPF-Initiative, the World Bank in its new Social Protection and Labor Strategy and by the G20 at the Cannes Summit. Furthermore the IMF had agreed to work with the ILO to explore the options for creating fiscal space within countries to fund SPFs. Special Rapporteurs for the UN Human Rights Council had also in 2012 called for the setting up of a global fund for social protection to enable poorer countries to develop their floors. By 2012 a new coordinating authority, the Social Protection Inter-Agency Cooperation Board (SPIAC-B), had been ushered into existence to facilitate inter-agency cooperation. This article describes and explains how these developments came about. It asks if the reality of increased global social governance cooperation in the field of social protection is as effective as it seems or whether there are new contradictions, overlapping and competing mandates and policy disagreements at the global level.

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Introduction

This article focuses upon the ways in which the International Labour Organization (ILO) influenced directly or indirectly other international organizations and global agencies into endorsing the Social Protection Floor concept and in working collaboratively with the ILO in advancing social protection floors (SPFs). By 2012 not only had the International Labour Conference (ILC) agreed the content of its Recommendation concerning national floors of social protection, No. 202 (2012), but the concept had been endorsed by i) the United Nations (UN) in the shape of the UN System Chief Executives Board for Coordination (CEB) Social Protection Floor Initiative led jointly by the ILO and World Health Organization (WHO), ii) the World Bank in its new Social Protection and Labor Strategy and iii) by the G20 at the Cannes Summit (G20, 2011a). Furthermore, the IMF had agreed to work with the ILO to explore the options for creating fiscal space within countries to fund SPFs. Special Rapporteurs for the UN Human Rights Council had also in 2012 called for the setting up of a global fund for social protection to enable poorer countries to develop their floors. Not only had the concept won wide support and endorsement but by 2012 a new coordinating authority (the Social Protection Inter-Agency Cooperation Board) had been ushered into existence to facilitate inter-agency cooperation. All of this suggests that 2012 has seen the inception of a new era of cooperative inter-agency global social protection governance marking a break from the historic antagonisms that had existed between, for example, the ILO and the World Bank. This article describes and explains how these developments came about. It asks if the reality of increased global social governance cooperation in the field of social protection is as effective as it seems or whether there are new contradictions, overlapping and competing mandates and policy disagreements at the global level. The remainder of this article is structured as follows. The next section examines the influence of the ILO on the UN and the formation of the SPF Initiative. This is followed by an account of how the ILO won support at the G20 for the SPF. The article then examines the more complex relationship between the ILO and the World Bank and IMF. Next the rather independent initiative of the Human Rights Rapporteurs is described. How the Social Protection Inter-Agency Cooperation Board came into existence is then explained. The article

1. This article is an edited and updated version of Chapter 5 of Deacon (2013).
concludes with an assessment of the extent to which global policy synergy in this field had been achieved and what this means for the future of global social protection governance.

**Influencing the United Nations**

Efforts by the ILO to win the wider UN system and its social agencies over to the general concept of a global social floor can be traced back certainly to the publication of the report of the World Commission on the Social Dimension of Globalisation (2004) and earlier. Once Michael Cichon became Head of the Social Security Department of the International Labour Office in 2005 he very soon sought to campaign for support beyond the ILO for the social protection floor concept through the agency of the Coalition for a Global Social Floor. Michael Cichon convened a meeting in the ILO Turin Training Centre of people from UNDESA, UNICEF, HelpAge International and others under the banner of “Building a Coalition for a Global Social Floor”. The foundation of the Coalition for A Global Social Floor can probably be traced to 2007 with a call for an alliance of organizations united in the common pursuit of a fairer globalization and the right to social security for all, driven by the conviction that a global social floor is achievable and essential to fast-track poverty reduction. The core groups of the coalition were expected to consist of international organizations (UNDESA, UNDP, ILO, UNICEF, UNFPA, WHO), bilateral aid agencies (GTZ, DFID, SIDA), social partners (ITUC, IOE), and NGOs (HelpAge International, Save the Children, International Council on Social Welfare). Initially, it was further expected that the coalition would operate without formal contractual arrangements. It would simply have a Steering Committee that would be hosted by the UN, ILO, UNICEF or other UN agency, in the spirit of One-UN. Indeed this campaign held many meetings at UN side events.

However it was an initiative of the ILO Director-General (DG), Juan Somavia, in 2009 that brought this effort at coordination into the lime light. It was the global economic crisis of 2008 combined with the fortuitous circumstance of the ILO happening to hold the rotating Chair of the High-Level
Committee on Programmes of the UN’s Chief Executives Board (CEB) that triggered this. A meeting of the United Nations System Chief Executives Board for Coordination (CEB), held in Paris in April 2009 generated the CEB Issue Paper, *The global financial crisis and its impact on the work of the UN system* (HLCP, 2009). The meeting was able to draw upon an earlier draft report considered in February 2009 by the CEB’s High-Level Committee on Programmes that Juan Somavia had happened to chair and influence. The report, drafted by key members of Juan Somavia’s Cabinet and the ILO’s Policy Integration Department, called for coordinated action across the UN system in eight key policy fields: i) finance, ii) trade, iii) employment and production, iv) environment, v) food security, vi) social services, empowerment and protection of people, vii) humanitarian, security and social stability, and viii) international cooperation for development. Most important from this article’s point of view was initiative vi), which was to work toward a global social protection floor which ensures “access to basic social services, shelter, and empowerment and protection of the poor and vulnerable” (HLCP, 2009, p. 31). The ILO and WHO would lead on this policy, supported by a host of other agencies, including UNICEF and UNDESA. The Global Social Floor had become UN policy, at least in terms of the CEB. This initiative of Juan Somavia came as a surprise to the Campaign for a Coalition for a Global Social Floor. In effect the campaign goals suddenly became formal UN policy and so the informal coalition meetings that had been envisaged became formal inter-agency meetings led by the ILO and WHO starting with one in Turin (again) in October 2009. Michael Cichon chaired.

Between October 2009 and January 2012 four meetings of the SPF Initiative took place, the first three convened by the ILO, the last by UNICEF. In the flush of enthusiasm for this innovative joint initiative, the attendance and the work achieved at the first meeting held in the ILO’s Training Centre in Turin was truly impressive. Among those attending were: ILO, UNICEF, WHO, UNDESA, UNESCO, UNFPA, World Bank, WFP, WMO, ADB, BMZ, UKDFID, Finland, GTZ, HelpAge International, Save the Children, and via video link UNDP, UN Habitat, IMF and CEB. It created and approved a draft Manual and Strategic Framework for joint UN country operations which was later refined and published in November 2009 (CEB, 2009). The UN Resident Coordinator would play a key role in launching a UN Country Team working with governments and other actors and “insist on the inclusion of the SPF in the UN Development Assistance Framework” (CEB, 2009, p. 15). Such teams would: raise awareness, take stock of current policies, through national dialogue elaborate a first approach to building an SPF, evaluate the cost and identify fiscal space, help implement and monitor and evaluate. It was also agreed that at the global level a Global Technical Advisory Network (in effect the SPF-I meetings) would be set up and a knowledge sharing platform developed which was to be initially the Global Extension of
Social Security (GESS) website of the ILO. There would be training for countries, based in the ILO Turin Centre. A second meeting took place in Geneva, November 2010. It was agreed that to further support global advocacy in addition to the ILO’s GESS website a separate SPF website would be developed under UNICEF’s leadership (ILO, 2010). A further smaller focused workshop took place in early 2011 and a well-attended full meeting took place in New York in early 2012 hosted by UNICEF. It seemed at this point as if a functioning inter-agency coordination mechanism had been established and would be the forum for taking the UN SPF-I forward. However things were to become complicated by the influence that the ILO came to have on the G20, driven by the former Social Security Department employee and then ILO DG’s Cabinet staff member responsible for social protection, Vinicius Pinheiro.

The ILO’s leadership of the UN’s Social Protection Floor Initiative provided Juan Somavia with the opportunity to make more global impact for the SPF idea and for the ILO, by establishing in August 2010 a Social Protection Advisory Group under the Chair of Michelle Bachelet, President of Chile 2006–2010 and now Under-Secretary General at the UN and first Executive Director of UN Women. The Board had a membership of eight internationally-known figures including, of significance for the next stage of our story (influencing the G20), Martin Hirsch, president of the French Civic Service Agency. Appointed to the position of Executive Secretary was Vinicius Pinheiro. Under the auspices of the Advisory Group, the ILO staff prepared the report which was published as *Social protection floor for a fair and inclusive globalization* (and is usually referred to as the “Bachelet report”) (Bachelet, 2011).

It was not only to influence the UN, but also the G20. While noting that the UNSPF-I had made progress in bringing agencies together (ILO, 2011, p. 75), it made a further radical call for an inter-agency mechanism to bring together the various actors (Bachelet, 2011, p. 94).

We recommend the establishment of a mechanism for collaboration and coordination that includes experts of the relevant UN agencies, programmes, funds, regional commissions and international financial institutions involved in social protection-related issues. The aim of this ad hoc inter-agency mechanism would be to ensure mainstream comprehensive, coordinated and collaborative action in response to immediate and longer-term social protection challenges, with emphasis on the social protection floor at global, regional and national levels.

Moreover this new body should develop a common knowledge platform for sharing experiences. Here is the embryo of the Social Protection Inter-Agency Cooperation Board (SPIAC-B), which would exist alongside the UNSPF-I mechanism and come to complicate the efforts at policy synergy and agency
coordination. The call for a new knowledge platform would mean that there would come into existence not only the original social protection website linked to the ILO GESS and the newer UNICEF driven UNSPF-I website mentioned above, but a third UNDP/G20 social protection website called for by the Bachelet Report.

Influencing the G20

Influencing the UN and persuading it to adopt a Social Protection Floor Initiative is one thing. But power is shifting from the UN to the G20. How did the ILO seek to influence the G20 and how would it be that the G20 Cannes Communiqué of 2011 concluded that “We recognize the importance of social protection floors in each of our countries” (G20, 2011b, Para. 6) and furthermore in Paragraph 31 called on “international organizations, especially the UN, WTO, the ILO, the WB, the IMF and the OECD, to enhance their dialogue and cooperation, including on the social impact of economic policies, and to intensify their cooperation”? In sum the ILO did play a significant part in the 2011 French G20. This resulted from a combination of the experience already gained of the G20 process by former ILO G20 officials in 2008, 2009 and 2010, the resolve of the French President to table the issue of social protection in 2011, the opportunity provided by the upcoming Bachelet Report on the subject and partly fortuitous and partly well planned connections between the ILO and the French government.

The French government’s public statement of its G20 priorities introduced by President Sarkozy at a press conference in February 2011 stated;

France would like to promote a “Social Protection Floor” at an international level, whose goal would be to a) ensure universal access to essential social services such as education and training, as well as health care and employment, b) provide citizens with essential social transfers to give them income and livelihood security for accessing essential services. The Floor would include social benefits for children, working age individuals who do not have a minimum income, seniors and those with disabilities.

Clearly already at this stage somebody within the ILO had the ear of the French government. The choice of words was too much to be coincidental. In fact there were parallel connections. Christian Jacquier, a French national within the ILO Social Security Department, worked closely with the representative of the French Ministry of Labour in the French consulate in Geneva. Christian Jacquier was about to retire but was asked to stay on until at least the end of the G20 Labour Ministers’ Conference held in September 2011. At the same time Martin Hirsch, already an active member of the Social Protection Advisory Committee, had the
ear of the French President. Martin Hirsch was himself to publish in France a book on the Social Protection Floor (Hirsch, 2011). Vinicius Pinheiro with Christian Jacquier were the responsible ILO officials at the G20 Labour Ministers Conference and it all worked like clockwork. An advance copy of the Bachelet Report was rushed out in limited numbers for delegates with an additional section, not included precisely in that form in the finally published version, listing a number of recommendations addressed to the G20. Among these were the recommendations not only to establish social protection floors but that innovative international funding could be designed to support low-income countries and that a coordination mechanism be established to include the ILO, UNDP, UNICEF, WHO, UNESCO, World Bank, Regional Banks and the IMF, building on the SPF Initiative to enhance global policy coherence. As if this was not enough, the Director-General of the ILO together with the OECD Secretary General issued a joint report (ILO-OECD, 2011) and a joint press statement expressing concern about the global jobs crisis and stressing the importance of social protection.

The Conclusions of the G20 Labour and Employment Ministers’ conference held in Paris in September therefore predictably recommended (G20, 2011c, Para. 15) that the G20 help “Develop nationally defined social protection floors with a view to achieving strong, sustainable and balanced economic growth and social cohesion”. It went on to say that the floors should include “access to health care, income security for the elderly and persons with disabilities, child benefits and income security for the unemployed and working poor” as well as echoing the points about innovative funding, global policy coherence, etc.

It was one thing to get the ILO’s views through the Labour Ministers’ conference. Would it be so easy to keep them in the final Summit Communiqué after Cannes in November, particularly as by then the European Union (and hence President Sarkozy) was embroiled in the euro currency and sovereign debt crisis. Indeed the attempts by the G20 to address this financial crisis did take up about 15 paragraphs of the 32 of the Cannes’ Conclusions, and caught media attention. However once again, in part due to the work of the ILO responsible official, much of the Labour Ministers’ conclusions were endorsed by the Heads of State.

Parallel to the G20 Ministers of Labour meeting were meetings of the G20 Development Working Group, which had been established in Seoul at the 2010 G20. At Seoul a very large multi-annual development agenda had been set in train consisting of nine pillars of activity. Pillar 6: Resilient Growth, was the responsibility of Australia, Indonesia and Italy working through UN agencies. One aspect of this was “Developing Social Protection” with the UNDP and ILO given the responsibility. Pillar 9 was about Knowledge Sharing and the responsibility of
the Republic of Korea and Mexico. The ILO’s main contribution to the Development Working Group of the G20 which was given less publicity at the time but of great significance subsequently was the joint report produced with the UNDP on *Inclusive and resilient development: The role of social protection*. Produced in mimeo version only in June 2011 (ILO-UNDP, 2011) it was significant for its conclusions and recommendations to the G20 regarding the need for a future knowledge exchange network to be “hosted by a specific agency and owned by a broad initiative of agencies” (Para. 78.2) and for the call to establish a coordinating mechanism between agencies to advance social protection systems. The use of the word systems rather than floor was to create a problem later when this recommendation was indeed acted upon resulting in a social protection coordination mechanism not focused specifically on the SPF. Precisely the report recommended (ILO-UNDP, p. 41, Para. 78.1):

3. The G20 could call on international organizations, including the IMF, ILO, UNDP, UNICEF, the World Bank, the WFP, the WHO and the regional development banks, that provide technical advisory services in social protection, to establish a mechanism to improve their coordination and policy coherence towards supporting countries in designing and implementing national social protection systems. The organizations could consider the example of the High Level Task Force on Global Food Security or other well-functioning coordinating bodies.

The G20 process continued with Mexico’s Presidency in 2012. The priorities of this Presidency were different from those of France and the Republic of Korea before it. However it did commit to continue the work programme already agreed in 2012 by both the Labour Ministers and the Development Working Group. Keeping the ILO issues on the agenda fell once again to the ILO responsible officials, including Vinicius Pinheiro. Through his efforts the following paragraph appears in the Conclusions of the G20 Labour and Employment Ministers’ meeting held in Guadalajara, Mexico, 17–18 May 2012: (G20, 2012, Para. 12):

Social protection systems play an important role as automatic stabilisers in the crisis. At the meeting in Paris, we agreed to develop “nationally defined social protection floors with a view to achieving strong, sustainable and balanced economic growth and social cohesion . . . We will also encourage better cooperation with the G20 Development Working Group to assist developing countries in capacity building for implementing nationally determined social protection floors . . . In consequence of our recommendations made in Paris, we welcome the cooperation that has taken place between ILO and IMF, in collaboration with other international organisations, on the sustainability of social protection floors and encourage its continuation. We look forward to the possible
adoption of an ILO recommendation on social protection floors during the upcoming International Labour Conference in June 2012.

In parallel to this the ILO (represented by Vinicius Pinheiro) was also active in continuing to shape the 6th Pillar (Growth with Resiliance) and the 9th Pillar (Knowledge Sharing) of the G20 Development Working Group (DWG). Two reports on the coordination mechanism and on a shared knowledge platform were presented to it by the ILO (G20–DWG, 2012a; G20–DWG, 2012b). Finally the 2012 Report of the Development Working Group was used to report the plans to establish an Interagency Coordination Mechanism and Knowledge Sharing Platform (G20–DWG, 2012c, Paras. 54 and 55).

To that end, we reaffirm our 2011 Cannes commitment to support the implementation or expansion of national social protection floors in LICs, on a demand-driven basis, including through coordinated North-South, South-South and Triangular cooperation, and we welcome the IOs’ efforts to progress this initiative (Para. 54).

The DWG welcomes the ILO, WB [World Bank] and UNDP’s implementation of the 2011 social protection commitments – both the social protection gateway designed to assist LICs to develop effective, innovative and fiscally-sustainable social protection programs and a board to improve high-level multilateral coordination on social protection assistance . . . (we shall make) . . . all efforts to ensure its work complements, rather than duplicates existing efforts. We request the board to report progress in two years’ time (Para. 55).

It is important to note the slippage from Paragraph 54, that continues to endorse the SPF, and Paragraph 55, which sees the projected UNDP Gateway and the board concerned with social protection policy more generally reflecting, as we shall see later, the terms under which the World Bank was willing to be associated with such a board. The note about not duplicating effort acknowledges the extra complexity that is now being ushered into existence. We were about to see, as we noted earlier, the co-existence of the UNSPF-Initiative focused on the SPF and the new Inter-Agency Board with a more general brief, as well as the co-existence of the recently launched UNSPF-I social protection floor-gateway website and the projected UNDP based knowledge-sharing gateway on “effective social protection approaches”.

Working with the World Bank and the IMF: Formal or substantial?

Progress within the UN and within the G20 was therefore quite dramatic between 2009 and 2012. There was agreement that social protection floors should be laid
down and there was agreement that new inter-agency coordination mechanisms and knowledge sharing platforms should be established. How far did the World Bank and the IMF really go along with these ideas and these calls for working together?

The story of the fundamental clash of approaches, ideologies and policies between the Social Security Department of the ILO and the Social Protection and Labor Division of the World Bank in the fields of pension policy, of safety net versus universal cash benefits policies, of even the definitions and purposes of social protection has been told many times (Deacon, 2007; Orenstein, 2008; Voipio, 2011). Professionals within the ILO itself had written papers critical of the World Bank’s risk management approach to social protection and its privatizing approach to pensions. Two things had now changed. One was the evident shortcoming of the Bank’s approach to pensions caused by the stock market collapse. The other was that Robert Holzmann has been replaced as Head of Social Protection and Labor at the World Bank by a seemingly more cooperative Arup Banerji.

Arup Banerji immediately started his own consultations towards the drafting of a new Social Protection and Labor Strategy for 2012–2022. The proposed strategy (World Bank, 2011) then argued for an approach to social protection made up of Prevention (insurance), Protection (assistance), and Promotion (human capital formation through conditional cash transfers, employment creation, public works). It even mentioned the ILO’s/ UN’s Social Protection Floor policy in a footnote, though fell short of formally endorsing it. Arup Banerji wanted to turn social protection projects into systems, to focus on low- and middle-income countries, to emphasize the promotion aspects and, of course, emphasize the Bank as a knowledge resource in this matter. It had little in its first version to say about pensions. Commenting on the first draft, the Social Security Policy team within the ILO, Michael Cichon, Krzysztof Hagemejer and Christina Behrendt (ILO, 2011a) concluded that:

After decades of . . . controversial discourse and debate on pensions and safety net policies, this Note embodies a welcome departure from the ways of the past. It embodies a major turning point and a bold change of direction in the World Bank’s social protection strategy, even if it does not explicitly advertise it . . . regrettably the concept note does not explicitly acknowledge its conceptual proximity to the positions of UN agencies . . . however, the new policy may give rise to the optimistic expectation that the Bank would now be in a position to become a much more active partner in the UN Social Protection Floor initiative.

During this period from late 2011 to early 2012 the issue of closer cooperation between the ILO and the World Bank on social protection policy was being pursued actively at different levels and in different modes. On the one hand
Michael Cichon and his close colleagues held regular working meetings with Arup Banerji and his team in Washington and on the other hand at the ILO DG-level the final version of the Bachelet Report launched in New York on 27 October 2011 contained the exhortation (Bachelet, 2011): “We recommend that the social protection floor approach be fully integrated into the World Bank Social Protection Strategy 2012–2020 as well as in the social protection technical assistance programmes implemented by the regional development banks”. This exhortation did seem to have an impact as we see below.

The final draft of the new World Bank Social Protection and Labor Strategy (SPL) was circulated in full for final observations on 16 March 2012 (World Bank, 2012a) and was officially launched at the time of the World Bank and IMF spring meetings in April 2012 (World Bank, 2012b). Its main messages and slogans had shifted from the earlier three Ps formulation of Prevention (Social Insurance), Protection (Social Assistance) and Promotion (Access to Work, Human Capital Development) to the less alliterative formulation of R and E and O. Resilience was still associated with insurance, Equity with assistance and Opportunity with work and human capital development. Most significantly from the point of view of this article’s main story, the advice of many commentators (World Bank, 2012c) on both the first and second drafts of the policy, that more inter-agency collaboration was needed appeared to have been acted upon. In a new section of the policy document: A global challenge: An emerging consensus, in which the growing international concern to centre-stage social protection and labour policy was acknowledged, it noted that (World Bank, 2012b, p. 14):

This emerging global consensus is manifested in numerous country actions and global initiatives, including the prominent One-UN Social Protection Floor initiative (SPF-I), adopted by the United Nations Chief Executives Board in April 2009 (box 3.1). The SPL strategy and engagement is consistent with these core principles of the SPF-I, particularly through the strategy’s emphasis on building inclusive, productive, responsive SPL programs and systems tailored to country circumstances. The World Bank has been a strategic partner in the One-UN Social Protection Floor initiative (SPF-I), and has an important role to play both in helping countries who sign on to the SPF-I to operationalize it and in knowledge sharing.

In terms of the actual REO World Bank policy, however, there are still a number of distinctions that could be made between it and the ILO’s Social Protection Floor. There is more use within the World Bank document of the safety net concept rather than the concept of a social protection “floor”. There is also a more ready acknowledgement of the role of non-state actors as providers of welfare and a continuing case made for social funds and micro credit. It is weak on the side of the necessary legislative framework which needs to define entitlements of beneficiaries
on the one side and financing sources on the other. The notion that there is a human rights foundation to the case for the SPF, which is fundamental to the ILO’s approach, does not underpin the Bank’s own SPL strategy.

