

# Investing in people to invest in the future

**JOBS JOBS JOBS**

BRIEFING ON DECENT WORK AND SOCIAL PROTECTION

04

**solidar**

decent work  
decent life 





© DANIEL GUSSAGO

01

## Social Protection and Social Security

The terms 'social protection' and 'social security' are often used interchangeably, however, a distinction can be made: ILO Convention 102 describes 'social security' in terms of guaranteeing a stable income through medical care; sickness benefits; unemployment benefits; old-age benefits; employment injury benefits; family benefits; maternity benefits; invalidity benefits. 'Social protection' is a broader concept covering actions to address more than risk such as, for example, measures to address discrimination and safety at work.

### Context

'Everyone, as a member of society, has the right to social security' (Article 22 of the Universal Declaration of Human Rights).

60 years after the adoption of the Universal Declaration of Human Rights, the right to social security remains a dream for 80% of the global population (International Labour Organization 2008).

Around 1.4 billion people are currently living in extreme poverty<sup>1</sup>.

With the Lisbon Treaty, the European Union's (EU) development policy has been strongly focused on poverty eradication: "Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the **eradication of poverty**. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries" (Article 208 TFEU 2008)<sup>2</sup>.

The EU is also fully committed to the International Labour Organisation's (ILO) Decent Work Agenda, which includes social protection as one of the four 'pillars'. This has brought about a renewed interest in the role of social security in development, as well as in combating poverty.

Furthermore, the function of social protection in complementing economic growth is increasingly recognised by developing countries.

### What is Social Protection?

Social protection is a key component of the ILO's Decent Work Agenda, standing as one of the four pillars alongside employment, rights at work, and social dialogue.

Social protection covers a range of public actions carried out by the state or privately that address risk, vulnerability, discrimination and poverty. Social protection policies are not only about providing 'safety nets' but are solid social policy commitments to support empowerment, human rights and social justice.

'The tin roof of my hut flew off during the cyclone. My young children were literally without a roof over their heads. I had to use the money that I had saved for my daughter's wedding. Thankfully, my reimbursement from the insurance program came soon'

HANSABEN,  
AMHMEDABAD<sup>3</sup>

<sup>1</sup> The Millennium Development Goals Report 2008 (September 2008), shows that the number of extremely poor people in the world (i. e. living on less than 1.25 dollars a day) fell from 1.8 billion in 1990 to 1.4 billion in 2005. The Report is available online at <http://millenniumindicators.un.org/unsd/mdg/Default.aspx>.

<sup>2</sup> Once the Treaty of Lisbon is adopted, this will mean a major re-focus of European development cooperation policies towards poverty eradication. At the moment, the treaty of Nice identifies 3 main aims for the European development cooperation policy: 1) The sustainable economic and social development of developing countries, and more particularly the most disadvantaged among them; 2) the smooth and gradual integration of developing countries into the world economy; 3) the campaign against poverty in developing countries (art. 177 TEEU).

<sup>3</sup> Quote from Comparative Labour Law & Policy Journal, Vol. 27, N. 2, 'Social Protection and Decent Work: New Prospects for International Labour Standards'.

## Key Findings on Social Protection

Available evidence demonstrates that social protection is an essential but often neglected development strategy to achieve the Millennium Development Goals<sup>4</sup> and to reach the poorest of the poor.