A further distinction is the Bank’s use of the term “Social Protection System” which it says it wants to see developed out of the patchwork of inadequate and fragmented coverage often found in countries. This concept does suggest an approach which is seeking comprehensive coverage and a goal which goes beyond a minimal social protection floor. Indeed the ILO’s main ally in the struggle for the SPF, UNICEF, published almost simultaneously with the Bank on 15 March 2012, its Social Protection Strategic Framework entitled Integrated social protection systems (UNICEF, 2012) in which, in its executive summary, it says, “UNICEF promotes the development and strengthening of integrated social protection systems (author’s emphasis) as a highly effective approach for addressing the multiple and compounding vulnerabilities faced by children and their families” (UNICEF, 2012, p. 6), adding “UNICEF supports countries considering putting in place a national Social Protection Floor – guaranteeing access to essential services and social transfers – as an initial step (author’s emphasis)” (UNICEF, 2012, p. 8). Of course, the ILO’s SPF is part of a two-pronged ILO strategy to extend social security both horizontally (the floor) and vertically (wage-related social security), so the Bank’s and UNICEF’s use of the term Social Security System could be seen as the other agencies catching up with the ILO. In this context it is significant that the ILO document published in November 2012, which includes both conclusions of the discussions on social security at the 2011 International Labour Conference (which set out a social security strategy for the Organization) and the text of Recommendation No. 202 concerning national floors of social protection (ILO, 2012a) is entitled “Social security for all: Building social protection floors and comprehensive social security systems”.

The question of how, in the light of its new SPL policy, the World Bank might collaborate in practice rather than in word with the ILO and the UN-SPFI policies became quite fraught in the early months of 2012. The section below on the establishment of the Social Protection Inter-Agency Cooperation Board tells of the inter-agency struggle to define the constitution and focus of the SPIAC-B.

Turning to the IMF, the likelihood of the ILO Social Security Department agreeing with the IMF on the nature and content of actual social protection policy in general and the Social Protection Floor in particular was always slim. The IMF’s explicit social protection policy is one geared to supporting only the most vulnerable, while the ILO would see the SPF having a more universal approach. That aside, agreement that the IMF should try to help countries find fiscal space for some kinds of social protection expenditures was more likely. The historic first ILO-IMF Conference was convened in September 2010 in Oslo “to stimulate an active discussion of how international cooperation and policy innovation can
address the urgent need to improve the capacity of economies to generate enough good jobs – decent work – to meet societies’ “needs” (IMF–ILO, 2010). The IMF and ILO agreed at the conference to work together on policy development in two specific areas, one of which was indeed “to explore the concept of a social protection floor for people living in poverty and in vulnerable situations, within the context of a medium- to long-term framework of sustainable macroeconomic policies and strategies for development” (IMF–ILO, 2010).

A follow up ILO-IMF meeting took place on 3 December 2011, convened at the Brookings Centre6 with the facilitation of Kemal Dervis,7 which focused on El Salvador, Viet Nam and Mozambique, three countries where close ILO-IMF collaboration was being pursued. In the case of Mozambique, UNICEF was also involved. Indeed by the time of the G20 Labour Ministers’ meeting in Mexico in May 2012 the ILO was able to publish jointly with the IMF the first draft of a paper on the successful ILO-IMF collaboration in these three countries. Setting out how the IMF had worked alongside the ILO to create fiscal space it explains how the UNSPF-I Rapid Assessment Protocol (RAP) had been used to cost the coverage gap in each case and gives this example of the value of the ILO-IMF collaboration (ILO-IMF, 2012, p. 17): “The result was the decision to increase social protection expenditure by about 40 per cent”.

Human Rights Council: The outlier calls for a global social protection floor fund

One thing missing from the ILO social security strategy adopted by International Labour Conferences in 2011 and 2012 (ILO, 2012a) is the case for a global fund for social protection in poorer countries. The emphasis on global funding withered during the course of the passage of the Recommendation through the ILO process, which at the end says only that “national social protection floors should be financed by national resources” while countries “whose economic and fiscal capacities are insufficient to implement the guarantees may seek international cooperation and support that complement their own efforts”. Then suddenly untrailer by any of the main players came on 9 October 2012 the publication by Olivier De Schutter, UN Special Rapporteur on the right to food, and Magdalena Sepúlveda, UN Special Rapporteur on extreme poverty and human rights, of the UN Human Rights Council’s Briefing Note (De Schutter and Sepúlveda, 2012): Underwriting the poor: A global fund for social protection. The paper suggested:

6. The Brookings Institution is a non-profit public policy organization based in Washington, DC. [http://www.brookings.edu/].
7. Kemal Derviş, member of the SPF Advisory Group chaired by Michele Bachelet, formerly head of the United Nations Development Programme and Minister of Economic Affairs of Turkey, is vice president of the Brookings Institute and director of Global Economy and Development.
the creation of a Global Fund for Social Protection (GFSP), to provide States the financial support needed to make social protection viable. The GFSP would provide two services: (1) it would respond to “structural,” or endemic, poverty by providing support for States to meet basic social protection floors; and (2) it would serve as a reinsurance provider offering protection to the State against unexpected shocks to their social insurance systems.

The paper addresses the importance of impoverished states making every effort to meet their obligations to fulfil the UN Conventions on the right to food and to social security but then notes that more developed states too have an obligation to assist such states (De Schutter and Sepúlveda, 2012, p. 7).

In regards to the right to social security, the Committee on Economic, Social and Cultural Rights has stated that “[d]epending on the availability of resources, States parties should facilitate the realization of the right to social security in other countries, for example through provision of economic and technical assistance. International assistance should be provided in a manner that is consistent with the Covenant and other human rights standards, and sustainable and culturally appropriate. Economically developed States parties have a special responsibility for and interest in assisting the developing countries in this regard.”8

The briefing paper argued that the first task of the GFSP would be to fill the gap between the cost of the social protection floor and the maximum available resources of States. Filling the gap would cost less than 2 per cent of global GDP. In other words it builds on the view that countries need to take responsibility for national taxation policy to secure the national social contracts involved in developing social protection systems by offering, in effect, matching funds to, say, double the national tax revenue raised for social protection purposes from a global fund.

While Magdalena Sepúlveda had worked together with the ILO’s Social Security Department on promoting the rights-based approach to social protection and ensured that Recommendation No. 202 embodied a rights-based approach, the associated idea of a global fund had not been part of these collaborations.9 The main “father” of the fund idea had been the briefing paper’s co-author, Olivier De Schutter. Parallel discussions have been ongoing within that community. Indeed in October 2010, the Committee on World Food Security (CFS) had requested the High Level Panel of Experts on Food Security and Nutrition (HLPE) to undertake studies on Climate Change and Food Security, and Social Protection for Food Security. So it was that on 22 June 2012, exactly when the member States

of the ILO were adopting Recommendation No. 202, the High Level Panel of Experts on Food Security and Nutrition produced its report on Social protection for food security (HLPE, 2012). Chaired by Stephen Devereux of the International Development Studies centre in Sussex, England, its first recommendation was that “Every country should strive to design and put in place a comprehensive and nationally owned social protection system that contributes to ensuring the realisation of the right to adequate food for all . . . One possible model for the social protection portfolio is the ‘Food Security Floor’ as proposed for consideration in this report, which would identify a minimum set of appropriate social protection and other interventions that would realise the right to food in each country” (HLPE, 2012, p. 6). Devereux, in his presentation to the Committee on World Food Security (CFS) at the annual session held in Rome in October 2012 strongly supported the idea of an international mechanism in support of the social protection floor (as proposed by the GFSP, which he welcomed); so did the representative of the ILO.

This proposal for a Global Fund for Social Protection came too late for inclusion on the SPIAC-B October 29 Hyderabad agenda, which we discuss below. Neither was it discussed in detail at the third meeting of the SPIAC-B in February 2013, although a paper was tabled drawing attention to it. The proposal remains an outlier not integrated into the new mechanisms of coordination.

The new Social Protection Inter Agency Cooperation Board

We have shown earlier how the message to establish an inter-agency coordination mechanism and a shared knowledge platform for social protection which went beyond the UN SPF-I coordination efforts was repeated in the Recommendations to the G20 via the Bachelet Report and in the ILO-UNDP Development Working Group report to the G20, both of which were primarily ILO DG Cabinet outputs. The G20 was therefore in late 2011 calling for a new mechanism and a new knowledge platform and the ILO DG’s office was driving this on behalf of the G20 and partly passing the responsibility down to the Social Security Department to process. The Department, preoccupied with winning the ILC over to its draft Recommendation, was taken by surprise by this G20 call. How would the Social Security Department working with the UNSPF Initiative respond to the “call” from the G20? A meeting was convened in Washington by the ILO on 2 December 2011 with UNICEF, the World Bank, UNDP, PAHO (in lieu of the WHO) and a few others to take forward the call of the G20 to enhance inter-agency coordination.

The ILO Social Security Department commissioned in preparation for this meeting a non-paper (ILO, 2011b) from an ex UNICEF consultant to make recommendations on both the knowledge platform and the inter-agency coordination mechanism. The knowledge platform proposals ranged widely over the content of an inter-agency website and over several scenarios for its location. The ILO was suggested as an obvious choice, UNICEF was an option as was possibly the UNDP, but the UNDP had little track record in the field. The World Bank option was dismissed as it was partial and might be seen to be drumming up lending business. A joint ILO-UNICEF option built on the SPF-I existing plans was a possibility. Outsourcing was also an option. In terms of the coordinating mechanism the idea that it might reside at CEB level and be a task force chaired by the UN Secretary-General was dismissed as too top-down managerial. Instead the view that it should be given to the already existing UN SPF-I process was preferred (author’s emphasis). In terms of how it could work with the existing practices of the SPF-I were noted.

In the meeting, discussion about the coordinating mechanism was marked by the World Bank offering merely the Show-and-Tell seminars that had traditionally existed between several agencies. The ILO Social Security Department suggested building on the UN SPF-I meetings that had been held since 2009, the next one of which was due to be convened by UNICEF on 30 January 2012. Breaking the disagreement between these two approaches was the suggestion then made by UNDP that a UN High Level Inter-Agency Secretariat and Board be set up with a new Secretariat to operate at UN level, but probably located on a rotating basis within an agency. The parallel of the UN Food Security Secretariat was suggested as a model. The ILO DG’s Cabinet official present (Vinicius Pinheiro) supported this idea, setting out in some detail how it would work. This idea had, as we saw, been articulated by him and had already been encapsulated in the joint June 2011 ILO-UNDP report to the G20. The Social Security Department questioned whether such a development was needed preferring the SPF-I mechanism.

Discussions on this new UN Social Protection Secretariat were at the same time being pursued by the same ILO DG Cabinet staff, acting as the responsible ILO official in the context of the Mexican Presidency of the G20. By the time of the G20 Development Working Group (DWG) Meeting of 19–20 March 2012 the initial idea of his that a high-profile High Level UN Secretariat on Social Protection be created similar to the High Level UN Food Security Secretariat had been cautioned against by the World Bank and so a note was tabled to the DWG meeting jointly by the ILO and World Bank suggesting a rather less ambitious technical Social Protection Interagency Board (SPIB), which would be (G20–DWG, 2012a):

A light, lean and agile interagency coordination mechanism – composed of representatives of relevant international organizations, partner agencies and bilateral institutions engaged in international technical cooperation on social protection. The main objectives of the Board would be to enhance global coordination and advocacy on social protection issues and to coordinate cooperation in country demand-driven actions.

Concretely the Board (G20–DWG, 2012a, Para. 12):

would be chaired by the ILO and the World Bank and include representatives of IMF, UN-DESA, UNDP, UNICEF, WHO, Regional Development Banks, Regional Economic Commissions, other relevant international organizations and, as appropriate, bilateral institutions from G20 and non G20 countries working internationally at country level on social protection advocacy, financing and/or technical advice. Social partners and other organizations, including large NGOs with a major work program in social protection, could have observer status (author’s emphasis).

It would meet at least once a year and have a small secretariat initially located for two years at the International Labour Office.

In terms of the projected UNDP’s Knowledge Sharing Platform and the UNICEF-ILO based UN SPF-I web portal both continued to be developed independently of each other. The SPF-I joint web portal was indeed launched in April 2012.13 Introducing it to SPF-I colleagues, Isabel Ortiz14 said “this is a project that UNICEF has been working on since late 2011 and which other Coalition members, in particular the ILO and HelpAge International, contributed to through brainstorming, planning and review . . . the intent behind the website was to provide users with an agency-neutral, unified voice on the SPF and to serve as a resource for users not necessarily familiar with the concept”.15 Despite this launch, work continued within the G20 DWG on the suggested UNDP-based Knowledge Sharing Platform. The note prepared for the G20 DWG meeting of 19–20 March was little changed from the ideas reported earlier in this section. Concretely it proposed that the UNDP, through its International Policy Centre for Inclusive Growth’s (IPC-IG) gateway on South-South Learning on Social Protection, could provide the vehicles for operationalizing this knowledge sharing mechanism in coordination with the ILO’s Global Extension of Social Security (GESS) and other

14. Isabel Ortiz was at this time responsible for Economic and Social Policy analysis at the UNICEF HQ in New York and had been a key supporter of the SPF from the days of the Policy Advocacy Coalition established in 2007 through to the establishment of the UNSPF Initiative and beyond. She had also worked with the IMF to make the case for finding fiscal space for the SPF and had argued tirelessly for an end to austerity measures which might jeopardise the SPF (See Ortiz and Cummins, 2012). She resigned from UNICEF in 2013 and was appointed as Director of the ILO Social Protection Department in October 2013.
15. Email to SPF-I members, 23 April 2012.
partner organizations (G20–DWG, 2012b). The platform could sit administratively in UNDP and be guided by a joint group of experts (including the ILO, UNDP, World Bank and others) in alignment with the activities of the proposed Social Protection Inter-agency Board. No reference was made to the UNICEF-ILO based new Social Protection Floor-gateway launched in April.

So it was that the SPIAC-B\(^{16}\) was about to be born and possibly complicate further rather than simplify the global governance of social protection. It was not to be as grand as the ambitious UN Food Security Secretariat. But would it be more than a Show and Tell and Do Nothing? It would work confusingly in parallel to the UNSPF-I because the World Bank did not want it to be constrained by the SPF. Meantime the initial advocate and prime mover of the higher-level UN Secretariat, Vinicius Pinheiro, became Deputy Director of the ILO Office in New York, which it would turn out would serve as the secretariat of SPIAC-B for at least the first three meetings.

The first meeting of the SPIAC-B charged with progressing both the Inter-Agency Cooperation on Social Protection generally and the UNDP gateway on Social Protection took place on 2–3 July 2012 in New York (ILO, 2012b). Several, but not all INGOs that had been involved in the UNSPF-I meetings were invited as, according to the constitution, observers. These included the ICSW, HelpAge International and Save the Children. Many UN agencies such as UNDP, FAO, UNICEF, WHO, etc., were present. Significantly Michael Cichon (ILO) who would have been joint Chair with Arup Banerji (World Bank) and who had strong views about how the coordination might play out was unable to attend due to illness and so it was that Vinicius Piheiro, recently promoted to the New York ILO Office, jointly chaired the meeting. Predictably the first day generated the discussion about the overlap between the SPIAC-B and the UNSPF-I. More significantly the INGO members, who were actually allowed to participate and not just observe, were fired up by the implications of the adoption by the ILC just several weeks earlier of the Recommendation concerning national floors of social protection, No. 202 (2012), and expected to discuss it, but found the World Bank steering discussion towards what it perceived as a wider social protection agenda. The meeting did however ensure that the Board might act rather than just compare notes and changed its name from the Social Protection Inter-Agency Board to the Social Protection Inter-Agency Cooperation Board and foresaw future regional meeting. The minutes of the meeting report the discussion on the link between the Social Protection Inter-Agency Cooperation Board and the Social Protection Floor Initiative (SPF-I). The clarification was offered in the following terms (ILO, 2012b):

16. The revised name and acronym were agreed at the first meeting of the SPIB on 2 July 2012.
Social Protection Floors are part of comprehensive social protection systems (e.g. as in ILO two-dimensional strategy17 for the extension of social security); while the SPF-I addresses the horizontal dimension (basic levels of social protection), the SPIAC-B provides a broader and more inclusive mechanism for sharing of information and coordination between partners, addressing social protection systems as a whole (including the vertical dimension); the shared secretariat hosted by ILO will ensure coherence and consistency in the coordination process; existing SPF-I work continue as planned under CEB mandate (UN-Initiative), and its activities would be strengthened within a broader SPIAC-B perspective; SPIAC-B work could build on the experience accumulated in the SPF-I, especially at the country level.

The agenda for the second meeting of the SPIAC-Board in Hyderabad on 29 October 2012 appeared to exclude any reference to the SPF probably given the view of the World Bank that this Cooperation Board, of which it is joint chair, should address social protection systems more generally. The SPIAC-B agenda noted that the UNDP was to introduce the new Social Protection Gateway (which however has not been updated since it was established by the G20), while the ILO would present the social protection capacity building training courses and online platform being developed by the International Training Centre (Turin). The third SPIAC-B meeting took place in New York in February 2013 in the context of the UN’s annual Commission for Social Development meeting focused upon inserting the case for social protection within the UN post-2015 development policy. The tabled paper (UN System Task Team on the Post-2015 UN Development Agenda, 2012, p. 10) suggested that “If the new development framework uses a targeting approach with measurable indicators, goals related to social protection could be the following: (1) By 2030 all people have social protection at least at the level of national floors for social protection”. Among other papers tabled was one by the Special Rapporteur on extreme poverty and human rights, Magdalena Sepúlveda and the Special Rapporteur on the right to food, Olivier De Schutter on “The need to include a rights-based approach to Social Protection in the Post-2015 Development Agenda”. In addition to calling for social protection to be included it referred to their earlier argument to establish a global fund for social protection. Minutes18 suggest that there was no agreement to take forward the global fund concept.

17. It should be noted that the International Social Security Association (ISSA), whose traditional mandated role dovetails with helping to support the delivery of what is now called the vertical dimension of the SPF strategy, is a member of the SPIAC-B and attended the first and third meetings; see <http://staging.ilo.org/gimi/gess/ShowProjectRessource.do?ressourceld=35748&pid=1625>.
18. See <http://staging.ilo.org/gimi/gess/ShowProjectPage.do;jsessionid=ece3c48ca1cc1420d230e58b90625889701742dc0a1f53890b307b1295388a46.e3aTbhuLbNmSe3uK4a0?pid=1625>. 
Conclusion: Improved global social policy synergy and improved governance of social protection?

Can we say in 2013 that there is now in existence greater global social policy synergy within the field of social protection and more effective cooperation between agencies involved at a global level? The account above reveals both positive and negative elements.

In terms of global social protection policy synergy there is clearly an advance on what has gone before. There is more common ground between the ILO, UNICEF, the World Bank, donor agencies and several big INGOS about the importance of social protection, about what a social protection floor might look like, and how this would be part of a larger social protection system. There is even some indication that the IMF could buy into the concept when it attempts to create fiscal space for social protection. It is not yet clear that the UNDP gives any more attention to the concept and, of course, an issue is whether the refashioned UN post-2015 MDG development agenda will give due attention to social protection as a goal. In terms of the development of global knowledge gateways about social protection, the short-term result of the contending initiatives has resulted in three social protection gateways (websites) all consequent upon the initiative of one or other ILO actor.19

In terms of improved global social governance it is much more of a mixed story. On the one hand, there has been through the establishment of the UNSPF-I mechanisms increased cooperation between the ILO, several UN agencies and INGOS and some donors in relation to the SPF, with the ILO in the driving seat (ILO, 2012c). On the other hand, the upshot of the determined attempt to get the G20 to call for greater inter-agency cooperation has been the creation of a parallel coordinating mechanism less tightly focused on the SPF and concerned with a broader social protection agenda. However, because of its constitution involving joint chairing by the ILO and the World Bank it might be less effective and detract from the earlier UNSPF-I work. Time will tell. The third meeting suggested a more focused set of discussions addressing the important issue of the place of the SFP within the UN Development Agenda. The entry of the G20 into the social protection policy field with its development agenda bequeathed from Seoul muddies the water too. The new version of the long-standing competition between international organizations for the right to shape global social protection policy and for the content of that social protection policy

19. The Global Extension of Social Security site is accessed via <http://www.social-protection.org> which also serves at the time of writing as the SPIAC-B meetings site. The UNSPF-Initiative website is accessed via <http://www.socialprotectionfloor-gateway.org> (although it has not been updated since June 2012). The newer G20 driven UNDP based web site <http://www.socialprotection.org> does not report the SPIAC-B meetings.
now has a G20 versus UN element too. This development of the role of the G20 has its critics. Barry Herman (2011, p. 2) has argued that the G20 is the wrong international forum for development.

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Civil society and the social protection floor

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Abstract  Civil society wholeheartedly supports the concept of social protection floors and, in particular, the adoption of the ILO Recommendation concerning national floors of social protection, 2012 (No. 202). The implementation of social protection floors will be a great step forward towards the reduction of poverty and inequality as well as to the empowerment of people worldwide. The civil society movement is convinced that the rights-based approach is the most effective way to design and implement empowering and sustainable social protection floors. With regard to the human rights-based implementation of the social protection guarantees, it has four specific attention points: i) respect for the rights and dignity of people holding rights to social security; ii) full participation of civil society; iii) universal coverage at the local, national and international level; iv) and concern for vulnerable groups. Following the 101st International Labour Conference in 2012, 59 civil society organizations set up the “Coalition for a Social Protection Floor”, whose two main tasks are: to monitor and contribute to the universal implementation of social protection floors at local and national levels; and to promote the social protection floor concept in global policy-making, such as in the discussions on the post-2015 development agenda.

Keywords  social protection, recommendation, interest group, public opinion, international organization, international
Introduction

Many civil society organizations contribute to national and global policy-making on basic social protection, and in many countries they are key providers of social protection services. In June 2012, a group of 59 national and international civil society organizations\(^1\) presented to the International Labour Conference (ILC) a common statement on the draft text of the International Labour Organization’s Recommendation concerning national floors of social protection, 2012 (No. 202). The group wholeheartedly supported the adoption of the Recommendation because its implementation would be a great step forward towards the reduction of poverty and inequality as well as to the empowerment of people worldwide. They also considered it a timely response to the fact that millions of people living on our planet are excluded from the benefits of globalization, and are often penalized through the implementation of austerity measures.

The common statement also included a variety of suggested changes\(^2\) to the draft text available at that time. These suggestions had been discussed in advance with some governments as well as with the representatives of employers’ and workers’ organizations, all of whom are statutory members of the International Labour Organization (ILO). The three main concerns were that the future Recommendation would respect all human rights principles, would allow full participation of civil society, and would ensure truly universal coverage at the national and international level. The two main tasks of the newly-established Civil Society Coalition for a Social Protection Floor are: to monitor and contribute to the universal implementation of social protection floors at local and national levels; and to promote the social protection floor concept in global policy-making, such as in the discussions on the post-2015 development agenda.

This article will first briefly review the origins of the social protection floor concept and delineate the two main components of social protection, i.e. social (income) security and social services. This will lay the foundation for discussing the human rights-based approach to social protection, which the civil society movement considers the most effective way for designing and implementing

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1. The group consisted of 34 NGOs from the South, 13 from the North, and 12 global NGOs (generally with headquarters in the North). The group grew out of a meeting organized by the Geneva Office of the Friedrich-Ebert-Stiftung (FES) in March 2012, entitled: “The ILO’s Social Protection Floor – Lobbying for a strong Recommendation”. At that meeting the International Movement ATD Fourth World was asked to formulate and coordinate comments on the amendments, and to present them to the International Labour Conference in June 2012. The other NGOs that attended the Conference were: the European Disability Forum, HelpAge International and the International Council for Social Welfare.

2. Following the rules of procedure of the ILC, the submission of amendments to a draft under debate or negotiation is restricted to ILC delegates. Although NGOs may lobby organizations and governments represented by ILC delegates, they cannot formally submit amendments, but can propose changes.
empowering and sustainable social protection floors. Following a discussion of the related roles of civil society and the Coalition for a Social Protection Floor specifically, the article offers concluding remarks.

**The social protection floor: Origins and concepts**

The concept of a social protection floor (SPF) was born in a context of the increasing globalization of economic, social, cultural and political relations, and of the economic crisis which unfolded in 2008, which revealed serious failings in the current pattern of globalization. The current pattern of globalization has resulted in greater inequalities both within and between countries. In general, extreme poverty has been reduced, but there are still 1.2 billion people who experience the hardship of living on less than the equivalent of $1.25 per person per day (United Nations, 2013).

**Origins of the social protection floor concept**

The ILO has been at the forefront of the development of the social protection floor concept (Deacon, 2013). Following the outcomes of the 1995 Social Summit in Copenhagen, van Ginneken (2000) defined the social floor broadly, i.e. in terms of basic guarantees, not only with regard to social security but also to basic social services, such as education and health. In his view, the establishment of a global social floor would be the result of a new global social contract between governments, civil society and the private sector. Some of the basic principles for the contract can be found in the International Covenant of Economic, Social and Cultural Rights.3

The next and decisive step for the ILO was the report by the World Commission on the Social Dimension of Globalization. This Commission proposed the establishment of a global socio-economic floor (ILC, 2004; World Commission on the Social Dimension of Globalization, 2004) to achieve a fair globalization that creates opportunities for all. It defined the floor in terms of the ILO core concerns, which are employment and social protection as well as social dialogue and fundamental rights at work (van Ginneken, 2009).

In 2009, the United Nations Chief Executives Board (UNCEB) accepted the idea of a social protection floor as one of its nine core crisis response policy priorities. It defined social protection broadly in terms of income security and access to health and other social services. Under the UNCEB umbrella, a more formal inter-agency collaboration emerged under the leadership of the ILO and the World Health Organization (WHO), which was built on the “Coalition for a

3. See [http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx](http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx).
Global Social Protection Floor” founded in 2007 and which included all major UN agencies. Deacon (2013) suggests that two coordinating mechanisms grew out of this collaboration: i) first, the UN Social Protection Floor Initiative (SPF-I) which, through its Advisory Board, produced the Bachelet Report (Bachelet, 2011); and, later ii) the Social Protection Inter-Agency Cooperation Board (SPIAC-B). This Board includes not only agencies from the UN family, but UN-related agencies, such as the International Social Security Association (ISSA), World Bank, International Monetary Fund and World Trade Organization. In addition, some major international NGOs, such as the International Council on Social Welfare, HelpAge International and Save the Children, take an active role in the Board.

The final important step for the time being is the ILO Recommendation concerning national floors of social protection, 2012 (No. 202) (ILC, 2012; ILO, 2012), which was adopted by the International Labour Conference in June 2012. The Recommendation aims at supporting Members in building and maintaining comprehensive social security systems on the basis of a two-dimensional approach: 1) (“horizontal”) establishing floors of basic social security guarantees to provide protection to all in need as soon as possible; 2) (“vertical”) extending the scope and levels of social security coverage as guided by the Social Security (Minimum Standards) Convention, 1952 (No. 102) and other existing (ILO) standards to as many people (workers) as possible and as soon as possible. It is relevant to note here that the “new consensus” on social security reached at the International Labour Conference in 2001 was based on the agreement that “highest priority should go to policies and initiatives to extend social security to those who have none” (ILO, 2001, p. v).

Recommendation No. 202 defines that national social protection floors should include at least the following four basic social security guarantees: i) access to essential health care, including maternity care, that meet the criteria of availability, accessibility, acceptability and quality; as well as ii) income security for children, iii) for persons in active age who are unable to earn sufficient income and iv) for older persons. It also stipulates two major accountability procedures that strengthen the rights-based dimension, i.e. that these guarantees should be established by law and that everyone should have access to impartial, transparent, simple, rapid, accessible and inexpensive complaint procedures. Finally, the Recommendation adopts an open approach as to how these guarantees should be provided. It recommends that different approaches to benefits and schemes can be envisaged, including universal benefit schemes, social insurance and social assistance schemes, negative income tax, as well as public employment and employment support schemes. Such a social protection floor is economically affordable and can be introduced, completed or maintained everywhere, in accordance with national circumstances.
In examining the origins of the social protection floor concept it is important to make a distinction between the concept of social security – often perceived narrowly as being mainly concerned with income transfers – and the concept of social services (see Table 1).

The aims of social protection policies and of social policies in general are to guarantee that people have at least a minimally accepted standard of living and also to help prepare them for a constructive role in economic, social and political life. It therefore guarantees basic security and builds up basic capabilities through improved access to a variety of social services, such as health care, education, housing and food provision. Social protection mechanisms providing direct income security consist of both tax-financed social assistance and family benefits that focus on people in need, as well as of social insurance schemes that mitigate and relieve the income shortfalls caused by a variety of social risks. The provision of income security through social protection is intimately linked not only with

Table 1. Social protection: Social (income) security and social services

<table>
<thead>
<tr>
<th>Social risks and basic capabilities</th>
<th>Social (income) security</th>
<th>Social services</th>
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</thead>
<tbody>
<tr>
<td>Mitigating/relieving income shortfalls</td>
<td>Strengthening employment capacity and social cohesion</td>
<td></td>
</tr>
<tr>
<td>Un(der)employment</td>
<td>Unemployment benefits; employment guarantee; cash and food for work</td>
<td>Labour market and training policies</td>
</tr>
<tr>
<td>Sickness and disability</td>
<td>Contribution- and tax-financed pensions</td>
<td>Safety and health at work; labour market (re)integration</td>
</tr>
<tr>
<td>Old age and survivors</td>
<td></td>
<td>Care, homes and institutions</td>
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<tr>
<td>Family cohesion</td>
<td>Maternity, child and family benefits</td>
<td>Child care, family support.</td>
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<tr>
<td>Social assistance</td>
<td>Tax-financed benefits</td>
<td>Social work</td>
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<tr>
<td>Guaranteeing basic security and building up basic capabilities</td>
<td></td>
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<tr>
<td>Health</td>
<td>Fee waivers; social health insurance; conditional cash transfers</td>
<td>Health policy; national health service</td>
</tr>
<tr>
<td>Education</td>
<td>Fee waivers; conditional cash transfers</td>
<td>Education policies, including school meals</td>
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<tr>
<td>Housing</td>
<td>Rent and energy subsidies</td>
<td>Social housing</td>
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<tr>
<td>Food provision</td>
<td>Food stamps; consumer subsidies</td>
<td>Food aid</td>
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</tbody>
</table>

Source: Adapted from van Ginneken (2012).
labour market policies, but also with the provision of a large variety of social services, such as child care, homes and social work, as well as with health care, education, social housing and food aid.

The human rights approach

The civil society movement is convinced that the rights-based approach is the most effective way to design and implement empowering and sustainable social protection floors. In this way their implementation will not depend on the political situation of the day, but be based on firm long-term principles, such as equality, non-discrimination, participation, transparency and accountability. As noted in the previous section, Recommendation No. 202 includes a number of important aspects of the human rights approach, for example that social security guarantees should be established by law and that everyone should have access to effective complaint procedures. In this section we would like to give a more systematic account of the human rights approach to social protection floors, and point out the areas where civil society agrees with the formulation of Recommendation No. 202, and where it would like to go further.

Social protection and human rights

There is a strong and symbiotic relationship between human rights conventions and social protection. Depending on their level of economic and social development, the International Covenant of Economic, Social and Cultural Rights (ICESCR), for example, allows countries the “progressive realisation” of the rights conferred by the Covenant. However, every State Party (the main duty-bearer) to the Covenant has a basic obligation to ensure a minimum level of enjoyment of every right. According to the Committee on Economic, Social and Cultural Rights (CESCR) – the supervisory body of the Covenant –, the minimum core content of each right constitutes a floor below which conditions should not be permitted to fall in any State Party. Under Article 9 of the Covenant, States are legally obliged to progressively ensure the right to social security to all individuals within their territories, providing specific protection for disadvantaged and marginalized individuals and groups. General Comment No. 19 on the right to social security by the CESCR (2008) spells out the key features of this right and the content of States’ obligations.

Social protection programmes and the adoption of national SPFAs can assist states in fulfilling their obligations under international human rights law, such as with regard to the right to an adequate standard of living, including food, clothing, housing and the right to social security (see also Table 1). They may also facilitate the realization of many other rights, such as the right to education and
the right to the highest attainable standard of health, as well as the right to take part in the conduct of public affairs. These legally-binding obligations refer to the final outcome as well as to the process that is used. The four main human rights principles that guide the process of designing, implementing, monitoring and evaluating social protection programmes are: equality and non-discrimination; participation; transparency and access to information; and accountability (Sepúlveda and Nyst, 2012).

**Operationalizing the right to social security**

To make human rights policies operational, it is necessary to define indicators that can measure the realization of human rights, such as through measures of social protection coverage. Essentially, what distinguishes a human rights indicator from a standard disaggregated indicator of socio-economic progress is less its substance than a) its explicit derivation from a human rights norm, and b) the purpose to which it is put, namely human rights monitoring with a view to holding duty-bearers to account.

The Office of the High Commissioner for Human Rights has started to develop a framework of human rights indicators (OHCHR, 2012). The first task is to translate the narrative of the normative content of human rights (based on related provisions of international human rights instruments and general comments by treaty bodies) into a small number of characteristic attributes. Moreover, there is a need for a conceptual framework, which explains – for each characteristic attribute – the impact of the various input indicators on the eventual outcome – the enjoyment of human rights. “Structural” indicators measure the commitment of the State (the main duty bearer) towards realizing human rights; for instance through ratification of international instruments and inclusion in national legislation, as well as through the adoption of national policies and a corresponding time frame. “Process” indicators measure the efforts and resources that the duty bearer uses to achieve the enjoyment of human rights, which is measured by “outcome” indicators.

The four characteristic attributes selected by the OHCHR for the right to social security (Table 2) are: “income security for workers”, “affordable access to health services”, “support for families, children and dependant adults” and “social assistance schemes”. They broadly correspond to the four basic social security guarantees defined in Recommendation No. 202. Table 2 gives an illustrative list of indicators for the right to social security. The characteristic attributes in this table have universal application. Structural indicators have a universal aspect, because they are generally part of national and international legislation. However, the way the right to social security is included in that legislation will be particular to the country concerned. The process indicators also
<table>
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<th>Table 2. List of illustrative indicators on the right to social security</th>
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<tr>
<td><strong>Income security for workers</strong></td>
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<tr>
<td><strong>Structural</strong></td>
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<tr>
<td><strong>Process</strong></td>
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<tr>
<td>Benefits requested and provided</td>
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<tr>
<td><strong>Outcome</strong></td>
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<tr>
<td></td>
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<tr>
<td>Proportion of individuals below national poverty line before and after social transfers</td>
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</table>

have a universal aspect, but much depends on the level of economic and social development, as to which inputs and what level of resources are needed to achieve universal coverage and as regards the level of benefits to be provided. Finally, the outcome indicators are generally country-specific. The definition of the national poverty line, for example, depends on the level of the country’s economic development and its social priorities.

Special attention points for civil society

As noted above, the common statement presented by 59 NGOs to the 101st ILC in June 2012 included a variety of proposed changes. Some of these can be traced back to various informal comments from Magdalena Sepúlveda, the UN Special Rapporteur on extreme poverty and human rights. They reflect special attention points for civil society with regard to social protection floors. A number of the proposed changes were supported by the representatives of workers’ organizations, who then included or merged them with formal amendments that they submitted themselves. They then tried to obtain support from the other two groups of ILO statutory members: the representatives of employers’ organizations and governments.

Respect for the rights and dignity of social security rights holders. This proposed change was based on research by the Institute of Social Policy, Oxford University, England, and reported in Walker, Chase and Lødemel (2012). Whereas treating beneficiaries with respect is a fundamental human rights principle, this research shows that the acknowledgment of the dignity of every beneficiary helps to overcome feelings of shame, powerlessness and lack of agency. The proposed change to the text used the term “beneficiary”, but this appeared to conjure up ideas of “charity” and “recipients of gifts”, rather than exercisers of rights and rights holders. It is because of these concerns that the eventually adopted text of the Recommendation uses the wordy phrase “people covered by the social security guarantees”.

Full participation by civil society. There is a large variety of groups, such as the elderly, people with disabilities and people living with HIV/AIDS, who can – and want to – participate in the implementation of social protection floors. For the Recommendation to be properly implemented, all forces in society need to participate. In this participatory process social partners and civil society organizations need to work hand in hand. The NGO group proposed a number of changes to stress the importance of the participation of all beneficiaries (right holders) – and organizations that represent them – in the design, implementation, monitoring and evaluation of social protection floor programmes.
This turned out to be a delicate issue for the ILO, being a tripartite organization. Various governments, in particular from Latin America and Africa, accepted the idea of greater participation by civil society. In Africa for example, where social insurance coverage does not exceed 5 to 10 per cent of the working population, many governments work with a tripartite-Plus (i.e. including civil society) formula. However, workers’ and employers’ organizations – who could also be considered part of civil society – were not prepared to give NGOs more than consultative status.

Historical research shows that in many countries the extension of social security to all has been the result of actions by both trade unions and other civil society groups. For example, social health insurance coverage in the Republic of Korea between 1977 and 1989 was first extended to employees of large corporations with more than 500 workers; after that to government employees and teachers; and subsequently to industrial workers in progressively smaller workplaces. The extension to self-employed workers, and in particular to farmers, was eventually achieved through a coalition between farmers’ organizations and progressive civil society groups (Kwon, 2002). Civil organizations, such as the Citizen’s Coalition for Economic Justice and the People’s Solidarity for Participatory Democracy, sought active political involvement, because – rather than being representatives of passive beneficiaries of policies – they saw extension as a key issue for the well-being of Korean society as a whole (Jeong and Niki, 2012).

Universal coverage at the national and international level. The rights-based approach requires that all inhabitants of our planet can benefit from social protection floors to the greatest extent possible. Various human rights texts, and in particular the recent General Comment No. 19 on the right to social security (CESCR, 2008), recommend that “all persons should be covered by a social security system, especially individuals belonging to the most disadvantaged and marginalized groups, without discrimination”. Therefore, whatever the legal situation of families and their members, everyone must be able to benefit from minimum social support, including decent health care coverage. The NGO group therefore proposed that Paragraph 6 of the Recommendation should cover all “individuals within its territory and subject to its jurisdiction”. The finally adopted text says that “Subject to their existing international obligations” (the NGO group agrees with this, but this is still relatively weak). Member countries should cover “at least all residents and children [so far so good], as defined in national laws and regulations”. It is this last addition that calls universal coverage into question.

There are many problems with this coverage issue. At the international level, there are large groups of stateless people, and there is a serious problem with
irregular migrants and their families (about 50 to 100 million people in the world). At the national level, many people have not been registered at birth, and could therefore be excluded from the social security guarantees. Moreover, many vulnerable people, including in high-income countries, have no fixed home and are therefore not registered with local government. As a result, they are often excluded from social services and benefits.

Rights of children, women and persons with disabilities. In the preamble of the Recommendation, mainly ILO instruments and declarations are mentioned. The only human rights instruments mentioned are the Universal Declaration of Human Rights\(^4\) and the International Covenant of Economic, Social and Cultural Rights. The NGO group proposed to mention in addition a variety of human rights instruments, such as the Conventions related to children; to women and gender equality; and to persons with disabilities, all of whom have specific articles on social protection. Mentioning these UN human rights texts would ensure that UN agencies work together and that social protection (floor) activities are well coordinated across the UN family. In addition, and in keeping with the spirit of these texts, it also proposed to strengthen the gender dimension of social protection floors under Paragraph 5(c). The NGO group therefore proposed that it was vital to provide basic income security also to people – many of whom are women – with the “responsibility for the care of those unable to care for themselves”. None of these proposed changes were accepted.

The role of civil society

With the global consensus on the ILO Recommendation now in place, the time has come for civil society – in alliance with the trade union movement – to make sure that the social security guarantees are implemented and monitored at local, national and international levels. In the wake of the ILC in 2012, the group of 59 NGOs decided to set up the “Coalition for a Social Protection Floor”, and – with the help of the Friedrich-Ebert-Stiftung – it has written and agreed on its terms of reference (see below). With the current discussion on the post-2015 development agenda, and as will be discussed, there are new opportunities for conferring a large role to rights-based social protection floors in shaping that agenda. Against this background, it is possible to map out the principal ways that civil society can help implement and monitor the social security guarantees as defined in Recommendation No. 202.

The Coalition for a Social Protection Floor

Many NGOs involved in the common statement and in proposing changes to be included in the amendments for the ILO Recommendation wanted to keep the momentum for future joint activities. Each NGO has its own focus, geographically and/or with regards to content. What they all have in common is the wish to implement social protection floors based on human rights for all people in all parts of the world. They therefore agreed to form a joint Coalition for a Social Protection Floor, which has four major aims:

• to seek to influence international debates on a social protection floor and raise awareness of the ILO Recommendation, based on the common statement presented to the 101st International Labour Conference (particularly relating to the post-2015 development agenda);
• to create a platform for sharing learning experiences among civil society organizations worldwide, including contributing to the development of tools;
• to collaborate with national and regional social protection platforms and/or coalitions, where these exist, particularly those whose efforts seek to promote the implementation of SPF objectives; and
• to encourage, and participate in, inclusive coalitions aimed at promoting the design, implementation, monitoring and evaluation of social protection floors.

At the time of writing, the Coalition had appointed a core group of 16 NGOs (seven from the South, three from the North, and six global NGOs with headquarters in the North). They consist of organizations that focus on particular vulnerable groups, human rights organizations and trade unions. They produced their first newsletter in December 2012, and alongside a number of activities – with the support of the Geneva Office of the Friedrich-Ebert-Stiftung – the core group held its first meeting in April 2013.

The Coalition has started to identify existing national and regional networks on social protection; it has also started to work on a toolkit for civil society organizations to participate in the design, implementation, monitoring and evaluation of SPF programmes and projects, mainly at local and national levels; and it is considering launching a website.

Influencing the UN post-2015 development agenda

The report to the UN Secretary-General on “Realizing the future we want for all” (UN System Task Force on the post-2015 UN Development Agenda, 2012) provides a broad conceptual framework within which the UN post-2015 development agenda can be shaped. This report proposes that the post-2015 agenda format remains based on concrete end goals and targets, but is reorganized along four key dimensions of a more holistic approach: 1) inclusive
social development; 2) inclusive economic development; 3) environmental sustainability; and 4) peace and security. It then adds that the UN post-2015 development agenda should be conceived as a truly global agenda with shared responsibilities for all countries. Some global governance mechanisms will need to be reformed or strengthened so as to achieve a rights-based, equitable and sustainable process of global development. It also points out that broad and inclusive consultation processes will be required to shape a shared vision for the post-2015 development agenda.

The human rights framework, consisting of civil, political, economic, social and cultural rights covers a large part of this holistic approach. Within that context the recently-adopted Guiding Principles on Extreme Poverty and Human Rights (United Nations, 2012) could provide excellent guidance for goal-setting in these five human rights areas. Within the Human Rights Council, there are now also attempts to define the right to peace and to a sustainable environment. And finally, the supervisory mechanisms developed around basic human rights treaties and the so-called Universal Periodic Reviews (UPR) could be used as new governance mechanisms to monitor and ensure implementation of post-2015 development goals and targets (van Ginneken, 2011a).

Human rights-based social protection floors can be an important factor in achieving inclusive social development, in particular if they target families living in extreme poverty (Sepúlveda and De Schutter, 2013). Broad-based social protection floors, including the right to health and education, will provide vulnerable groups with capabilities to contribute to more inclusive economic development. Broad-based social protection systems (see Table 1) also have an important influence on cohesion within families, communities and nations (van Ginneken, 2011b), thereby contributing to peace and security.

The establishment of a Global Social Protection Fund (GSPF) could be the most important new mechanism for addressing growing inequities, and providing one of the pillars of better global governance (De Schutter and Sepúlveda, 2012). The GSPF would rely on low-income countries devoting their maximum available resources to rights-based social protection schemes. In support of these efforts, any shortfall between this amount and what is needed to fund these schemes, would be made up by the GSPF, via donations from middle- and high-income countries. The GSPF would also provide reinsurance in that it would help underwrite these schemes against the risks of excess demand triggered by major shocks.

On all these issues for debate in the post-2015 development agenda, including the adoption of social protection floors as a new development goal and the establishment of the GSPF, civil society organizations (and the International Social Security Association for that matter) should seek to influence the outcomes. In the first instance, they should try to influence governments who decide on the post-2015 agenda, and in particular low-income and donor countries. The Coalition has
therefore formulated a resolution on “Social protection floors, human rights and the eradication of poverty”, which could provide elements for the Ministerial Declaration to be adopted at the High-level Segment of Economic and Social Council (ECOSOC) at the beginning of July 2013, as well as for a resolution to be adopted by the UN General Assembly at the end of 2013 and by the Human Rights Council at the beginning of 2014. The Coalition will also try to influence a variety of UN family members, such as UN agencies and the World Bank, also through SPIAC-B.

Towards the universal implementation of the four social security guarantees

As noted before, the social protection floor concept can extend to a variety of social services, such as education, housing, water and sanitation. It is also most likely that the new post-2015 development goals will adopt such a broad definition of social protection. However, in the immediate term, it may be advisable for the Coalition for a Social Protection Floor to focus on the implementation of the four social security guarantees, as defined in Recommendation No. 202.

First, national NGOs and trade unions, and civil society at large, can build pressure groups to monitor the extent to which the four social security guarantees prioritized by the Recommendation are implemented in their country. They can establish whether all children, adults in active age groups and people in old age enjoy a minimum decent level of income security that ensures access to essential goods and services and whether everyone has access to a minimum level of health care. They may also be able to document gaps and even calculate the cost of closing these gaps, and can indicate where resources can be found. That diagnostic work can then be used to galvanize governments into action (Cichon, 2013). This should be done with the participation of those who are directly concerned, such as the elderly, the poor and people with disabilities.

Second, it is important to document and disseminate good (and bad) practices. International organizations, such as ILO and UNICEF, have already done so to a large extent, but NGOs can contribute to this process. This may then also lead to the development of tools, and possibly a manual. The Coalition for a Social Protection Floor has by and large done just that through its first newsletter, and will continue to do so in subsequent issues. But these examples need to be analysed, so that specific points of success and failure can be identified. In this connection, it is also important to give consideration to how the website of the coalition will be organized, and how it will contribute to other websites, such as those of the ILO, UNICEF, ISSA and SPIAC-B.