### Social protection works!

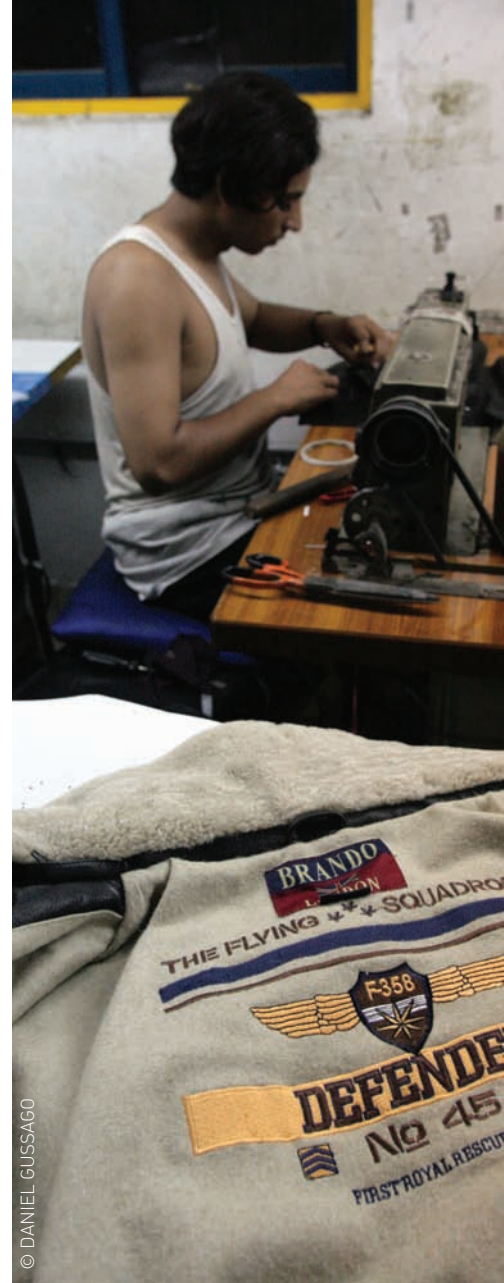
Social protection measures – social transfers (such as child benefits, old age pensions, disability grants) and/or social insurance (such as health insurance, unemployment and sickness benefits, contributory pension schemes) – are being put in place now in a range of developing countries. Here are some examples of success stories:

- **In Brazil**, the Bolsa Familia programme provides income support for families earning below a certain level. It now covers about 11 million Brazilian families (45 million people or 3 times the population of The Netherlands). It has made a crucial contribution to lift people out of poverty and to reduce the level of inequalities.
- **In South Africa**, the Child Grant system together with the public old age pension now cover about 11 million people, or a quarter of the population. A recent study released by the national statistics office found that, though still very high, income inequality has been reduced through the social grants paid.
- **In the Bangladeshi** Cash for Education programme, cash transfers are dependent on children's school attendance. The scheme has resulted in a 20 – 30% increase in school enrolment and these children are more likely to stay in school up to two years longer than other children<sup>5</sup>. In general, increased income security can reduce the burden on children to contribute to family income so that they can attend school.

Social protection systems can prevent the non-poor from falling into poverty as a result of shocks such as an increase in oil and food prices, fluctuations in income or the emerging effect of climate change<sup>6</sup> (the World Bank estimates that rising food prices have pushed 100 million people worldwide below the poverty line<sup>7</sup>).

### Social protection generates growth!

In addition to promoting human development, social protection can contribute significantly to economic growth. By raising the income of the poor, social security transfers increase domestic demand and in turn encourage growth by expanding domestic markets<sup>8</sup>:



© DANIEL GUSSAGO

'Social security is not crudely an outcome of economic growth, that is, it is not a product of development but a product for development, not something to be considered once societies have developed, but is a means of promoting economic development itself'

EBRAHIM PATEL,  
SPEECH ON SOCIAL SECURITY FOR ALL,  
APRIL 2008

<sup>4</sup> Goal 1: Eradicate extreme poverty and hunger; Goal 2: Achieve universal primary education; Goal 3: Promote gender equality and empower women; Goal 4: Reduce child mortality; Goal 5: Improve maternal health; Goal 6: Combat HIV/AIDS, malaria and other diseases; Goal 7: Ensure environmental sustainability; Goal 8: Develop a Global Partnership for Development. The eight MDGs break down into 21 quantifiable targets that are measured by 60 indicators.

<sup>5</sup> European Working Group on Social Protection and Decent Work in Development Cooperation, Background briefing paper, October 2007.

<sup>6</sup> F. Bourignon et alia, 'Millennium Development Goals at Midpoint: where do we stand where do we need to go?', September 2008.