Third, national and regional NGOs can initiate programmes and link up with existing programmes, such as those undertaken by nation states, possibly in collaboration with international organizations. In that connection, it may also start
(or contribute to) pilot programmes that teach individuals and families how they can claim their rights. Certain NGOs within the Coalition have very specific knowledge on the implementation and administration of programmes on the four social security guarantees. HelpAge International, for example, has a great deal of experience in the design and administration of social pensions. The European Anti-Poverty Network (EAPN) has formulated a number of interesting European Union social security proposals, such as on a Framework Directive on Minimum Income (van Lancker, 2010).

Finally, there is a large job to be done on advocacy among civil society organizations (including workers’ organizations) as well as directed towards social security organizations, states and international organizations – within countries, regionally and globally. This is essential for the present discussion on the post-2015 development agenda, but will also have to be continued afterwards.

The way forward

The 59 signatory NGOs of the common statement wholeheartedly support the adoption of the ILO Recommendation concerning national floors of social protection, because its implementation will be a great step forward towards the reduction of poverty and inequality as well as to the empowerment of people worldwide. The civil society movement is convinced that the rights-based approach is the most effective way to design and implement empowering and sustainable social protection floors. With regard to the human rights-based implementation of the social security guarantees, it has four specific attention points: i) respect for the rights and dignity of people holding rights to social security; ii) full participation of civil society; iii) universal coverage at the local, national and international level; iv) and concern for vulnerable groups, such as elderly people and people with disabilities; persons living under precarious legal conditions, such as ethnic minorities, migrants and stateless persons; and for children and women in general.

Civil society organizations usually have huge mandates and very limited resources. They tend to concentrate on national issues, and spend little time and resources on international coordination. They have to strike a balance between their long-term interests and capacities and their capability to respond in the short term to changing circumstances and priorities. Continuously, they have to assess the impact of their work, and to see whether their activities produce maximum value added and impact in comparison with their efforts and resources. So, what can be expected from the Coalition on a Social Protection Floor? And what resources are needed to obtain the expected outcome?

The Coalition will first have to make a number of general choices with regard to the type of activities it would like undertake and focus on, and with regard to which partners it would like to work with. It has already started to
formulate its vision on the post-2015 development agenda, which should focus on rights-based social protection floors and on the eradication of poverty by 2030. At the national level, it may decide to concentrate for the next two to three years on the four social security guarantees as defined by Recommendation No. 202.

As regards preferred partners, the trade union movement is at the moment the most powerful and vociferous civil society proponent of the social security guarantees. This makes it the most logical civil society partner for the Coalition, which besides already has some trade unions in its membership. With regard to international organizations, the ILO would appear the most appropriate partner, as does the Friedrich-Ebert-Stiftung, without whose support the Coalition would have never seen the light of day.

The expected outcomes would first and foremost have to be defined on a country by country basis. Participating NGOs will have to make a decision about the resources and efforts they are willing to earmark for working towards extending one (or all) of the social security guarantees in their country. That choice may also be dependent on whether the government and/or an international organization, such as the ILO, are already active in that country. More particularly, the Coalition and participating NGOs could, for example, target their efforts on social security agencies – including ISSA member organizations – and other social policy delivery administrations, to advocate for the “good governance” of these bodies to improve their transparency, efficiency and effectiveness, so as to help maximize administrative effectiveness and reduce inefficiencies and overlaps. Importantly, this may contribute to efforts to achieve sustainable “fiscal space” as well as encourage a more coherent design of the delivery of benefits.

Finally, the Coalition will have to establish its own way of working. The core group of 16 NGOs will have to evaluate how they can assist national NGOs to contribute to the implementation of the four social security guarantees. The core group should also be able to obtain information from national projects and disseminate this to NGOs in other countries.

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Civil society and the social protection floor


THE ROLE OF NATIONAL SOCIAL PROTECTION FLOORS IN EXTENDING SOCIAL SECURITY TO ALL

The Social Protection Floors Recommendation, 2012 (No. 202): Completing the standards to close the coverage gap

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Abstract In June 2012, the 101st session of the International Labour Conference (ILC) adopted the Recommendation concerning national floors of social protection, 2012 (No. 202). This article explores the linkages between Recommendation No. 202 and the pre-existing International Labour Organization (ILO) social security standards and its complementarity with these. In response to the questions as to whether the existing ILO social security standards have lost their relevance and whether the new Recommendation has been adopted with a view to replacing the existing ones, the article concludes that its adoption not only complements but also broadens and strengthens the existing international social security code. Together, Recommendation No. 202 and the ILO social security Conventions are viewed as providing a complete and adequate normative framework for the establishment and maintenance of comprehensive social security systems.

Keywords recommendation, gaps in coverage, legal aspect, social protection, ILO, international

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Introduction

On the 14 June 2012, the 101st session of the International Labour Conference (ILC) adopted the Recommendation concerning national floors of social protection, 2012 (No. 202), by an impressive tripartite consensus vote: 452 votes in favour, zero against and one abstention. This new standard aims at extending essential health care and basic income security to millions of people worldwide and as such it is regarded as a breakthrough in global social policy. This raises the questions whether the existing International Labour Organization (ILO) social security standards have lost their relevance and whether this new Recommendation was adopted with a view to replacing the existing ones.

The ILO normative framework for the extension of social security provides a unique set of internationally-accepted standards that serve as a reference for the establishment, development and maintenance of national social security systems. The ILO social security standards that were adopted before the Social Protection Floors Recommendation, 2012 (No. 202), most notably the Social Security (Minimum Standards) Convention, 1952 (No. 102), have played a considerable role in this regard. These standards have guided the gradual development of social security in many countries around the world, with different levels of income and development. Their scope and requirements have also served to give meaning and define the content of the right to social security as laid down in international human rights instruments adopted under the auspices of the United Nations. These standards, however, have not proven to be adequate for all countries to ensure the full coverage of their populations and, hence, for the realization of the human right to social security. This is especially so in countries where a large proportion of the workforce is engaged in the informal or rural economy. In view of the significant coverage gaps that persist worldwide, over the course of the last decade the international community has come to identify, based on the experience of new policies implemented recently by many developing countries, a need for a new standard that would provide the necessary guidance to countries to close these gaps.

While Recommendation No. 202 has been drafted and adopted with a view to assisting countries in establishing comprehensive social security systems and closing coverage gaps with the aim of achieving universal coverage, it notes the continuing relevance of existing standards and their importance as references for social security systems. Its provisions are anchored in international human rights, with the clear objective of guiding countries in the realization of the right to social security. More particularly, as a first and priority step, it calls upon countries to

1. The International Labour Conference (ILC) is the legislative organ of the International Labour Organization (ILO).
ensure that all members of society enjoy at least a basic level of social security throughout their lives, through nationally-defined sets of essential health care and basic income security guarantees, or “national social protection floors”. Recommendation No. 202 also provides guidelines for the establishment of levels of basic social security that allow life in health and dignity. Furthermore, it assists countries in the prioritization and sequencing of the benefits to be provided, taking into account the most urgent needs in terms of protection and the resources available within a country. National strategies for the extension of social security should also seek to progressively ensure higher levels of social security to as many people as possible, guided by Convention No. 102 and the other up-to-date social security standards. The new Recommendation thus complements the guidance provided in existing standards and strengthens and broadens the international social security code.

Starting from the basis that Recommendation No. 202 complements existing ILO social security standards, this article explores the linkages between and complementarity of Recommendation No. 202 and the pre-existing ILO social security standards. The first part of the article presents an overview of the international social security code before Recommendation No. 202 was adopted. This is followed by an analysis of how the Recommendation completes and enhances the existing body of standards. It concludes that Recommendation No. 202 not only complements but also broadens and strengthens the international social security code, and that together Recommendation No. 202 and the more advanced ILO social security standards provide a complete and adequate normative framework for the establishment and maintenance of comprehensive social security systems.

The international code of social security before the Social Protection Floors Recommendation, 2012 (No. 202)

The adoption of the Social Protection Floors Recommendation, 2012, stemmed from the need to guide countries in extending social security protection to the most vulnerable as a priority, especially in view of the limited ability of pre-existing standards to do so. The most notable of these standards is the Social Security (Minimum Standards) Convention, 1952 (No. 102). This standard builds on the “solemn obligation” of the Declaration of Philadelphia of 1944 which requires the International Labour Organization to advance programmes which achieve “the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care” (ILO, 1944, Article III(f)). When the International Labour Conference held its General Discussion on social security in 2001 it was found that a significant proportion of ILO member States were still far from having achieved this objective. Doubts were voiced as to whether existing
social security standards were sufficient to assist the Organization in fulfilling its constitutional mandate.

The review of ILO standards undertaken by the Governing Body of the ILO between 1995 and 2001 confirmed that Convention No. 102 of 1952 and the social security standards adopted thereafter were still up-to-date. However, it was noted that they contained a number of features which did not facilitate the realization of the objectives of the Declaration of Philadelphia. This prompted ILO constituents to suggest that a new standard might be needed. But did that mean that Convention No. 102 and other standards were inadequate to serve the purpose for which they had been adopted? Did the fact that the world of work and societies themselves had developed differently from what had been envisaged mean that they had lost their relevance? And should a possible new standard be developed with a view to replace existing ones? These questions had to be answered at a very early stage of the consultation process which involved a thorough examination of existing ILO standards, and more precisely their role and impact and their strengths and limitations.

It became clear that these standards, and notably Convention No. 102, had been – and continued to be – of high significance for the development of social security throughout the world. Their important contribution to national social security systems and to international and regional social security law was recognized by ILO constituents on numerous occasions during the consultations that led to the adoption of Recommendation No. 202. The uniqueness and continuous relevance of Convention No. 102 was reaffirmed at the discussion on social security that took place at the International Labour Conference in 2011.

Thus, at no time it was envisaged that a new standard would replace or substitute for that landmark instrument which, on the contrary, should be promoted more strongly. Nevertheless, it was recognized that additional standards were needed to assist countries in progressing effectively coverage extension which took into account their circumstances in addition to their particular needs and priorities at the national level.

Pre-existing social security standards, and in particular

Convention No. 102: A widely accepted normative framework for social security systems at the regional and international level

The international labour standards concerning social security developed by the ILO in the last years of the Second World War, and those that were adopted in the following decades, have had a significant influence on the development of social security systems in all countries of the world. These standards, namely the Income
Security Recommendation (No. 67) and the Medical Care Recommendation (No. 69) adopted in 1944, followed by the Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Conventions and Recommendations that were adopted subsequently, provide a unique framework for the design of social security schemes and for their governance and implementation. Their use has guided countries at all levels of development in the establishment of sound and sustainable social security systems.

Recommendations No. 67 and No. 69 were ground breaking for laying down the new doctrine of universality as the basis for social security development. They reflected a fundamental change of paradigm in social security policies as the relative focus was shifted away from social security protection for workers towards the protection of the whole population. They were the first to envisage comprehensive national social security systems providing universal protection in the form of income replacement (cash) benefits and medical care benefits through social insurance for the coverage of persons with contributory capacity and social assistance for people who could not be covered by social insurance schemes. They embodied the objective of universal coverage found in the Declaration of Philadelphia and laid down, for the first time, the range of life circumstances and risks that were to be addressed by social security schemes. They also identified the aspects for which those schemes should make provision and defined the parameters of social security schemes. In particular, Recommendation No. 67 established guiding principles for all social security contingencies involving the loss of income, while Recommendation No. 69 established medical care as a new branch of social security.

It is Convention No. 102, however, that transformed the ideas of Recommendations No. 67 and No. 69 into legal obligations, establishing social security as a separate branch of international law. It regrouped the nine social security risks into a single, comprehensive and legally-binding instrument widely referred to as the “classical social security contingencies”. It was the first instrument to quantify in

2. These standards were modelled after Convention No. 102, setting higher standards of protection. They comprise:
2) Employment Injury Benefits Convention, 1964 (No. 121).
3) Invalidity, Old-Age and Survivors’ Benefits Convention, 1967 (No. 128), and Invalidity, Old-Age and Survivors’ Benefits Recommendation, 1967 (No. 131).
4) Medical Care and Sickness Benefits Convention, 1969 (No. 130), and Medical Care and Sickness Benefits Recommendation, 1969 (No. 134).
6) Maternity Protection Convention, 2000, (No. 183) and Maternity Protection Recommendation, 2000 (No. 191).
statistical terms standards of basic protection, the minimum coverage of the population and the levels of benefits to be provided by social security schemes in respect of the nine social security risks. The minimum objectives of the Convention should be achieved by the application of key principles:

- the general responsibility of the State for the due provision of the benefits and the proper administration of the institutions and services concerned in securing the provision of the benefits;
- the participation of the persons protected in the management of social security schemes; the collective financing of social security schemes;
- the guarantee of defined benefits by the State;
- the adjustment of pensions in payment; and
- the right of appeal in case of refusal of the benefit or complaint as to its quality or quantity.

The Convention was also the first social security instrument to offer a range of options and flexibility regarding its application, which can be attained through a combination of contributory and non-contributory benefits, general and occupational schemes, compulsory and voluntary insurance, and through different methods for the administration of benefits, all intended to secure an overall level of protection which best responds to countries’ needs. The Convention is thus based on the idea that there is no perfect model for social security – it is for each society to best develop the means of guaranteeing the protection required in Convention No. 102 for its members.

The standards that were adopted thereafter set higher requirements for the different social security contingencies for which Convention No. 102 makes provision, in particular as regards the personal scope of coverage and the minimum levels of benefits to be provided, while following the same approach and structure. Convention No. 102 and the higher standards are the only ILO standards that set quantitative benchmarks and that require the use of statistical indicators for assessing and monitoring whether minimum levels of protection (both in terms of persons protected and of benefits provided) are reached in conformity with their requirements.

Convention No. 102 has had, and continues to have, substantial influence on the development of formal social security systems at the national level. It provides not only concrete guidance and a detailed framework for the establishment of social security schemes and comprehensive systems, but also inspiration for many countries irrespective of their levels of income, traditions and circumstances. While its impact has been more greatly felt in industrialized countries, “many developing countries, inspired by the Convention, have embarked upon the road to social security” (ILC, 2011b, para 81), as observed by the Committee of Experts

3. With the exception of family benefits.
on the Application of Conventions and Recommendations (CEACR). This is an ongoing process – “several member States currently implementing successful and innovative social security extension policies have recently ratified Convention No. 102 and others have indicated their intention to do so” (ILO, 2012, Para. 28).

In 2013, Convention No. 102 continues to serve as a yardstick and reference in the gradual development of comprehensive social security coverage at the national level. International experience shows that the ILO social security Conventions, and particularly Convention No. 102, are a means to prevent the leveling down of social security systems worldwide, as they constitute benchmarks to assess whether their requirements have been met and contribute to the creation of a level playing field for social conditions across the world. In providing an internationally-accepted definition of the material scope of social security and setting a socially-acceptable minimum level of protection to be achieved worldwide, Convention No. 102 became a symbol of social progress and set in motion a dynamic process of gradually raising the basic parameters of social security programmes to higher levels (ILC, 2011a, Para. 28; ILC, 2011b, Para. 81). For this reason, Convention No. 102 and the ILO normative social security framework have played a key role in giving content and providing elements of definition to the right to social security laid down in international human rights instruments such as the Universal Declaration of Human Rights, 1948, the International Covenant on Economic, Social and Cultural Rights (ICESCR), 1966, and other human rights instruments adopted under the auspices of the United Nations (see CESCR, 2008). The influence of Convention No. 102 has also been felt at the regional level, and references to it can be found in a number of legal instruments such as the European Social Charter, the Southern African Development Community (SADC) Code on Social Security and the Caribbean Community (CARICOM) Agreement on Social Security. Furthermore, Convention No. 102 has provided the blueprint for the European Code of Social Security, while higher ILO social security standards have served as references for the elaboration of the Protocol that supplements the Code.

The unique features of the ILO social security standards, together with their flexibility and the timelessness of the principles at their very core underline their relevance. In spite of the evolving nature of the concept of social security and changes undergone by national social security systems since its adoption in 1952, Convention No. 102 provides a widely-accepted normative framework for social security systems at the national, regional and international level, as emphasized by the ILC in 2011 and 2012.

The need for Recommendation No. 202

In the last decade, the need for a new social security standard became clearer and more pressing. The impact of Convention No. 102 and higher social security
standards had proven significant in many high-income and a number of middle-income countries, where high coverage rates had been achieved in respect of most branches of social security. The ability of these standards to guide the development and extension of social security further in low-income countries seemed less certain, as demonstrated by the important coverage gaps that persist and which have even widened in less-developed parts of the world, with 75 to 80 per cent of the global population not enjoying social guarantees against life risks. Also, the low ratification rate of Convention No. 102 by developing countries, only six African countries out of 49 countries worldwide, demonstrates the low impact of the Convention on developing countries. Therefore, it was concluded that the impact of pre-existing social security standards was often limited to the formal employment sector due to the fact that they do not necessarily require coverage of certain categories of workers (e.g. farmers and other subsistence workers, rural workers, and workers in the informal economy) and their families. Often these categories of workers constitute the major part of some countries’ populations. It was found that the human right to social security was far from being a reality for the majority of the world’s population.

At the same time, major labour market developments have taken place worldwide. Persistent and increasing high levels of unemployment, the growing informalization of employment and the emergence of other forms of labour insecurity have translated into a rise in poverty levels and social exclusion in many countries. The recent financial and economic crisis has amplified the impact of these phenomena. In such times of major economic downturn, social protection has proved to be an effective means of cushioning incomes and supporting demand. In addition, many country experiences (see UNDP, 2011, pp. 15-16) have demonstrated the effectiveness of social transfers in the fight against poverty and inequality, which have led to the consideration of these transfers as indispensable means for extending social security coverage to the poor and vulnerable, and thus, for ensuring basic income security and essential health care to all those in need. These social transfers, constituting basic social guarantees against life’s risks and circumstances, have become known as “social protection floors”.

The objectives of universal and comprehensive protection, with access to at least basic income security and essential health care, as stated in the Declaration of Philadelphia and embodied in Recommendations Nos. 67 and 69, were never translated into binding provisions in the social security Conventions that were adopted thereafter. In fact these Conventions are characterized by their flexible approach to protection. Based on the notion that each country should have the discretion to determine how best to ensure its income security (thereby reflecting

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its choices and its social and cultural values, history, institutions and level of economic development), Convention No. 102 fixes a set of objectives or standards based on commonly-agreed principles that constitute a socially-acceptable minimum for all member States. It prescribes certain minimum requirements to be observed by ratifying States. These requirements must be complied with in respect of i) a minimum of three out of the nine social security branches for which it makes provision,5 and ii) a defined percentage of workers or of the population, which usually shall amount at least to 50 per cent of all employees, or at least to 20 per cent of the economically-active population, or to all residents whose means are below a prescribed level.6 In this way, it does not require universal coverage or the provision of a complete set of social security benefits, not even at basic levels, that would ensure protection throughout the life cycle.

The social security instruments adopted after Convention No. 102 deal with one or more branches of social security, but not with the full range, and are therefore limited in terms of the contingencies they cover. As mentioned, they are built on the same model as Convention No. 102 and also incorporate some flexibility with respect to the categories of the population for which coverage must be provided in application of their provisions.

As to Recommendations No. 67 and No. 69, they were found to be still pertinent by the CEACR “in terms of the guiding principles they set forward for national law and practice and for ILO action on the extension of social security to all” (ILC, 2011b, Para. 53). However, they were considered by the supervisory body to show limitations as regards to the means they set out to ensure full population coverage and the fact that they did not take account of the modern forms and concepts of social security coverage that had developed in many low- and middle-income countries during the last decades.

The reflection leading to the adoption of Recommendation No. 202 also included an assessment of the contribution of ILO social security standards to the human rights framework and the ability of these standards to assist countries in the realization of the right to social security. In view of their characteristics, it was concluded that despite constituting the main references for the definition and interpretation of that right, existing ILO social security standards did not provide the guidance that was needed for the realization of the core content of this right.

5. At least one of the three branches ratified must cover a long-term contingency or unemployment.
6. The scope of personal coverage under Convention No. 102 provides alternatives, which usually require the coverage of either (a) prescribed classes of employees, constituting not less than 50 per cent of all employees; or (b) prescribed classes of the economically active population, constituting not less than 20 per cent of all residents; or (c) all residents whose means during the contingency do not exceed limits prescribed in such a manner as to comply with the requirements of Article 67; or (d) where a declaration made in virtue of Article 3 is in force, prescribed classes of employees, constituting not less than 50 per cent of all employees in industrial workplaces employing 20 persons or more (see, for example, Article 27 of Convention No. 102).
This core content consists of the provision of at least basic levels of income security and medical care that should ensure a decent standard of living to everyone and prevent people from falling into poverty. The fact that the majority of the world’s population did not enjoy this right in full, or even in part, was deemed unacceptable by the world community and played an important role in considering the need for a new standard, and in defining the contents of this standard.

Other key areas in which a need for further normative guidance was identified included prioritization in the provision of social security and its progressive development. The consultations that preceded the adoption of Recommendation No. 202 showed that while most countries in the world had some elements of social security in place, the protection these mechanisms conferred was not always directed to those most in need of such protection. Limited resources and administrative capacities at national level also meant that it was impossible for countries to implement a full range of schemes and benefits at once. Many countries were turning to international organizations in search of answers to a number of crucial questions: Where to start? Who to cover in priority and for what? What to do next and how to move forward?

While requiring the provision of benefits in respect of a minimum number of contingencies, Convention No. 102 does not provide guidance to countries on the prioritization and sequencing of the benefits to be provided, taking into account the most urgent needs in terms of protection and the resources available at the national level. The piecemeal approach taken by higher-level social security standards provides even less guidance in that respect. The pre-existing standards thus show limitations as regards ensuring the prioritization and provision of basic social security guarantees to all in need, as soon as possible. Further, they fall short in guiding member states in progressively implementing higher and more comprehensive levels of social security as countries’ economies develop, and moving progressively towards the full realization of the right to social security as required by human rights instruments.

In 2011, the ILC confirmed that closing coverage gaps was of the highest priority, to be pursued through effective national strategies to extend social security in line with national priorities, administrative feasibility and affordability. It further concluded that these national strategies should aim at achieving universal coverage of the population with at least minimum levels of protection (the horizontal dimension) and progressively ensuring higher levels of protection guided by up-to-date ILO social security standards (the vertical dimension). The horizontal dimension should aim at the rapid implementation of national social protection floors, through basic social security guarantees, that ensure that over the life cycle all in need can afford and have access to essential health care and have income security at least at a nationally-defined minimum level. Together, the two dimensional approach can help countries in achieving the ILO’s mandate, as laid down...
in the Declaration of Philadelphia, and realizing progressively the human right to social security. It does this by first establishing the bases of their social security system and, afterwards, by guiding them to higher levels of protection when this becomes more practicable (ILC, 2011b, Para. 296). In light of this new ILO social security paradigm, the CEACR indicated in its most recent survey on ILO social security instruments that the current ILO standards were no longer sufficient to implement this new policy. The Committee found this particularly evident as regards the objective of extending social security coverage to all, beyond the formal economy to the masses of the global population living in abject poverty and insecurity, which is placed at the heart of ILO’s mandate and mission. On this basis, the ILC concluded that the normative framework of the ILO needed to be strengthened by a new standard taking the form of a Recommendation that would guide countries in the implementation of a two-dimensional strategy, and notably in achieving its horizontal dimension while progressively moving along the vertical dimension on the basis of Convention No. 102 and the other up-to-date social security standards. The new instrument should further encourage member States to ratify the up-to-date social security Conventions as early as possible and to ensure their effective implementation (ILC, 2011a, Paras. A.7-A.8).

Moreover, many new concepts in social policy are linked to the notion of “activation”, which is leading to a relative shift away from the focus on the protective function of social benefits towards proactive approaches which combine social benefits with activation policies, prevention and employability enhancing measures. Taken together, this leads to a requirement for a more integrated approach to social policy design and delivery. Integrated approaches to social security also imply the use of income support benefits in combination with other benefits in kind or services. These approaches aim to support the objectives of other social policies, such as education, nutrition and immunization, and enhance the contribution of the social security system to wider development plans.

Discussions on the need for such integrated approaches have been at the heart of national, regional and international debates on social security for a number of years. Such approaches can play a significant role in unleashing the potential and multiplying effect of social security benefits, and in changing perceptions about their role and possible impact. While these new concepts and approaches are not incompatible with existing social security standards, with the exception of the Employment Promotion and Protection Against Unemployment Convention, 1988 (No. 168) the standards neither require nor encourage countries to adopt such proactive approaches. The ILC therefore emphasized, with respect to social protection floor policies, that these “should aim at facilitating effective access to essential goods and services, promote productive economic activity and be implemented in close coordination with other policies enhancing employability, reducing informality and precariousness, creating decent jobs and promoting entrepreneurship”
(ILC, 2011a, Para. 9). It further concluded that the objective of the new Recommendation should be “to provide guidance to member States to develop a social security extension strategy compatible with, and supportive of, wider national social, economic and employment strategies and seek in particular to contribute to poverty reduction and the formalization of informal employment” (ILC, 2011a, Para. A.3).

How does Recommendation No. 202 enhance the existing body of standards

The significant contribution of Convention No. 102 and of other social security standards to the development of social security systems is beyond question. However, certain of their features have prevented their impact from being of equal importance in all countries due to different national social and economic circumstances. To enable countries to move forward in extending social security even at a basic level to the unprotected and the most vulnerable, new guidance was needed. This led the ILC to conclude in 2011 that “there [was] a need for a Recommendation complementing the existing standards that would provide flexible but meaningful guidance to member States in building social protection floors within comprehensive social security systems tailored to national circumstances and levels of development” (ILC, 2011a). It went further by identifying elements of a possible Recommendation on social protection floors. The key features and contents of Recommendation No. 202 were thus determined by ILO constituents with a view to complementing pre-existing standards and to address the developments that had taken place in countries worldwide in recent decades as well as the realities these countries were now facing. At the same time, it attempted to reformulate some of the key principles laid down in pre-existing standards into a more modern vocabulary that would resonate with countries most in need of guidance.

The complementarity between pre-existing standards and Recommendation No. 202 is made explicit through references to Convention No. 102 and other social security standards in some provisions of the new Recommendation. In the first Paragraph of Recommendation 202 the text outlines the role of ILO social security standards in guiding countries towards progressively ensuring higher levels of social security – beyond the basic levels that constitute social protection floors – to as many people as possible (ILO, 2012, Para. 1). The guiding role of these standards is strengthened further in the Recommendation, where achieving the range and levels of benefits set out in Convention No. 102 and other ILO social security Conventions and Recommendations (which set out more advanced standards) is specified as an aim for States to reach when building comprehensive social security systems (ILO, 2012, Para. 17).
Other synergies and complementarities, more or less explicit, are also found between Recommendation No. 202 and pre-existing social security standards. In what follows, we examine the areas where such complementarities exist and highlight the contribution of Recommendation No. 202 to the body of ILO social security standards.

**Scope of personal coverage: Universality of protection through progressive realization**

Recommendation No. 202 was elaborated in response to the voiced need of the international community for a new standard that would help member States to close the coverage gap and ensure at least basic levels of protection to their populations. Thus, a first area where Recommendation No. 202 innovates from its predecessors is the scope of personal coverage it sets out. Reflecting the ILO’s commitment, as stated in the Declaration of Philadelphia to assist states in achieving social security for all in need, and giving effect to the right to social security for everyone, Recommendation No. 202 puts forward the principle of universality of protection as one of its main pillars (ILO, 2012, Para. 3(a)). More specifically, it requests States to establish, as a priority, social protection floors comprised of basic social security guarantees for all in need, and progressively to ensure higher levels of social security to as many people as possible, as soon as possible (ILO, 2012, Para. 1). Protection should be ensured at least to all residents and all children, subject to the international obligations of the States.

The principle of universality as defined by the ILC in 2011 in the discussion that laid down the foundations of Recommendation No. 202 requires the provision of basic social security guarantees to all persons residing in a country. Everyone should have the guarantee, provided by the State, that he or she will have access to at least basic income security and essential health care when in need. It does not imply that the nature of the benefits, or the mechanisms and arrangements for their provision and delivery, should be identical for all population subgroups (ILC, 2011a, Para. A.6). In this regard, the Recommendation leaves a great deal of flexibility to countries concerning the choice of approach for the provision of the basic social security guarantees, “with a view to implementing the most effective and efficient combination of benefits7 and schemes8 in the national context” (ILO,

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7. As stated in Paragraph 9(2), “benefits may include child and family benefits, sickness and health care benefits, maternity benefits, disability benefits, old-age benefits, survivors’ benefits, unemployment benefits and employment guarantees, and employment injury benefits as well as any other benefits in cash or in kind”.
8. Paragraph 9(3) provides that “schemes providing such benefits may include universal benefit schemes, social insurance schemes, social assistance schemes, negative income tax schemes, public employment schemes and employment support schemes”.

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2012, Para. 9(1)) and taking into account the contributory capacities of different population groups (ILO, 2012, Para. 11(1)).

Another distinctive feature of Recommendation No. 202 is that it envisages the development of social security at the national level in a progressive way, through the formulation and implementation of national social security strategies. Progressivity is indeed one of the key principles set out in Recommendation No. 202, in a way that acknowledges the differences and limitations in States’ capacities and financial resources and the need to address gaps in certain areas on a priority basis. This principle is compatible with that of universal coverage. As noted by the ILC: “Inevitably, universal coverage may, in some cases, assume the character of a progressive development objective to be reached within a specific time frame. Not all countries are able to afford a complete range of social security benefits or have the logistical systems in place to reach the entire population immediately” (ILC, 2011c, Para. 44). Nonetheless, in terms of Recommendation No. 202, universal protection should be stated as a clear objective of national social security extension strategies that may have to be achieved progressively. For this objective to be met as soon as national circumstances allow, progressive realization, in the logic of the new Recommendation, should be guided by targets and time frames against which the monitoring of progress towards reaching this goal can be assessed (ILO, 2012, Paras. 3(g), 14(e) and 19). These should be specified in the extension strategy, as well as the financial requirements and resources, as well as the sequencing for the progressive achievement of the objective stated (ILO, 2012, Para. 14(e)).

The principle of progressivity applies to the two dimensions of national social security extension strategies for which the Recommendation makes provision: progressivity in the implementation of the basic social protection floor guarantees in terms of benefits (or guarantees) provided and in terms of persons covered by such guarantees, following the identification of needs and priorities; and progressivity in the achievement of higher levels of social security in terms of the range of contingencies or circumstances protected, of benefit levels, and of persons having access to such higher protection.

As such, Recommendation No. 202 is very much in line with the approach to the right to social security embodied in human rights instruments, and notably in the ICESCR; i.e. that of the progressive realization of universal coverage and comprehensive protection. The principle of progressive realization is well-recognized and articulated within the UN human rights framework. As with other economic, social and cultural rights, the right to social security is to be achieved in step with the level of economic and social development of the State and available financial resources (OHCHR, 1966, Article 2). The ICESCR provides, in this respect, that States Parties to it are required to take steps to ensure the progressive realization of the rights recognized by the ICESCR by developing medium- and long-term
policies and programmes to the maximum of their available resources, including through international assistance and cooperation (CESCR, 2008, Para. 61).

This principle is spelt out in general terms in human rights instruments and applies as such to all economic, social and cultural rights. The objective of universality of protection is also by nature a founding principle of human rights instruments. However, these remain rather vague on how this aim can be reached at the national level, especially in a context of limited resources. Until the adoption of Recommendation No. 202, there had been no international legal instrument setting out explicit guidance to countries with regard to providing social security on a universal basis – to all and as soon as possible. No guidance existed either on how the principle of progressive realization should apply in respect of the right to social security and what it meant concretely, in terms of the prioritization and sequencing of coverage provisions and the formulation of social security extension strategies. Thus Recommendation No. 202, which contains such provision, has the potential to make an important contribution to the realization of the right to social security and, in turn, to the human rights framework.

Establishing priorities in the provision and extension of social security at the national level: Social protection floors comprising at least four basic social security guarantees for those in need of protection (the unprotected and the most vulnerable)

One of the main criticisms that have been addressed to the Conventions and Recommendations that preceded Recommendation No. 202 was that they did not guide or require countries to address the most pressing needs in society through the provision of social security, at least at basic levels. While, in the logic of the body of up-to-date standards, States were supposed to apply their provisions through schemes and systems that would ensure coverage of the greatest number, there is no obligation (or recommendation) for them to do so (as long as they comply with the minimum percentage of coverage required), nor is there an obligation to prioritize the coverage of those persons most in need of protection.

The ILC, when discussing the elements of a possible new standard, concluded that prioritization was essential. This was deemed to be so given the high levels of poverty, inequality, social insecurity and social exclusion worldwide and in recognition of the role that social security systems can play in preventing and reducing these persistent and increasing phenomena. In applying the principle of progressive realization towards full social security coverage for all in need and as soon as possible, States should “aim to protect in the first place the presently unprotected, the poor and the most vulnerable, including workers in the informal economy and
their families, to ensure that they can enjoy effective essential social security throughout the life cycle” (ILC, 2011c, Para. 39).

Recommendation No. 202 calls upon States which do not have a minimum level of social security guarantees in their social security extension strategies to prioritize the implementation of social protection floors as a starting point and as a fundamental element of their national social security systems (ILO, 2012, Para. 13(1)). Social protection floors are defined, in a general way, as “nationwide defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion” (ILO, 2012, Para. 2). The Recommendation goes into more detail as to their scope, establishment, levels, modes and mechanisms of delivery, amongst others, and provides further guidance for their design and implementation. Recommendation No. 202 can thus be said to complement existing standards by providing guidance on how to cover the members of society most in need of, or lacking, protection.

In this way, Recommendation No. 202 addresses poverty, vulnerability and social exclusion as “priority contingencies”, with the clear objective of poverty reduction as fast as possible. Thereby, it “supports a modern development strategy that is based on a simultaneous pursuit of economic and social development through the reduction of poverty, inequality and ill-health”, in accordance with the request of the ILC (ILC, 2011c, Para. 39). The pre-existing standards do not require or recommend, as the case may be, that States guarantee protection to individuals in case of the need for income support or health care, irrespective of whether that need is due to the realization of a “social risk” or to the personal circumstances of that person. Marking a departure from the predominantly compartmentalized and contingency-based approach to social security reflected in previous standards, the new Recommendation thus takes a more integrated approach to social protection.

Closely linked to the above, it is to be emphasized that Recommendation No. 202 is the first ILO standard that sets forth, as a priority objective for member States, the provision of basic social security guarantees, or social protection floors, through which all members of society should be protected, at least at a minimum, in case of need. The levels and precise contents of the basic social security guarantees are to be defined at the national level. In terms of their material scope, national social protection floors should comprise at least four guarantees that ensure all in need have access to essential health care and to basic income security over the life cycle, i.e. during childhood, active age and old age (ILO, 2012, Para. 4). This shows again that the approach to social protection favoured by Recommendation No. 202 is much wider and more coherent than that of pre-existing standards. The latter standards (with the exception of Recommendations Nos. 67 and 69) reflect a risk- or contingency-based approach, according to which countries can choose the types of branches (related to specific contingencies and types of benefits) through which they apply the standards and provide the required protection.
The new Recommendation departs from this approach, broadening the range and scope of benefits to be provided in terms of contingencies and innovates by adopting a life-cycle approach that aims to guarantee comprehensive protection through the priority provision of health care and income support benefits in cash and in kind, at all stages of life.

These basic guarantees for all in need (in order of priority, to the unprotected, the poor and the most vulnerable), could be said to correspond to the core content of the right to social security as laid down in the human rights instruments. The guidance provided by Recommendation No. 202 as to their definition, establishment and delivery, and with regard to the design and implementation of schemes and benefits through which such guarantees are to be provided, could also constitute an important contribution to the realization of the right to social security as laid down in the human rights framework.

Defining the content and level of national social protection floors: A focus on principles and outcomes

When discussing the elements of the possible new standard, the ILC reiterated that the extension of social security should be country-led and responsive to national needs, priorities and resources. In order to support member States in this task, it was regarded as crucial that the new standard would specify the most essential principles for the design and implementation of national social security extension strategies.

The Social Protection Floors Recommendation contains thus a comprehensive list of principles, which should apply at the stage of defining, setting and implementing social protection floors, but also when it comes to the establishment and maintenance of higher levels of social security. While a number of these principles are already contained in pre-existing standards, and notably in Convention No. 102, they are not always formulated in such an explicit way as in Recommendation No. 202, nor are they spelt out in such an extensive manner. This should not be interpreted as meaning that the principles contained in Recommendation No. 202 are new or emerging. On the contrary, these reflect either core ILO values (as laid down in the ILO’s constitutive documents, international labour standards and other legal instruments), human rights values and principles (as reflected in major human rights instruments), or internationally-recognized good actuarial and social security financing practices.

One of the key guiding principles laid down in the new Recommendation is the progressive realization of building national social protection floors and in moving towards comprehensive systems of protection. This process should include setting targets and time frames. While this principle has not been expressively laid down in pre-existing social security standards, it is one of the major principles applied
for human rights. Similarly, the principle of universality of protection, based on social solidarity, stems from the body of human rights instruments and has never been clearly spelled out in any ILO social security standard. Its importance as a guiding principle for the extension of social security coverage is demonstrated by the fact that it was unanimously adopted by all ILO constituents.

Linked to the principle of universality is the principle of social inclusion which aims at the social and economic participation of all members of society, and in particular disadvantaged persons, including those in the informal economy. The new Recommendation further requires that entitlements to benefits are prescribed by national law, so as to ensure that these benefits are provided as a right and not on a discretionary basis. This principle entails further that benefits have to be included in the general budget and not decided on an ad-hoc basis – the latter risks creating a high level of insecurity for institutions and beneficiaries. States should also seek to ensure that benefits provided as part of the social protection floor are predictable and adequate to secure protection aimed at preventing or alleviating poverty, vulnerabilities and exclusion. Benefits should be designed to respond to the special needs of persons with different characteristics, circumstances and vulnerabilities, including those living with HIV/AIDS and other contagious diseases, and should be provided without discrimination and based on gender equality. The new Recommendation also requires the establishment of high-quality public services that enhance the delivery of social security systems. All these principles contribute to the realization of another key principle of the Recommendation, the respect for people’s rights and dignity, which is also in line with the human rights approach to social security.

Following an outcome-oriented approach, the new Recommendation expressly requests member States to consider the diversity of methods and approaches, including the possibility of different financing mechanisms and delivery systems; a principle which builds on those of pre-existing social security standards and which aims to ensure comprehensive protection, taking account of national conditions and institutions.

Furthermore, the new Recommendation spells out the necessity for transparent, accountable and sound financial management and administration and demands that the extension of social security coverage should be built on the grounds of financial, fiscal and economic sustainability with due regard to social justice and equity. In addition, it requires that social security schemes be based on solidarity in financing while seeking to achieve an optimal balance between the responsibilities and interests of those who finance and benefit from social security schemes. This principle takes account of the redistributive role of social security schemes and the need for growth with inclusion.

While the principle of tripartite participation involving the representative organizations of employers and workers is well anchored in the pre-existing standards,
the new Recommendation goes further by demanding full respect for collective bargaining and freedom of association for all workers. It also foresees consultation with other relevant and representative organizations of persons concerned, so as to ensure that the unprotected and the most vulnerable, who are generally not engaged in formal employment and not represented by trade unions, have a voice and that their needs be taken into account.

Finally, and in line with the new concepts and developing trends in social policy seeing a relative shift away from the focus on the protective function of social benefits towards proactive and integrated approaches, the new Recommendation points to the necessity of coherence of social security policies with social, economic and employment policies, as well as to coherence across institutions responsible for the delivery of social protection.

Another area in which Recommendation No. 202 innovates is in the guidance it provides to countries for the definition of the content and levels of “guarantees”, for their establishment through sound legal frameworks, as well as for identifying the approach best suited for their implementation. The main objective to be achieved through the definition, establishment and implementation processes is to ensure that all in need have effective and rights-based access to essential health care and to basic income security which together secure effective access to goods and services defined as necessary at national level (ILO, 2012, Para. 4). For such a purpose, the Recommendation provides some qualitative benchmarks that should guide the national definition of social protection floors and the determination of the levels of the guarantees provided so as to ensure that they are adequate to meet the desired outcome.

The content and level of the basic social security guarantees should be defined and set so as to ensure that the benefits provided are adequate to meet people’s basic needs and allow them to live in dignity. With regard to the health care component of national social protection floors more specifically, it should guarantee access to a nationally defined set of goods and services that constitutes essential healthcare, including maternity care, that meets the criteria of availability, accessibility and quality (ILO, 2012, Para. 5(a)). A key element to consider at the time of defining this guarantee is that “persons in need of health care should not face hardship and an increased risk of poverty due to the financial consequences of accessing essential health care” (ILO, 2012, Para. 8(a)). It is also recommends to consider including free prenatal and postnatal medical care as part of the essential package.

As for the general outcome of the guarantees of basic income security, they should be set at a level that allows life in dignity (ILO, 2012, Para. 8(b)). When provided in respect of children more precisely, the guarantee should be set at a level that is sufficient to ensure “access to nutrition, education, care, and other necessary goods and services” (ILO, 2012, Para. 5(b)). In terms of the minimum levels of
income that can be used as thresholds or quantitative requirements for determining whether basic income security guarantees are met at the national level, the Recommendation establishes a non-exhaustive list that includes the monetary value of a set of necessary goods and services, national poverty lines and income thresholds for social assistance (ILO, 2012, Para. 8(b)).

The guidance provided by Recommendation No. 202 in this respect makes an important contribution to the ILO framework of social security standards by supplementing that of pre-existing standards. Among the pre-existing standards, some provide qualitative benchmarks and guidelines, while others establish quantitative requirements. Recommendation No. 67 contains, in its Annex, some guiding principles for the determination of the rates and level of “social assistance” benefits or “maintenance allowances” which aim to ensure their adequacy.9 These principles, however, are quite broad and general and may not be sufficiently detailed to guide national processes.

Convention No. 102, as well as higher social security Conventions set quantitative benchmarks for the determination of benefits levels that apply to contributory (social insurance) schemes. Convention No. 102 also sets a minimum level of benefits to be provided by means-tested social assistance schemes. Under such schemes, such benefits must not be lower than prescribed portions of the typical prevailing wage levels paid for unskilled work. In addition, the total of the benefits paid and other means of the beneficiary “should be sufficient to maintain the family of the beneficiary in health and decency”.

However, the most frequent way for ratifying States (and for non ratifiers) to apply Convention No. 102 has been through contributory schemes, mainly social insurance. In national contexts where the benefit structure has an earnings-related component, or a flat-rate component calculated on the basis of a reference wage (e.g. minimum wage or wage of an unskilled worker) and where wages and salaries are low, benefits are consequently low. As a result, the benefits provided in application of these Conventions may not be sufficient to allow life in health and decency and to secure access to essential goods and services, defined in the Recommendation as the minimum outcome of national social protection floors.

In the General Survey concerning social security instruments (ILC, 2011b), the CEACR observes differences between high-income countries and middle- and low-income countries with regard to the value and adequacy of the benefits provided

9. With regard to the level of benefits provided under such schemes, Recommendation No. 67 states that: “Maintenance allowances should be sufficient for full, long-term maintenance; they should vary with the current cost of living, and may vary as between urban and rural areas” (Para. 29(2)). As to the rates of benefits, “Maintenance allowances should be paid at the full rate to persons whose other income does not exceed a prescribed level and at reduced rates in other cases” (Para. 29(3)).
by their respective social security systems. More specifically, the CEACR notes that: “While in the former group of countries benefits as a rule are superior even to the advanced standards established by subsequent social security Conventions, the middle- and low-income countries often have a level of benefits that does not attain the minimum benchmarks . . . to permit a beneficiary to maintain himself and his family in health and decency” (ILC, 2011b, Para. 460). Low benefit levels was also the key issue among the problems raised by workers’ organizations in their replies to the General Survey concerning social security instruments, which stated that the level of benefits – including from contributory schemes – in many instances do not guarantee an income above the poverty line.

In such circumstances, it may be necessary to make up for the deficit of schemes established in application of these Conventions through the provision of other types of benefits or guarantees (e.g. non-contributory categorical or means-tested benefits) (the contributory/non-contributory distinction applies not to the source of financing, but to the basis on which entitlements to benefits are established), following the guidance provided by Recommendation No. 202. In this way, Recommendation No. 202 can play an important role in ensuring that the guarantees are effectively met through an adequate package of benefits or other measures, and that beneficiaries have at least effective access to necessary goods and services.

Providing adequate social security benefits is also considered by the Committee on Economic, Social and Cultural Rights as one of the essential factors that should apply in all circumstances for guaranteeing the realization of the right to social security and the right to an adequate standard of living under the ICESCR. More specifically, the CESCR in its General Comment No. 19 states that the application of this principle requires that “benefits, whether in cash or in kind, must be adequate in amount and duration in order that everyone may realize his or her rights to . . . an adequate standard of living . . . ” as contained in Article 11 of the ICESCR (CESCR, 2008, Para. 22).

As far as health care is concerned, the pre-existing standards and notably Recommendation No. 69 and Convention No. 102 contain specific provisions on the scope and content of a “medical package” that can be interpreted as essential. In addition to essential health and maternity care, Recommendation No. 202 refers to access to such care. Access must be provided to give effect to the guarantee of the set of goods and services constituting essential health care. By specifying the four key criteria that guarantee access to health services (availability, accessibility, acceptability and quality), Recommendation No. 202 makes an important contribution to the body of social security standards. These criteria are recognized by

the global health community\textsuperscript{11} as constituting the definition of adequacy in terms of health care benefits, although it is the first time that they are set out in a legal standard. According to the CESC, the four interrelated and indispensable conditions are contained in the right to health in all its forms and at all levels (CESC, 2000, Para. 12). They allow attaching precise indicators, defined globally and nationally, which facilitate the effective implementation of this social security guarantee at country level and the measurement of the extent of, and deficits in access to, essential health care, and thus the adequacy of the benefits provided.

Recommendation No. 202 also spells out in detail how the guarantees, once defined, should be given legal effect, through the anchoring of their parameters and of rights and entitlements in law, and through enforcement procedures that meet certain criteria. As for any ILO standard, the provisions of the Recommendation are meant to be given effect primarily by law, unless otherwise specified. While not explicitly laid down in Convention No. 102 and higher standards, their requirements as to the scope of personal coverage, level of benefits, qualifying conditions, and other parameters and principles, such as the right of complaint and appeal, must be given effect by law. By stating that: “National laws and regulations should specify the range, qualifying conditions and levels of the benefits to be provided to give effect to (the social protection floors’) guarantees” (ILO, 2012, Para. 7), Recommendation No. 202 simply makes it explicit. Where it innovates though, and complements pre-existing provisions, is by specifying the criteria that should be met by complaint and appeals procedures, i.e. impartial, transparent, effective, simple, rapid, accessible and inexpensive. The financial protection of the persons protected is also addressed by the Recommendation, which states that access to complaint and appeal procedures should be free of charge for the applicant (ILO, 2012, Para. 7).

\textbf{Conclusion}

This article has highlighted the features of the ILO social security standards that make them so unique and has examined their impact. It has also discussed why the international community found it necessary to develop and adopt a new social security standard. With the ILC’s adoption of Recommendation No. 202, the international social security code has been enhanced, providing a complete and adequate normative framework for the establishment and maintenance of comprehensive social security systems. Looking to the coming years, with the international community currently giving consideration to the content and objectives of the

\textsuperscript{11} See, for instance, UN General Assembly Resolutions and World Health Organization Resolutions.
post-2015 development agenda, the necessary guidance now exists to enable all countries without exception to move progressively towards the realization of social security for all as laid down in the human rights framework.

**Bibliography**


THE ROLE OF NATIONAL SOCIAL PROTECTION FLOORS
IN EXTENDING SOCIAL SECURITY TO ALL

Financing social protection floors: Considerations of fiscal space

Elliott Harris

Abstract  The effectiveness of social protection in combating poverty and vulnerability, cushioning shocks, attenuating inequality, and supporting long-term growth is well-established, but effective social protection systems have long been seen as an unaffordable luxury in many developing and low-income countries. The social protection floor concept aims at providing a guaranteed minimum of social protection at a reasonable cost, even in resource-constrained circumstances, serving as a platform for the gradual implementation of a full social protection system. Introducing and maintaining or extending the floor requires the mobilization of fiscal space, both immediately and in the future. The article argues that efforts to generate fiscal space must carefully consider issues of predictability, as well as the impact of present funding choices on fiscal and debt sustainability, macroeconomic stability, inequality, poverty reduction and growth, and hence on future fiscal space. It examines from this perspective some of the implications of generating fiscal space through additional domestic resource mobilization, expenditure reallocation or efficiency gains, reduction of debt service, or external funding. The article also presents some evidence of a wide range of recent interventions that have been financed at reasonable cost on a sustainable basis in countries at different levels of income and development, using both own resources and external funds.

Keywords  social protection, recommendation, social security financing, international

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Introduction

The global economic and financial crisis has provided a stark demonstration of how intertwined the global economy has become, and how widespread vulnerabilities to shocks can be. The mass unemployment engendered by the crisis in many countries around the world has also put into stark relief how precarious individual well-being can be, linked as it often is to the ability to earn current income through employment.

For most people in the world, in rich countries and poor ones, employment is the principal or the only source of income and the main avenue to poverty reduction and improvements in individual welfare. But in many countries, especially the poorer ones, employment is a tenuous thing. For the majority of the world’s population that is engaged in informal, semi-formal or temporary work, employment does not provide any guarantee of social security (Hujo and McClanahan, 2009).

Employment is, of course, vulnerable to shocks, but with robust social protection systems in place, the loss of a job does not mean the immediate loss of all income and access to basic services. And yet in poor countries, where employment is most vulnerable, social protection systems are rudimentary at best, or nonexistent. Social insurance is rudimentary and often limited to the public sector, with the scope for expansion limited by widespread informality. Coverage is usually poor; benefits are inadequately targeted, often captured by the non-poor and entirely excluding the most vulnerable and marginalized groups; and social protection interventions are often very fragmented, delivery systems are inefficient and costly, and overall effectiveness is consequently limited. These shortcomings are usually combined with poor access to, and quality of, social services such as health and education. And because these countries are poor, social protection has long been thought of as an unaffordable luxury. As a result, shocks to employment can have devastating human and social consequences – less consumption of food and thus, poorer nutrition; withdrawal of children from school; loss of access to essential services; and the forced sale of assets, all of which lessen the capacity to recover once the shock passes.

The response of many governments to the global recession has been instructive. Recognizing the potentially direct and deep social consequences of the economic downturn, a major priority of many governments was to strengthen the provision of social protection to the extent possible. Some countries already had in place robust social protection systems. Those that did not, but had the wherewithal to do so, resorted to social safety net measures to lessen the impact of the crisis on the more vulnerable population groups.

1. The International Labour Office estimates that the large majority of the global population lives in social insecurity with no, or only partial, access to formal social security. Of this majority, 20 per cent lives in abject poverty (ILO, 2010).
Social protection benefits (or social transfers more generally) can be an effective tool to combat poverty and vulnerability, helping avert some of the adverse impact of shocks and their longer-term consequences, and contributing to attenuating income inequality, which can prove problematic for sustaining growth. Social protection systems also have advantages at the macroeconomic level, and in terms of long-term growth. They act as automatic economic stabilizers – helping to preserve purchasing power and to support aggregate demand in times of downturn, lessening the impact of a negative shock and facilitating a more rapid recovery from the shock. Social protection also enables a more rapid policy response to a shock, as there is no need for a specific decision to intervene, or to make difficult political trade-offs on where to target counter-cyclical efforts. Finally, by making the social consequences of shocks more manageable in the short term, social protection lessens resistance to necessary but difficult adjustments and facilitates more effective macroeconomic management, which is central to sustained growth.

The social protection floor (SPF) is conceived as an integrated set of social policies designed to guarantee income security and access to essential social services for all, paying particular attention to vulnerable groups and to protecting and empowering people across the life cycle. The social protection floor thus meets three core functions of a social protection system (protecting income and consumption in the face of shocks; ensuring access to a basic set of goods and services; and improving individual resilience and earning capacity by promoting investment in human capital and improving the functioning of labour markets).

The social protection floor (Bachelet, 2011) is a basic set of guarantees that can be affordable, even in resource-constrained circumstances. It seeks to extend a basic set of social guarantees to all (the horizontal dimension), but is also conceived as the platform upon which social protection of higher standards is gradually implemented (vertical dimension). The SPF is therefore intended to be scaled up over time, serving as the foundation of a robust and comprehensive social security system, with the gradual introduction of and integration with a more fully developed social security system.

It is important to note, however, that the SPF is fundamentally non-contributory and funded through public resources or the government budget. It is thus conceptually closer in nature to a form of social assistance than to social

2. See UNRISD (2010). Recent research at the International Monetary Fund (IMF) also indicates that countries with more equality in incomes tend to be better able to sustain growth spells (Berg and Ostry, 2011).

3. See Robalino, Rawlings and Walker (2012). In addition to these functions of social protection, the ILO’s International Labour Conference in 2011 also highlighted as core social protection floor objectives the need to promote productive economic activity and entrepreneurship, with sustainable enterprises and access to decent employment opportunities.
insurance. But because it is intended, as noted above, to serve as the platform for the gradual implementation of a full-fledged system of social protection, its financing must be appropriately predictable and secure over the long term. The decision to introduce a social protection floor requires careful consideration not only of how that initial effort will be financed, but also of how that protection can be maintained and extended over time. Public finance sustainability is, therefore, key. This leads to the explicit consideration of fiscal space as the determinant of financial sustainability of social protection floors over time.

This article begins with an examination of the concept of fiscal space, touching on the various components of fiscal space, and highlighting the importance of considering the interaction between the various means of generating fiscal space and the impact of these instruments on macroeconomic stability and growth, poverty reduction, and inequality. It then looks at the scope for developing countries to increase fiscal space in each of its dimensions, with some consideration of the suitability of the various means of doing so for the sustainable financing of social protection floors. This is followed by a brief overview of examples of different country experiences in introducing or expanding social protection instruments of the kind that would be included in a social protection floor, seeking to draw some generally applicable lessons. Concluding comments are then presented.

**Fiscal space**

For the purposes of this article, we follow Heller (2005) in defining fiscal space as “the availability of budgetary room that allows a government to provide resources for a desired purpose without any prejudice to the sustainability of a government’s financial position”. In this view, fiscal space is an intertemporal concept, specifically linked to a government’s fiscal and debt sustainability over time, which takes into explicit account the consequences of current spending decisions on future spending ability, or of current revenue generation efforts on future revenues. The issue is whether a government can mobilize adequate resources to fund its obligations (including in social protection) on a sustainable basis without building up additional future liabilities (actual or contingent) that themselves constrain future fiscal space, and without generating additional distortions that undermine growth and stability or exacerbate existing social weaknesses (see Brun et al., 2006).

Changes to tax or spending policies in the near term (whether undertaken to generate additional fiscal space for specific policy initiatives or as part of overall government policy) can affect fiscal sustainability and macroeconomic stability,

4. The concept of providing social assistance is somewhat different to the concept of providing universal benefits as a right of citizenship or residence, which is often the basis for the horizontal dimension of social protection, particularly in developed countries with robust and comprehensive social protection systems in place.
and hence the prospects for growth, which is the foundation for the creation or maintenance of fiscal space in the future. For example, increased investment in economic infrastructure could enable stronger private sector growth, with positive implications for employment and tax revenue, thus creating additional fiscal space in the future. Conversely, recurrent expenditures that create entitlements also tie up a part of future government resources, thus constraining future fiscal space (Handley, 2009). Under this approach, therefore, the implications of one use of available fiscal space for other potential uses or outcomes should also be explicitly considered.

Fiscal space is an inherently budgetary concept. However, as budgets reflect existing tax and non-tax revenues and expenditure obligations, additional fiscal space that can be devoted to a new policy initiative, such as the introduction of a social protection floor, will typically represent only a relatively small percentage of the overall budget envelope. Because new initiatives will have to compete with existing policy priorities, the use of available or additional resources for a social protection floor thus requires a political choice that is then reflected in the budget – social consensus and political commitment in support of this use of public funds are therefore critical.

The main sources of fiscal space are domestic tax and non-tax revenues (which can include receipts from the sale of assets); expenditure redirection or reallocation away from existing uses toward areas of higher priority; enhancing expenditure efficiency, so that the same outcomes or results can be achieved using fewer resources, and freeing up resources for other applications; reducing the government debt, and thus its debt servicing obligations, again freeing up resources for other uses; external financing (through loans and grants, and occasionally official debt relief, but also through resources from the diaspora); and finally, seignorage (i.e. the revenue generation by the creation of money). Some of these components vary with the overall economic environment (growth, and changes in the structure of the economy, such as the transition from informal to more formal employment, or from agriculture to urban-based manufacturing), but all are also directly affected by policy decisions and public administrative effort.

It is important to distinguish among these sources, as they can have differentiated effects on social or economic outcomes. Taxes affect the cost of labour, goods and services and thus decisions on investment, production and consumption. They

5. Indeed, many of the revenue and expenditure policies that could be used to generate additional fiscal space for whatever purpose are good in their own right, and should be implemented regardless of the need for additional social spending.
6. Relatively few governments undertake a zero-based budgeting exercise every year, or operate within a comprehensive medium-term fiscal framework.
7. Ortiz et al. (2011) also include the use of fiscal and central bank foreign exchange reserves, as well as the adoption of a more accommodating macroeconomic framework, among the options available for expanding fiscal space.
can also affect the distribution of income, and hence the degree of equality of a society. Expenditure can be consistent with priorities of poverty reduction and sustained growth, and can contribute to reducing inequality through redistribution, or it can be wasted on unproductive uses, poorly targeted, or captured by elites. External sources of financing may help overcome domestic financing constraints in the short term, but can also have deleterious macroeconomic effects if a recipient’s absorptive capacity is limited, and may create conditions of dependence, in addition to being fundamentally less predictable and more volatile over time than domestic revenues (see below).

It is also important to consider the interaction between the various components of fiscal space, and the implications of the chosen financing mix for social outcomes, as it is this interplay that determines actual outcomes, as well as the ability to sustain the additional fiscal space over time. The effects of tax and expenditure policies on factor and production costs, investment and consumption decisions, and income distribution are very important. For example, certain forms of taxation (such as the VAT or other consumption taxes) can yield considerable amounts of revenue, but could have regressive effects unless carefully designed. And yet a regressive tax could be justified if it is used to finance highly progressive public expenditures. When revenues, however generated, are used for investment in the economic infrastructure, the provision of essential services of high quality, and for effective and well-targeted social protection, the result can be a virtuous circle of improved tax compliance, reduced inequality, and the gradual integration of the informal sector into the formal economy. All these outcomes contribute to a broader tax base, improved fiscal sustainability, and higher and more sustained growth and employment creation.

**Scope for increasing fiscal space**

The scope for increasing fiscal space from any or all of its various components is fundamentally country-specific. It depends on the present structure of the economy, the quality of fiscal institutions, and the thrust of government policy, including, importantly, structural reforms that affect the efficiency of resource allocation and growth over time. Each country also faces its own institutional, social and political constraints that affect the ability of the government to pursue policies that support macroeconomic stability, fiscal sustainability and sustained growth over time, which is the underpinning of future fiscal space.

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8. For further discussion of specific expenditure policies for generating fiscal space and boosting employment (including reform options and design issues, etc.), see IMF (2010); and IMF (2012a).

9. Greater formal employment is the basis for progress toward a more robust social protection system based on elements of social insurance with contributory financing schemes.
However, fiscal space is needed not only to finance new or extended policy initiatives, but also as an element of the policy buffers needed to respond effectively to exogenous shocks. Many low-income countries (LICs) went into the twin crises of the food and fuel price increases of 2007–2008 and the global economic and financial crisis that began in 2008 in a considerably more comfortable macroeconomic position than during previous shocks, as a result of major improvements in growth, reductions in inflation, fiscal and external deficits and debt, and strengthened international reserves (IMF, 2009). These countries were able to use these policy buffers to accommodate the macroeconomic impact of the shocks and cushion their social impact to some extent. But with diminished prospects for substantial external financing to mitigate the effects of future shocks, the rebuilding of depleted policy buffers must be a major objective of macroeconomic policy in many countries going forward.10 Countries in this position will need to balance this need to rebuild fiscal policy buffers with the use of the fiscal space they are able to mobilize to finance other priorities, including providing additional social protection.

Moreover, the introduction of elements of a social protection floor requires the one-time generation of additional resources which may be reasonably modest in scope,11 but scaling up the SPF, however gradually, requires the repeated expansion of fiscal space over time. It may well be possible to generate 1 to 2 per cent of GDP in additional fiscal space over the short- to medium-term, but after the “low-hanging fruit” is picked, further expansion becomes increasingly difficult.

Furthermore, the provision of social protection, unless explicitly time-bound, creates entitlements, particularly if constitutionally anchored or introduced as part of the state’s efforts to realize the right to social protection. These are a continuous liability of the state and a claim on future fiscal space. The issue, therefore, is merely not how to create fiscal space, but how to sustain it.

Mobilizing additional domestic resources

Domestic resource mobilization is the central pillar of financing for development. Domestic taxes are generally more stable than other sources of financing, and can

10. For many low-income countries, in particular, the prospects of additional aid being made available in the case of future shocks has been affected by the fiscal constraints that many major donors face in the aftermath of the global economic crisis, making the reconstitution of policy buffers all the more important.

11. Based on a 2008 costing study of 12 developing countries in Africa and Asia, the ILO estimated the initial gross annual cost of a hypothetical basic social protection package to be in the range of 3.7 to 10.6 per cent of GDP, while the cost of individual elements of the package would be much lower, e.g. annual costs of between 0.6 per cent and 1.5 per cent of GDP for the universal old-age and disability pensions. See ILO (2008).
be used more consistently to promote developmental and distributional objectives. The use of tax revenue to finance government expenditures can also be seen as contributing to greater citizen ownership of government policy and greater government accountability to its citizens, rather than to donors or elite groups. Given the inherent unpredictability of other sources of funding, governments would also have an interest in relying on the relative predictability of domestic tax revenues to fund social protection and other developmental outlays. And ultimately, over time social protection should be funded entirely from own resources.

Additional domestic tax revenues can be mobilized through tax policy reforms, strengthening tax administration, including steps that broaden the tax base, as well as through anti-corruption efforts. Many developing countries, especially LICs, have revenue-to-GDP ratios that seem rather low in comparison to advanced or upper middle-income countries. These are the result of structural characteristics of their economies (large informal and/or “hard-to-tax” sectors, such as rural smallholder agriculture, or urban SMEs and micro-traders; dependence on receipts from multinational enterprises adept at exploiting tax loopholes, or on revenue from trade taxes that dwindle owing to trade liberalization; shallow financial sectors; and reliance on a few large taxpayers in the formal sector), but also weak revenue administrations, poor compliance habits, as well as poorly-designed tax policies and intensifying international tax competition.

There is, however, considerable evidence that well-designed reforms of tax administration and policy can yield considerable revenue gains (ranging from 3 to 5 percentage points of GDP) even in the short term, (IMF, 2011; Keen and Mansour, 2010b), with some countries (such as Peru) registering even larger increases. Indeed, over the past decade, developing countries as a group

12. Revenues from the sale of assets may represent a significant potential source of revenue in some countries, but typically are one-off efforts that cannot be repeated over time. We also abstract from certain other types of revenue classified as non-tax (such as revenues from financial assets, property income, proceeds from sales of goods and services, including from natural resource sectors of the economy where applicable, etc.).

13. See Keen and Mansour (2010a).

14. Drummond et al. (2012) note that almost all sub-Saharan African low-income countries (SSA-LICs) managed to increase overall revenue ratios (including non-tax revenues) over a short-to medium-term time horizon by more than 2 percentage points of GDP at least once in the last two decades. About 16 SSA-LICs out of 28 were able to raise revenue ratios by 5 percentage points of GDP or more in at least one 3-year period in the last two decades. Only five countries managed to increase their revenue ratios by double digits. They conclude that on average, an increase of about 0.5 to 2 percentage points in the 1- to 3-year horizon and about 2 to 3.5 percentage points of GDP over longer terms is consistent with historical patterns.

15. For example, Mozambique has achieved a near doubling of tax revenues relative to the overall economy since 1992, and raised overall revenue by almost 10 per cent of GDP between 2005 and 2012, enabling a substantial increase in social spending with tangible rewards – in increases in enrollment in primary education, better vaccination, and better basic water and sanitation infrastructure. In Liberia, revenues increased from only 6 per cent in GDP to 2003 to over 26 per cent in 2011, of which 19 per
have made significant strides in enhancing their overall revenue-to-GDP ratios (Table 1).\footnote{Low-income countries are those eligible for financial assistance under IMF’s Poverty Reduction and Growth Trust, including Zimbabwe.} In some countries, much of the overall increase is due to the strength of revenues from natural resources, reflecting the positive trends in international commodity prices over the period, though these have been considerably more volatile. More generally, tax revenue performance has improved on average across developing countries, including in lower-income countries, reflecting increased revenues from the VAT and strong performance in corporate income tax, despite declining trade tax revenues and only modest gains in personal income taxation. Looking forward, however, mobilizing more fiscal revenue will be complicated by recent tax revenue, even after a very difficult history of civil war. In addition to significantly better primary enrollment rates, numbers of teachers, and child and maternal mortality rates, spending for infrastructure has increased. See IMF (2012b) and IMF (2013a).

\footnote{Note, however, that these overall ratios include revenue from all sources, including revenues from natural resources. These have been positively affected by recent trends in global commodity prices but are, of course, subject to fluctuations.}

### Table 1. Government revenue, excluding grants, 2000-2012

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**Notes:**
1. Low-income countries are those eligible for financial assistance under IMF’s Poverty Reduction and Growth Trust, including Zimbabwe.
2. A subset of developing countries included in the World Bank’s list of Fragile and Conflict-Affected States.
3. Emerging market countries are emerging and developing countries that are not low-income countries.

the increased mobility of tax bases resulting from globalization and trade liberalization and the mobility of investment flows and capital income, a particular constraint in sub-Saharan Africa (Drummond et al., 2012).

While no one approach to enhancing domestic tax mobilization is applicable across all developing countries, there are several important common elements to the needed reforms. Successful mobilization of additional resources will require a combination of improved tax administration and rationalized tax policies. Tax administrations must be strengthened to effectively limit incentives and opportunities for rent-seeking behaviour and tax evasion or avoidance, to extend and enforce tax compliance, and to broaden the tax base. Priorities for tax policy reform include eliminating undue exemptions, establishing a broad-based VAT with a high threshold; a broad taxation of corporate income at internationally competitive rates; extending the taxation of personal income and real property; and finding simple and effective means of taxing smaller businesses (IMF, 2011).

As noted above, taxation affects consumption, savings and investment decisions, and thus output, employment, and growth. But it also has an impact (direct or indirect) on income distribution and the poor. Taxation can be regressive or progressive to varying degrees, depending on the type of tax,17 and thus it can indirectly reduce or reinforce the impact of social protection expenditures.18 The tax instruments used to increase fiscal space for social protection expenditures must thus be carefully designed to ensure that they do not undermine the benefits of social protection, more equitable income distribution, and growth.

The use of taxation to generate resources for social protection might be more acceptable, politically and socially, where there is pronounced inequality – higher inequality makes more evident the need for social protection interventions that target the poor effectively, and may also indicate that there is a sufficiently large

17. Delamonica and Mehrotra (2009) scale different types of revenue-generating mechanisms in terms of their degree of progressivity. They include self-provision, user fees, and contributions to generalized social insurance schemes (which are not considered here), but among the various forms of taxation, they consider indirect taxes (e.g. VAT, sales and excise taxes) to be the more regressive, owing to the fact that the poor tend to consume a greater share of their disposable income, while direct taxes (on corporate and personal income) are more progressive. However, they note that in many developing, and especially low-income, countries, the importance of the informal and agricultural sectors limits the base of direct taxation and tax collection suffers from administrative weaknesses and pervasive evasion, leading many countries to rely more on indirect taxation for the bulk of their revenues. By contrast, Keen (2012) notes that most empirical studies show the VAT to be in fact more or less distributionally neutral, and cites one study by Zolt and Bird that asserts that the VAT on the whole may be less regressive than the trade and excise taxes it has replaced.

18. Barrientos and Niño-Zarazúa (2011) note that revenue from taxation used for social protection expenditures may also correct for failures in credit and insurance markets, reinforcing the "social dividend" of the return to the investment in human capital that such expenditures represent. In such a situation, they argue that the marginal cost of raising social funds through taxation may be less than the actual spending.
volume of higher incomes that could be taxed more effectively. Many developing countries, particularly in sub-Saharan Africa, tend to have underdeveloped or ineffective direct taxation of personal and corporate income, at least in part a reflection of the more informal structure of their economies. Improvements in this area could be a useful source of additional revenues and would contribute to greater progressivity of the overall tax system.

Many developing countries depend to a large extent on revenues from the exploitation of natural resources, which explain a significant part of the overall improvement in revenues in developing countries over the last decade. Several countries, especially in sub-Saharan Africa, have made important new natural resource discoveries that open the prospect of a substantial improvement in their fiscal space over the near- to medium term. A full consideration of the issue of natural resource taxation is beyond the scope of this article, but natural resource taxation is a complicated matter, not least because the variability of international commodity prices poses a risk of tremendous revenue volatility in resource-rich countries. This underscores the need for a prudent approach in deciding how much of current natural resource revenue should be used now to finance the social protection expenditures, and how much saved to provide funding in future years.

There has been much recent attention, as well, to the scope for better capturing part of the resources that escape developing countries through illicit flows and tax avoidance practices of multinational enterprises. However, given the relatively strong performance of tax revenue in LICs and lower-middle-income countries (LMICs) since 1990, it remains an open question whether changes to tax policy and administration alone can continue to raise tax revenues significantly over the longer term in the absence of growth and its effect on the tax base.

Reallocating expenditures

There is doubtless scope for reallocating expenditures from lesser priorities toward social protection (Table 2). However, expenditures registered in the budget are typically not ranked by order of social priority, making it difficult to determine the scope for reallocation on this basis. Moreover, as noted above, expenditure allocation is primarily a political decision that requires clarity on spending priorities.

20. Bolivia and Mongolia both provide interesting examples of the use of natural resource wealth to fund social protection that proved unsustainable as originally conceived. See Arezki, Dupuy and Gelb (2012), for an interesting proposal for transferring part of the new mineral wealth revenue to citizens. In the case of long-term and proven natural resource revenues, a case could be made for using resources from the national wealth fund, or sovereign wealth fund, where such exists, to finance temporary social assistance programmes. In many countries, sovereign wealth funds based on natural resource revenues have an explicit stabilizing function, and allow the offsetting of negative fiscal shocks.
and should reflect a social consensus. The efficiency and quality of budgetary institutions and parliamentary oversight determine in part how effectively policy priorities are translated into budgetary allocations, and thus set the parameters of expenditure reallocation. But this budgetary process may be subject to considerable political constraints, in addition to technical and institutional ones.

Many types of expenditures are obligations or entitlements which are difficult to change quickly, and a large part of government spending in many developing countries must be considered non-discretionary, at least in the short-term. Expenditure reallocation would therefore naturally be focused on discretionary expenditures, at least initially, often also for political reasons. Typically, that would exclude wage and social security payments, debt service payments, many transfers and at least a certain minimum of operations and maintenance expenditures.

Although individual country circumstances and expenditures vary considerably, most do provide subsidies in one form or another, especially in the area of energy. Subsidies are often not well-targeted, their benefits are often captured by

Table 2. Government expenditures, 2000-2012

Simple averages, per cent of GDP

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the non-poor, and they can be very difficult to remove even when their overall effect is minor. Effective subsidy reform could offer significant scope for generating fiscal space without undermining social objectives, and with important gains in terms of macroeconomic and fiscal efficiency – better targeted and well-delivered transfers, instead of broad subsidies, could achieve more effective social protection along with considerable budgetary savings. In general terms, where the full elimination of subsidies is not possible, replacing general subsidies with targeted subventions aimed at the products and services predominantly consumed by the poor allows for greater efficiency and possibly considerable fiscal savings, which can then be directed to other, more effective forms of social protection such as targeted cash transfers, or allocated to other priority uses.

Energy subsidies are particularly problematic, both the direct subsidies often provided to domestic consumers in oil-producing countries, and the indirect subsidies resulting from an incomplete pass-through of international fuel price increases to domestic consumers.\textsuperscript{21} Not only do these subsidies represent a substantial share of GDP and total government revenues in many countries (Table 3), but they have negative externality effects (encouraging excessive energy consumption, promoting capital-intensive industries, and reducing incentives for investment in renewable energy).\textsuperscript{22} Moreover, they are inefficient as a means of protecting the poor, as the absolute benefits from subsidies are disproportionately captured by higher-income households, exacerbating inequality – although relative to total household spending, subsidies are often higher for low-income households.\textsuperscript{23}

Energy subsidy reform thus has great potential for generating additional fiscal space, but is subject to strong political constraints in most countries. In general, the highest energy subsidies are provided to domestic consumers by energy-producing countries. The reduction of consumer energy subsidies in these countries can help reduce the vulnerability of the government budget to the volatility of energy-related revenues, and can help to preserve some fiscal space even in periods of global declining energy prices, enabling governments to maintain priority spending, including for social protection.

\textsuperscript{21} The failure to pass through price increases can severely reduce tax revenues from fuel products, and if price increases persist, can lead to outright subsidies from the budget, in both cases reducing fiscal space.

\textsuperscript{22} The IMF in a recent study (IMF, 2013b) estimates subsidies for petroleum products, electricity, natural gas and coal on a “pre-tax” basis at USD 480 billion in 2011 (0.7 per cent of global GDP or 2 per cent of total government revenues), with oil-producing countries accounting for two-thirds of the total. Table 3 condenses the detailed country-level information presented in that report into ranges of subsidies by region, from the lowest estimate to the highest estimate observed among the countries of each respective region.

\textsuperscript{23} Arze del Granado, Coady and Gillingham (2010) estimate that the top income quintile captures six times more in subsidies than the bottom. See also IMF (2013b).
Table 3. Ranges of pre-tax subsidies for petroleum products, electricity, natural gas, and coal

In per cent of GDP and of government revenue, 2011*

<table>
<thead>
<tr>
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<td>0.0 – 0.30</td>
<td>0.0 – 0.22</td>
<td>0.0 – 1.16</td>
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<td>0.0 – 31.84</td>
<td>0.0 – 5.71</td>
<td>0.0 – 16.30</td>
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<td>0.0 – 14.51</td>
<td>0.0 – 2.63</td>
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<td>0.0 – 1.03</td>
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<td>0.45 – 4.46</td>
<td>0.0 – 18.96</td>
</tr>
<tr>
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<td>0.0 – 8.92</td>
<td>0.0 – 14.52</td>
<td>0.0 – 47.02</td>
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<tr>
<td>World</td>
<td>0.30</td>
<td>0.91</td>
<td>0.22</td>
<td>0.64</td>
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</table>

Note: * Pre-tax consumer subsidies for petroleum products (gasoline, diesel, and kerosene) are estimated as the difference between international prices (adjusted for transport margins) and domestic consumer prices for 176 countries, for the years 2000-2011. Ranges cover the lowest country estimate to the highest country estimate, respectively, for each product and each region. Consumer subsidies for coal (in 39 countries) and natural gas (in 37 countries) between 2007-2011 are measured as the difference between the international reference price and the price paid by households and firms; and producer coal subsidies (for 16 countries) are tax subsidies, such as special income tax treatment, or budgetary expenditures to support producer incomes. For 40 countries of the Middle East and North Africa Region and a few selected emerging economies of Europe, the estimates of combined producer and consumer subsidies are based on average domestic prices and cost-recovery prices covering production and investment costs, distributional losses, and nonpayment of electricity bills, based on data as of 2009 for 31 of these 40 countries. For 37 further countries, consumer price subsidies for the years 2007-2011 are estimated as the difference between costs (adjusted for any subsidized fossil fuel input use), excluding investment cost, nonpayment of electricity and distributional losses — the data may thus underestimate the actual subsidy.

Of course, expenditure reprioritization could also be part of a deliberate policy (a counter-cyclical response to a shock for example), or the result of improvements in a country’s budget processes that achieve a tighter alignment between development or other priorities and budgetary allocations. In the first case, reallocations would not necessarily generate additional fiscal space for new initiatives, such as introducing a social protection floor. In the second case, the scope for funding new social protection initiatives would depend on the extent to which these are enshrined in the country’s development priorities (for example, as a major part of its national development or poverty reduction strategy), alongside other core objectives such as stepping up investment in the physical and economic infrastructure, funding an extension of domestic security, or enhancing delivery systems in the core social sectors. However, it is also possible that expenditure reallocation results in an expenditure mix that yields higher growth over time (e.g. through effective investments to overcome the infrastructure gap), which themselves could increase future revenues and generate additional fiscal space.

Expenditure reallocation is subject to limits, however. Reallocating resources from wasteful or non-priority uses does free resources that can be used in funding social protection, but does not provide for additional future resources once the initial reallocation has taken place. And once these initial reallocations have taken place, any further reallocation may divert resources away from other essential expenditures, with negative consequences for the quality and accessibility of public and social services. Moreover, there may well be resistance to efforts to withdraw

24. A central element of IMF policy advice to low-income countries with high public debt and binding fiscal constraints in their response to the twin crises of the food and fuel price shocks of 2007-2008, followed by the global financial crisis, was to reprioritize expenditures to protect social and other core spending. Countries with more comfortable fiscal and debt situations were able to use the previously accumulated policy buffers to accommodate the deterioration in fiscal and external current account balances generated by these shocks and the additional spending on social protection measures introduced to mitigate their impact. See IMF (2009).

25. Improved delivery systems can, of course, contribute to improved social outcomes, and may well be critical for the expected positive contribution of the social protection floor. Such systems improvements may, however, be more suitable to financing from external sources than the core current transfers of the social protection floor itself. See below.

26. It is also possible that the overall size of the budgetary envelope leaves little room for any form of reallocation among uses without incurring significant efficiency costs or a deterioration of outcomes. Hagen-Zanker and McCord (2010) examined expenditure in five sub-Saharan LICs relative to six sector-specific international targets, and assessed the fiscal feasibility of attaining all targets simultaneously. They found that meeting all the six targets simultaneously would require more than 100 per cent of total government expenditure in four of the five case study countries, and 98 per cent in the fifth, and that to meet these targets while retaining current levels of expenditure in other sectors would imply doubling current levels of government expenditure. This inherent inadequacy of budgetary resources is, on this evidence, the binding constraint, implying that there would be significant competition among different uses for any additional resources that could be mobilized.
resources from certain existing expenditure programmes, particularly when the number of “losers” of the reallocation is large or their “losses” are significant (see Barrientos and Niño-Zarazúa, 2011).

Enhancing expenditure efficiency

Improved expenditure efficiency through strengthened budgetary processes and public financial management can reduce the outlays spent to achieve any given objective within a given budgetary envelope, thus freeing resources for funding social protection, without the need for reallocating resources away from other uses. These improvements can result from better expenditure and monitoring processes, greater efficiency in delivery systems for key social services, a more precise targeting of subsidies and transfers, improved public investment planning and execution, and the elimination of non-priority or duplicative expenditures through better budgeting processes. They can also result from enhanced budget execution, improved cash flow management, rationalization of the public wage bill, and tighter control over administrative procedures for procurement, expenditure commitments, and payment orders. More effective payments mechanisms for existing public transfers can also reduce administrative overhead costs and increase the efficiency of transfer delivery. There may also be scope in some cases to create additional fiscal space by improving the expenditure efficiency of national social security administrations, particularly where administrative weaknesses and inefficiencies create errors in identifying and targeting beneficiaries, overlapping benefits, and fragmentation. Efforts to fight corruption and enhance the transparency of public resource use can also play an important role.

Strengthening public financial management is an ongoing effort that has yielded significant gains in many countries, often as an integral part of otherwise necessary fiscal adjustments. This has enabled countries to restrain the growth of overall expenditures and, in particular, discretionary current expenditures. However, with continuing progress in this area, the scope for gains through further improvements in expenditure efficiency diminishes over time, as does the range of

27. For reasons of administrative simplicity, countries with weak capacity often devote considerable resources to generalized subsidies as a means of social protection which in practice tend to benefit the non-poor disproportionately. Phasing out such subsidies and replacing them by subsidies and transfers more precisely targeted at specific vulnerable groups or categories of recipients can reclaim part of these resources to finance new or extended social protection interventions, while at the same time improving the efficiency of the remaining subsidies and transfers. See Andrews et al. (2012).

28. Robalino, Rawlings and Walker (2012) note that enhancing the business processes of existing social protection systems (ranging from beneficiary eligibility and identification, targeting, and enrolment to benefit delivery and management information systems) is critical to the performance of the individual programmes, but also facilitates using common administrative systems across different programmes and the eventual integration of ad hoc transfer programmes, lowering overall administrative outlays.
discretionary expenditures that can be compressed without impairing the overall efficiency of government operations, for example, through the under-provision of resources for operations and maintenance, allowing the deterioration of essential infrastructure, or insufficient resourcing of service delivery systems.

**External financing**

External resources (grants, loans) can ease the domestic financing constraints of poor countries in funding social protection. Indeed, there are many examples of donor-funded social protection and safety net projects, particularly in LICs, which are dependent on donor support. However, other considerations advise caution in the use of external financing for social protection floors. First is the issue of predictability and sustainability. Social protection floors require permanent and predictable sources of funding. Most donors, however, have only limited ability to commit their support over periods much longer than one to three years, making recipient governments reluctant to launch donor-financed social protection programmes whose future funding is so uncertain (Garcia and Moore, 2012). Moreover, aid resources are generally less predictable than domestic revenues (Bulíř and Hamann, 2007). Contracting external debt (but also domestic debt) creates debt service obligations that reduce future fiscal space, and may be unadvisable from a debt sustainability perspective; grants do not pose this particular problem, but their availability and durability is often much more limited; and there is also some evidence of a negative, though weakening, impact of grants on tax revenues (Benedek et al., 2012).

Moreover, as with any use of external aid, ensuring the full alignment of donor priorities with the recipient country’s national development priorities is not always straightforward, leading to problems of ownership and accountability. Few donors are able to devote enough aid to a single country to fully fund a social protection floor, or even a sector-wide social protection intervention. As a result, most

29. Investments in human capital through social protection outlays are permanent and recurrent outlays, and usually require long periods of time to generate a “return” that translates into higher growth, employment, and the additional government revenues that can be used to repay the debt. Hence it is inherently inadvisable to borrow in order to finance them directly. But given the fungibility of resources, debt (including from development institutions) could be used to finance other spending that does generate an economic or financial return over the short- to medium term (say on larger-scale economic infrastructure projects with an explicit pro-poor component, such as rural roads), freeing up government resources to spend on social protection.

30. For example, Niño-Zarazúa et al. (2012) point out that most donors that support social protection expenditures in sub-Saharan Africa do so as a means of poverty reduction, without explicitly recognizing their contribution to growth and productivity, aspects which particularly concern African governments. The failure to establish these links can lead to problems of project design, and lack of political buy-in, compromising the search for an appropriate balance between domestic and foreign funding and the use of domestic fiscal space for social protection.
donor-funded social protection interventions are in the nature of projects of relatively limited scope, and donor efforts are often fragmented, and can burden the recipient with higher transactions costs and administrative overheads (Niño-Zarazúa et al., 2012). Social protection projects financed by earmarked donor resources could pose problems of budgetary management if the donor financing is unexpectedly withdrawn or reduced.

More fundamentally, domestic resources will eventually have to replace donor funds as these will inevitably be phased out over time. Depending on the time horizon of the phasing out, this requires the generation of additional fiscal space in amounts that may strain the government’s capacity. Social protection programmes funded by external aid could also create the expectation of scaling up, implying large long-term obligations that the government may find difficult to meet on a sustainable basis.

However, aid or other donor contributions could and should be used to cover the start-up costs of a social protection programme, such as the SPF – the assessment of needs and identification of the vulnerable populations; programme design; introducing new information, financial, and delivery systems; and strengthening the capacity to monitor and evaluate outcomes. External resources can also be used to finance social assistance programmes of a temporary or cyclical nature (such as public works programmes during economic downturns) that would supplement the more permanent SPF interventions.

Debt relief

Debt relief operations that reduce the stock of debt and debt service will free up resources for other uses, including social spending. In fact, this was an explicit requirement of countries benefiting from the enhanced Highly Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI), in many of which social sector spending has expanded rapidly since their debt cancellation. Prudent management of the public debt, and debt restructuring that yields more favourable debt service terms or reduces overall debt service payments, can generate significant savings that can be used for other purposes, including spending on social protection outlays.

Table 4 demonstrates the effect of debt relief on the group of HIPC countries. With the decline in debt service due following debt relief, additional space was

31. Gupta et al. (2005) note that if governments find it difficult to reduce scaled-up expenditure programmes from previously aid-financed levels, the pressure for higher domestic financing of the deficit increases significantly, underlining the importance of projecting an exit strategy for when aid flows fall.

32. Weak indigenous delivery capacity also leads to a fragmentation of the provision of social protection, particularly in sub-Saharan Africa, with many active providers, official, public and NGOs. This complicates efforts to ensure efficiency and coherence.
Table 4. Summary of debt service and poverty reducing expenditures, 2001-2015

(In millions of U.S. dollars, unless otherwise indicated)1

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<td>Debt service</td>
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<tr>
<td>Paid/due after enhanced HIPC and MDRI²</td>
<td>3,266</td>
<td>3,333</td>
<td>3,933</td>
<td>4,137</td>
<td>4,172</td>
<td>3,755</td>
<td>3,133</td>
<td>2,906</td>
<td>2,887</td>
<td>2,783</td>
<td>2,355</td>
<td>2,548</td>
<td>2,565</td>
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<tr>
<td>Debt service savings from MDRI³</td>
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<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>953</td>
<td>1,009</td>
<td>1,038</td>
<td>710</td>
<td>630</td>
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</tr>
<tr>
<td>Poverty reducing expenditures⁴</td>
<td>6,504</td>
<td>7,532</td>
<td>8,812</td>
<td>10,934</td>
<td>15,109</td>
<td>18,724</td>
<td>22,861</td>
<td>28,886</td>
<td>32,417</td>
<td>34,905</td>
<td>34,312</td>
<td>38,580</td>
<td>41,816</td>
<td>43,543</td>
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<td>Average ratios (in per cent)</td>
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<tr>
<td>Debt service/exports</td>
<td>13.0</td>
<td>12.4</td>
<td>11.2</td>
<td>11.2</td>
<td>9.6</td>
<td>6.4</td>
<td>5.4</td>
<td>4.9</td>
<td>4.7</td>
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<td>2.8</td>
<td>3.1</td>
<td>3.8</td>
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<tr>
<td>Debt service/GDP</td>
<td>3.1</td>
<td>2.7</td>
<td>2.6</td>
<td>2.5</td>
<td>2.2</td>
<td>1.7</td>
<td>1.3</td>
<td>1.2</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
<td>0.8</td>
<td>0.9</td>
<td>1.0</td>
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</tr>
<tr>
<td>Poverty-reducing expenditure/revenue⁴</td>
<td>44.5</td>
<td>46.5</td>
<td>44.6</td>
<td>42.3</td>
<td>48.2</td>
<td>47.1</td>
<td>45.9</td>
<td>50.5</td>
<td>54.1</td>
<td>52.0</td>
<td>53.8</td>
<td>55.2</td>
<td>57.7</td>
<td>58.7</td>
<td>61.2</td>
</tr>
<tr>
<td>Poverty-reducing expenditure/GDP⁴</td>
<td>6.2</td>
<td>6.5</td>
<td>6.8</td>
<td>7.0</td>
<td>7.8</td>
<td>8.0</td>
<td>8.2</td>
<td>8.6</td>
<td>9.3</td>
<td>9.5</td>
<td>9.5</td>
<td>10.3</td>
<td>10.8</td>
<td>11.4</td>
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</table>

Notes:
1. Data refer to 36 post-decision-point HIPCs, unless otherwise specified.
2. Debt service paid covers 2001-2010, and debt service due covers 2011-2015. For post-completion-point HIPCs, debt service due assumes full HIPC Initiative debt relief, additional relief provided by some Paris Club creditors on a voluntary basis, and MDRI. For pre-completion-point countries, debt service due includes interim debt relief and full HIPC Initiative and MDRI. For pre-completion-point countries, debt service due includes interim assistance expected at the projected completion point.
3. Excludes Afghanistan, Benin, Chad, Ethiopia, the Gambia, Ghana, Guinea, Haiti, and Zambia, for which data is not available.
4. Excludes data for some years in countries for which data is not available. The coverage of poverty-reducing expenditures varies across countries, but is generally consistent with the definition in the PRSP and the budget of each HIPC. In some countries, the definition of poverty-reducing expenditure had evolved over time to include more sectors; therefore, some of the increase in such spending over the 2001-2003 period may reflect changes in definition. In the majority of countries, expenditures on health and education are included, but beyond that there are wide variations in the sectoral spending included.

opened up for increasing poverty-reducing expenditures, which in fact rose on average by more than the decline of debt service in terms of GDP. Notable is also the increase in the ratio of poverty-reducing expenditure to government revenues. The latter two trends reflect both the allocation of the debt relief savings to poverty reduction (as foreseen under the Enhanced HIPC Initiative), as well as a considerable reallocation of the governments’ own resources toward poverty reduction, as part of the poverty reduction strategies being implemented by these countries. Of course, not all of the poverty-reducing expenditures would qualify as SPF-type outlays, and in many cases they include investment spending in the social sectors (health, education, water and sanitation). Nonetheless, some countries, such as Ghana, have used the proceeds from debt relief to fund the launch of a cash transfer programme that could be treated as a component of a social protection floor (see below).

Several other countries, including South Africa, have used the fiscal space created by a general reduction in the overall debt stock (with a corresponding decline in the share of current resources absorbed by debt service) to expand social transfers. Lowering fiscal deficits (or raising primary fiscal surpluses) and thus reducing the new debt incurred, can thus be part of a medium-term strategy for increasing fiscal space and creating the room for additional priority expenditures. This could be an important consideration as countries seek funding for the scaling up and extension of coverage of social protection floors over the medium to long term. A prudent debt management strategy that seeks to minimize the average cost of the outstanding debt (perhaps by substituting expensive short-term debt with cheaper or longer-term forms of debt) can also contribute to additional fiscal space.

**Country examples of SPF-type interventions**

Social assistance in developing countries plays a very different role to the “residual social safety net” role it plays in most developed countries. It is the primary, often the only, social protection instrument available in many developing countries, and the only intervention capable of reaching the large share of the population affected by poverty and vulnerability. More generally, social assistance interventions could be expected in these countries to contribute to ensuring a minimum level of income and consumption, help strengthen

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33. In many developed countries, the role of social assistance is to provide last-resort support to persons outside of unemployment and social insurance programmes.
34. Many developing countries do have some form of social insurance in place, but it is restricted to employees in the formal sector (a minority of the workforce), coverage is very poor, and the financial situation of the social insurance systems is often unsustainable without major reform.
investment in human capital through providing access to health care, and facilitate access to social services.

Clearly, no single benefit can meet all these objectives; hence the need to focus on integrated programmes or the appropriate mix of instruments (Barrientos, 2010). This consideration provides a further justification of the package of benefits provided in the social protection floor. However, there has been considerable successful experience with various forms of social assistance interventions in developing countries over the past two decades. While there are no examples as yet of countries that have introduced the complete package of benefits under an SPF at one go, the experience of countries in introducing or expanding incomes transfer measures, and the choices of financing mixes made, may offer useful lessons to countries contemplating the introduction of an SPF or the extension of some or all of its elements. This section therefore examines the experience with some social assistance interventions, with particular focus on the mode of financing chosen (see Box 1). While the coverage is by no means exhaustive, the intention is to highlight features that could help inform the design, introduction and expansion of social protection floors in other countries, or offer useful lessons for scaling them up over time.

Much attention has been paid to the experience of Latin American countries in introducing and extending the coverage of social protection instruments over the past two decades. Indeed, the conditional cash transfer programmes instituted in countries such as Brazil and Mexico have inspired much imitation. However, countries in other regions have had success with a range of non-contributory social protection programmes of varying degrees of universality, and financed through different means. The table in the Annex below presents a few examples of individual social protection measures and programmes, drawn from different regions, as well as an indicative selection of cash transfer programmes in sub-Saharan Africa.

The selection of interventions in the first part of the table illustrates the range of financing sources used, and demonstrates as well the small size of the programmes, relative to GDP and the tax base, in a selection of mostly middle-income countries. In all cases, the benefits were entirely funded from government resources, without external assistance. In some cases (e.g. Colombia’s subsidized health scheme), general tax revenues were supplemented by resources drawn from the contributions to social insurance schemes. Costa Rica’s family allowances fund provides an example of the earmarked use of a specific tax. Brazil’s Bolsa Família

35. There has been considerable success, especially in Latin America, with conditional cash transfers, income transfers conditional upon work, and integrated poverty programmes (Barrientos, 2010). However, as the focus here is on non-contributory social assistance-type benefits with universal coverage, attention is focused on the pure income transfer-type of interventions.
Box 1: The Social Protection Floor (SPF) Initiative pilot country studies: The case of Mozambique

Central to the successful introduction and maintenance of a social protection floor is the question of its affordability and fiscal sustainability – whether sufficient fiscal space exists to finance an appropriate package of basic social protection measures and to scale them up over time, while ensuring the proper balance with other policy objectives that compete for the same resources. The cost of each measure must therefore be carefully determined and matched with the assessment of the available fiscal space and its projected evolution. The methodology of the SPF Initiative pilot cases was designed to address these questions.

In the case of Mozambique, the IMF and ILO (in collaboration with UNICEF and other SPF Initiative members), jointly conducted the costing exercise and provided joint policy recommendations to the government. The study estimated the costs and projections of five different scenarios, one of which was the current Government proposal as defined in the Operational Plan 2012–2014, and extended till 2022. The projected costs of the recently approved government plan were simulated based on several assumptions – on the projected takeup rate, the estimated increase in eligible target groups due to demographic changes, and the anticipated administrative costs. The simulation showed a steady increase in the budget allocation that would keep costs up to a maximum of 0.8 per cent of GDP. The study replicated the IMF’s analysis of the available fiscal space and its use for social protection purposes. This scenario was consistent with the medium-term fiscal framework underlying the authorities’ economic programme with the IMF, and thus with macroeconomic stability and debt sustainability. Under the analysis, social protection under the National Basic Social Security (NBSS) Strategy would increase from 0.25 per cent of GDP in 2012 to 0.8 per cent of GDP in 2016, and possibly even higher after that, depending on the implementation capacity and government objectives, facilitated by an expected increase in revenues and the phasing-out of the costly and ill-targeted fuel subsidy, which was expected to be completed in 2012.

Over time, additional resources could become available, some of which could possibly be used to expand the social protection programmes. In particular, the possibility of taxing extractive industries (which are currently contributing only marginally to government revenues despite large profits) seems most promising, although further work in setting up the appropriate fiscal regime is needed. In any case, additional revenue will not automatically go to social protection alone. There are significant needs across all sectors and the government’s priorities include increasing investments in infrastructure. Moreover, further donor support could be galvanized, although aid flows are on declining trend.

Source: This description is taken from ILO and IMF (2012).
(until 2007) was funded by the proceeds of a specific financial transactions tax, and Colombia’s Protection Scheme for the Unemployed used the financial yield from the investment of resources allocated to the scheme from the national and local budgets.

Bolivia’s funding of its *Renta Dignidad* provides an interesting example of the use of revenues from the exploitation of natural resources to fund social protection expenditures, but also highlights the potential pitfalls posed by the variability of such revenues. Buoyant oil prices allowed the programme to be funded using only a part of the oil revenues, but Bolivia’s experience underscores that provisions also have to be made to secure funding in times when oil prices are less favourable, and to absorb the impact of the inherent volatility of oil revenues, given that these fund a major part of the government’s overall expenditures.

Three other characteristics of this first set of social protection interventions are of note. First, these are long-term and predominantly universal programmes conceived as part of the overall social protection fabric of the countries. They complement existing social insurance schemes and other types of social assistance interventions. In fact, Brazil’s *Bolsa Família* and Mexico’s *Oportunidades*, for example, are in part the result of efforts to reduce the inefficient and costly fragmentation of social protection efforts by consolidating several previously separate benefits and interventions – in these as in other countries the programmes use centrally coordinated registration and information systems to identify beneficiaries and deliver benefits. Second, these programmes, and others like them, are credited with having made a significant contribution to reducing specific vulnerabilities among identified groups, such as income insecurity, or lack of secured access to health care and education; extending effective protection to previously marginalized groups; and reducing the incidence of absolute poverty, even in cases where the transfers are not explicitly conditional or specifically directed at reducing poverty. Third, targeting is usually categorical (for example, through the eligibility of an entire vulnerable group, such as the elderly), leading to very high coverage rates in most cases.

Moreover, many of the programmes are part of a rights-based approach to social protection, where the right of citizens to receive the support, and the obligation of the government to provide social protection, are anchored in legislation, and in some cases in the Constitution. This has important implications for the funding model – it establishes an a priori claim of the social protection measure on the resources of the government. It also helps to ensure that these expenditures are protected and prioritized even when overall government revenues experience a downturn, and secures the claim of social protection to at least a part of any additional resources that become available.

The cases from sub-Saharan Africa in the second part of the table are but a small subset of the wide range of cash transfer programmes presently underway in
Some of the examples selected provide benefits to entire categories of recipients (such as the old-age pension schemes), while others target specifically defined vulnerable groups (e.g. Kenya’s Cash Transfer for Orphans and Vulnerable Children, CT-OVC). Many of the programmes are relatively limited in scope, coverage and size, although a few (such as Ethiopia’s Productive Safety Net Program, PSNP) are quite expansive or are in the process of extending their coverage (e.g. Ghana’s Livelihood Empowerment Against Poverty, LEAP).

By and large, the sub-Saharan African programmes presented in the table, other than the old-age pension schemes in Southern African countries, are of relatively recent vintage. Some were introduced in response to the recognition of the need to address the vulnerabilities of specific groups (such as orphans and other vulnerable children). Some of the programmes were first introduced on a very limited basis as pilot projects in certain regions or areas to test their viability and are now being scaled up. All focus on specific vulnerabilities, rather than on poverty in a general sense, though the targeting of some programmes is not categorical, but specific and undertaken by community groups.

There are two main differences between these programmes and those described in the first part of the table in the mostly middle-income countries. First, with the exception of the old-age pensions/grants in Mauritius, Lesotho and Swaziland, these programmes are not part of a system of universal or broad-based social protection, with a significant social insurance component. Rather than covering a specific gap in the country’s broader social protection system, they can be considered for the most part as stand-alone programmes. Second, and again with the three above exceptions, as well as the minimum social pension in Cape Verde, the programmes listed are all financed to some extent by external donors, which in some cases provide the majority of the funding. This has important implications for the scaling up and extension of coverage of the programmes. For example, the rapid scaling up of Kenya’s cash transfer for orphans and vulnerable children led to the use of different protocols for targeting, payments systems, etc., in the donor-funded and nationally-funded districts; and the decentralized nature of the continent. These examples have been drawn from Garcia and Moore (2012), who examine in detail over a hundred different cash transfer schemes in sub-Saharan Africa. Many of these schemes address emergencies, or have been designed to replace food aid; several are of extremely small scale and designed as pilot projects to test design and scalability. The subset presented in this table was chosen because these programmes provide benefits similar to the components of a social protection floor.

37. Many of the countries do have contributory social insurance schemes, but these are often limited to employees in the public sector or in the formal private sector. The coverage of these schemes is thus extremely limited. By contrast, the countries identified in the first part of the table, and others in similar circumstances, have well-established social insurance systems. The programmes in that first part of the table, and others like them, could thus be seen as part of the social assistance component of the overall social protection system.
Ethiopia’s PSNP, as well as the need to harmonize the aid requirements of the
nine participating donors, has led to differential implementation of the pro-
gramme at the local level.\textsuperscript{38} And whereas the success of the CT-OVC programme
has led the government of Kenya to progressively increase the share of the pro-
gramme costs funded from the budget, the Ethiopian government presently funds
only about 10 per cent of the programme costs of the PNSP.

Conclusions

The interest of governments in developing countries around the world in strength-
ening their ability to provide effective social protection has risen dramatically over
the past two decades, both as a result of the demonstration effect of successful
social protection programmes introduced in countries in Latin America and some
parts of Asia, and owing to the adverse impacts of the global economic and finan-
cial crisis of the past five years. At the same time, the analysis underpinning the
concept of the social protection floor has demonstrated that effective social protec-
tion at a reasonable and affordable cost is within the reach of even the poorest
countries, and an increasing number of countries are taking explicit steps to intro-
duce elements of the social protection floor, while many others are strengthening
social safety net provisions and putting in place social protection measures.
Although these are still limited in coverage and scope, they could serve as the foun-
dation for a social protection floor in the future.

In this context, the question of the availability of sustainable funding for social
protection floors becomes increasingly important, and focuses attention on the
issue of generating fiscal space for social protection. The success of many develop-
ing countries in enhancing domestic revenue mobilization, rationalizing expendi-
ture policies and management, and reducing debt over the past decade has made it
possible for many of them to introduce social protection measures in response to
the global crisis and to envisage the creation of an effective social protection floor
for the first time. The experience of the programmes discussed in the preceding
section shows that a wide range of interventions can and have been financed at
reasonable cost on a sustainable basis using own resources; other examples dis-
cussed show how external resources have been used effectively to launch social
protection initiatives.

However, this article has argued that decisions on how and when to introduce a
social protection floor must carefully consider the sustainability and predictability

\textsuperscript{38} However, coordination among the donors and with the Ethiopian government has been effective,
and donors have made significant efforts to ensure regular and predictable funding through the use of
the Medium-term Expenditure and Financing framework for planning purposes, although they still
operate with annual budgets (Garcia and Moore, 2012).
of funding sources, as well as the impact of the choice of funding instruments on macroeconomic stability, fiscal and debt sustainability, growth and poverty reduction, and the equality of income distribution – in other words, the implications for future fiscal space. Expenditure reallocation and rationalization can create fiscal space within a given budgetary envelope, particularly in the short term, but are subject to diminishing returns over time. Prudent debt management, and the reduction of debt through lower fiscal deficits or rising primary surpluses, or through outright debt restructuring/debt relief, lowers debt service payments and allows existing resources to be reallocated to priority expenditures, including social protection. External financing can help to surmount binding domestic resource constraints, allowing social protection initiatives to be introduced and partially or wholly funded in the short term. However, recipient countries face significant constraints in terms of the volume, predictability and sustainability of such external flows, their possible implication for debt and future fiscal space (in the case of external loans), and the difficulty of sustaining such programmes over time as the external financing diminishes.

Clearly, therefore, the priority in efforts to mobilize predictable and lasting fiscal space for the introduction and scaling up of social protection floors lies with domestic resource mobilization. Recent experience has shown that developing countries are capable of improving their revenue effort, though careful attention must be paid to the volatility of receipts (particularly those derived from the exploitation of natural resources), as well as to the direct and indirect impact of changes in tax policies on incentives, savings, investment and growth. In the end, however, it is the capacity of a country to generate domestic tax and non-tax resources that will determine the extent to which a social protection floor can be introduced, extended and gradually scaled up into a permanent system of social protection.

Bibliography


Financing social protection floors: Considerations of fiscal space


Financing social protection floors: Considerations of fiscal space


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Financing social protection floors: Considerations of fiscal space


## Examples of social protection measures and their financing

<table>
<thead>
<tr>
<th>Country</th>
<th>Programme</th>
<th>Description</th>
<th>Financing</th>
<th>Size</th>
<th>Tax/GDP (%)</th>
<th>Curr.Exp./GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolivia</td>
<td>Renta Dignidad</td>
<td>Universal old-age pension</td>
<td>30% of the direct tax on hydrocarbons, plus dividends from capitalized public enterprises</td>
<td>1.1% of GDP (2011)</td>
<td>28.3% (2011)</td>
<td>21.6% (2011) of which 5.1% on social benefits (pensions and transfers)</td>
</tr>
<tr>
<td>Brazil</td>
<td>Bolsa Família</td>
<td>Conditional cash transfer to transfer income to poorest families, combat hunger and poverty, promote access to health, education and public services.</td>
<td>Until repeal in 2007, 21% of the tax on financial transactions funded the Bolsa Familia and 16% other social purposes. After repeal, through general tax revenues</td>
<td>0.4% of GDP (2009)</td>
<td>23.9% (2011) Federal; plus 11.6% (2011) states and municipalities.</td>
<td>21.0% (2011) Federal, of which 6.8% pensions and 1.0% transfers; 9.8% (2011) states and municipalities</td>
</tr>
<tr>
<td></td>
<td>Continuous Cash Benefit</td>
<td>Poverty-targeted, non-contributory pension aimed at guaranteeing income security for the elderly (over age 65) and the disabled</td>
<td>0.6% of GDP (2010)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Family Allowances Fund</td>
<td>Special permanent fund to finance poverty alleviation and poverty reduction programmes</td>
<td>20% sales tax plus 5% payroll tax</td>
<td>n.a.</td>
<td>13.2% (2010)</td>
<td>14.6% (2010) (Non-interest current expenditure only), of which 6.8% on transfers</td>
</tr>
<tr>
<td></td>
<td>Comedores escolares</td>
<td>School meals programme</td>
<td>General tax revenues</td>
<td>0.2% of GDP (2008)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Avancemos</td>
<td>Conditional cash programme for school children</td>
<td>General tax revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The information in this table is drawn principally from three sources: ¹ = UNDP (2011); ² = Durán-Valverde and Pacheco (2012); ³ = Garcia and Moore (2012). Of the various social protection programmes described in these sources, the table presents a selection of those interventions that are closest in nature to the likely components of a social protection floor. Hence, all programmes with a contributory element are excluded from the consideration. The data for the tax/GDP and current expenditure/GDP ratios are drawn from the report on the latest IMF Article IV consultation or programme reports with the respective country, available at [http://www.imf.org](http://www.imf.org). In some cases, the data on the size of the programme are drawn from the corresponding IMF report. As the focus is on the financing of the programmes, the table gives the latest available estimation of the size of the programme, without attempting to describe its coverage rate or impact, although these are extremely important considerations.
<table>
<thead>
<tr>
<th>Country</th>
<th>Scheme Description</th>
<th>Funding</th>
<th>Premiums</th>
<th>Reliance on Social Protection</th>
<th>Other Sources of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colombia</td>
<td>Subsidized health scheme</td>
<td>Means-tested non-contributory health insurance, also for certain vulnerable groups</td>
<td>Combined funding – national tax revenues; 1.5% of Contributory Health Scheme contributions; 5-10% of the child benefit receipts from the family compensation funds; territorial entities with taxes from gambling, health transfers from the national government, and part of proceeds of income tax on oil companies</td>
<td>USD 3.2 billion (2009)</td>
<td>19.3% (2011) (Overall public sector)</td>
</tr>
<tr>
<td>Protection Scheme for the Unemployed</td>
<td>Temporary subsidies to unemployed workers</td>
<td>Resources from national budget and social protection allocations from local authorities; donations; financial returns on the investment of these funds; financial yields on the excess liquidity in the scheme.</td>
<td></td>
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<td>. . .</td>
</tr>
<tr>
<td>India</td>
<td>Rashtriya Swasthya Bima Yojana (RSBY)</td>
<td>Nationwide health insurance scheme for the vulnerable below the poverty line</td>
<td>Insurance premia are paid from general revenues of the central and state governments</td>
<td>0.013% of GDP (July 2010)</td>
<td>15.1% (2011/12), General govt.</td>
</tr>
<tr>
<td>Mexico</td>
<td>Oportunidades</td>
<td>Food-support (in cash and food supplements); cash scholarships for primary and secondary pupils in school; guaranteed access to a basic health package; additional support for young children, to compensate for higher food/energy costs; to support adults 70 years and older</td>
<td>Primarily federal tax revenue, and income from sale of foods and public services</td>
<td>USD 5.1 million (2010)</td>
<td>17.7% (2011), Consolidated public sector</td>
</tr>
<tr>
<td>South Africa</td>
<td>Child Support Grant</td>
<td>Means-tested cash transfer targeted to children up to 18 years of age paid to responsible caregiver</td>
<td>Fully funded from general government revenues</td>
<td>USD 5.3 billion (1.3% of GDP) (2012/13 projection)</td>
<td>23.9% (2010/11)</td>
</tr>
<tr>
<td>Foster Child Grant State Old-Age Pension</td>
<td>Non means-tested subsidy to families caring for foster children Pension paid to all citizens over age of 60</td>
<td></td>
<td></td>
<td>0.18% of GDP (2008)</td>
<td>1.1% of GDP (2008)</td>
</tr>
<tr>
<td>Disability Grant (DG) and Care Dependency Grant (CDG)</td>
<td>DG means-tested grant to disabled persons 16-60 years old; CDG means-tested grant to disabled children under 18 years of age</td>
<td></td>
<td></td>
<td>0.7% of GDP (2008)</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>Universal Coverage Scheme (Health) (2001)</td>
<td>Comprehensive package of preventive health care services, ambulatory and in-patient care to all citizens not covered under other public schemes</td>
<td>General tax revenue</td>
<td>0.98% of GDP (2008)</td>
<td>16.9% (2010/11)</td>
</tr>
<tr>
<td>Thailand</td>
<td>500 Baht Universal Pension Scheme (2003)</td>
<td>Cash transfer to every citizen over age 60 who does not receive a government pension</td>
<td></td>
<td>0.37% of GDP (2010)</td>
<td></td>
</tr>
<tr>
<td>Country</td>
<td>Programme</td>
<td>Description</td>
<td>Financing</td>
<td>Size</td>
<td>Tax/GDP (%)</td>
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<tr>
<td>Senegal</td>
<td>Child-Focused Social Cash Transfer</td>
<td>Cash transfer to mothers of children aged 5 or younger living in poor areas to decrease risk of food and nutrition insecurity, beneficiaries identified through community-based targeting</td>
<td>World Bank (IDA/Multidonor Trust Fund – Global Food price Crisis Response Programme)</td>
<td>USD 6.3 million over three years of the pilot</td>
<td>18.9% (2011)</td>
</tr>
<tr>
<td>Kenya</td>
<td>Cash Transfer for Orphans and Vulnerable Children</td>
<td>Cash transfers focused on keeping children within families and encouraging investment in their human capital, with eligible households chosen by community committees. Obligations related to health and education of the children concerned are only recently being applied.</td>
<td>Government of Kenya, DFID, UNICEF, SIDA, and World Bank</td>
<td>USD 26 million (2009), of which USD 6.2 million by Kenya</td>
<td>19.1% (2011/12)</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Productive Safety Net Programme</td>
<td>Composed of a public works component, and Direct Support provided as an unconditional cash transfer to households incapable of participating in the public works component. Some of the transfers provided in kind, in response to eroding purchasing power of the cash transfer in 2010.</td>
<td>Government of Ethiopia and donors</td>
<td>USD 360 million programme cost in 2009, (6% by Ethiopia) and USD 54 million administrative costs (Ethiopia). Cash transfer component USD 33 million.</td>
<td>11.9% (2010/11)</td>
</tr>
<tr>
<td>Mauritius</td>
<td>Universal Old Age Pension</td>
<td>Pension to all aged 65 or older, with Enhanced Retirement Benefit to blind or paralyzed individuals and their dependents.</td>
<td>Government</td>
<td>8.7% of govt. expenditure and 2% of GDP (2007)</td>
<td>18.2% (2011)</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>Minimum Social Pension</td>
<td>Monthly transfers to the temporarily and permanently labour-incapacitated, and former military. Many beneficiaries are elderly</td>
<td>Government</td>
<td>USD 3.6 million (2011)</td>
<td>19.8% (2011)</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>Unconditional Cash Transfer for the Old and Needy</td>
<td>One-time transfer of USD 68, intended to last a beneficiary for six months. Beneficiaries are typically elderly, incapable of work, and lacking a stable income source or support of a family or community</td>
<td>Government – proceeds from sale of food aid from two donors</td>
<td>Estimated cost to reach 170,000 beneficiaries USD 23 million (would require donor assistance)</td>
<td>10.9% (2011)</td>
</tr>
<tr>
<td>Country</td>
<td>Programme</td>
<td>Description</td>
<td>Funders</td>
<td>Year(s) budgeted</td>
<td>Share of GDP 2011/12</td>
</tr>
<tr>
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</tr>
<tr>
<td>Swaziland</td>
<td>Old Age Grant</td>
<td>Monthly transfer to Swazi citizens over age 60 who do not receive other grants, have no other reliable source of income, and meet certain poverty and vulnerability criteria</td>
<td>Government</td>
<td>USD 9.2 million</td>
<td>24.1%</td>
</tr>
<tr>
<td>Lesotho</td>
<td>Old Age Pension</td>
<td>To all citizens age 70 and older who do not receive other government retirement benefits</td>
<td>Government</td>
<td>USD 38 million</td>
<td>23.1%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Food Subsidy Programme</td>
<td>Targeted at those unable to work</td>
<td>Primarily the government budget, since 2008 with donor support.</td>
<td>USD 10.1 million</td>
<td>21.4%</td>
</tr>
<tr>
<td>Ghana</td>
<td>Livelihood Empowerment Against Poverty (LEAP)</td>
<td>Time-bound, targeted cash transfer to combat poverty in children and vulnerable groups. Beneficiaries expected to “graduate” after three years. Households expected to enrol children in school and ensure regular medical check-ups</td>
<td>Government budget (using resources from HIPC debt relief). Temporary expansion in 2009 funded by World Bank, and start-up costs defrayed by DfID.</td>
<td>Up to USD 26 million</td>
<td>16.3%</td>
</tr>
</tbody>
</table>