<sup>7</sup> The Guardian, Thursday 3 July 2008, [www.guardian.co.uk/environment/2008/jul/03/biofuels.renewableenergy](http://www.guardian.co.uk/environment/2008/jul/03/biofuels.renewableenergy).

<sup>8</sup> International Labour Organization, Can Low-Income Countries Afford Basic Social Security?, 2008.

- **In Namibia**, a social pension scheme has increased local spending. It is said that half the shops would close if it were not for pension day<sup>9</sup>.

- **In Malawi**, for every US\$1 that was transferred to people in an emergency cash transfer pilot, an extra US\$2.1 of additional local economic activity was created<sup>10</sup>.

Moreover, the net cost of early investment in a basic set of social security benefits may be offset or negative due to positive economic returns and the enhanced productivity of a better educated, healthier and better nourished workforce<sup>11</sup>.

By preventing and alleviating poverty and **redistributing wealth, social protection schemes enhance peace and social cohesion.**

### Social Protection is affordable

According to ILO calculations, less than 2% of the Gross Domestic Product would be necessary to provide a basic set of social security benefits to all of the world's poor. 6% would be needed to provide a basic set of social security benefits to all people who have no access to social security.

Moreover, the fact that social protection systems in developed countries were introduced when these countries were relatively poor (e.g. in the UK, the universal old age pensions were introduced after the second world war) or during their development, supports the argument that the build-up of social security systems early in the economic development process of a country is a key investment in social and economic development.

## A Basic Social Security Package for All

A pragmatic policy approach has emerged at the ILO which recommends that countries should, as a first step, aim to put in place a basic social security package for all of its residents.

This basic set of social security guarantees should include:

- **Access to basic and essential healthcare;**
- **Income security for children;**
- **Social assistance for poor or unemployed people;**
- **Income security through basic pensions for old or disabled people.**

This basic package should be expanded once the fiscal space of the country increases as the economy continues to develop.

According to the United Nations (UN), the richest 10% of the world's adult population receives 85% of global wealth; in contrast, the poorest 50% barely receives 1%. A Global Social Floor is indispensable to ensure a social dimension to globalization.

INTERNATIONAL LABOUR ORGANIZATION,  
CAN LOW-INCOME COUNTRIES AFFORD  
BASIC SOCIAL SECURITY?, 2008



© DANIEL GUSSAGO

<sup>9</sup> Anna Pearson, Help Age International, <http://www.helpage.org/News/Analysis/jBkX>.

<sup>10</sup> Ibidem.

<sup>11</sup> International Labour Organization 2008, p. 2.

# The European Working Group on Social Protection and Decent Work in Development Cooperation

Formed in 2007, The European Working Group on Social Protection and Decent Work in Development Cooperation<sup>16</sup>, is made up of Civil Society Organisations who want to see Social Protection given the prominence it deserves in EU policy and as part of the Decent Work Agenda.

## The Group calls for

- EU legislation, policies and practices to prioritise the achievement of minimum levels of social protection in the developing world as an urgent priority, especially if the Millennium Development Goal of halving poverty by 2015 is to be reached in all developing countries.
- Recognition of the far-reaching role that social protection can play in a range of agendas of interest to the EU: in tackling HIV/Aids, promoting economic growth, and as a key part of the international response to crises caused by climate change, rising food prices and instability in global markets.

04

## Increasing Focus on Social Protection at all Levels

Since the launch of the ILO campaign on Global Social Protection in 2003, there has been an increasing focus on social protection as an essential strategy for poverty eradication.

At the European Level, the need for social protection mechanisms to promote social and economic development has been included in a range of EU policies relating to development cooperation. Amongst others:

- the European Commission Communication 'Investing in People'<sup>12</sup> stresses that: 'Social security schemes and social inclusion are key elements to tackle vulnerability and reduce the risk of poverty. They support households and contribute to the gender equality agenda as well as to combating child labour. It will be necessary to address the lack of social protection in the informal economy.'
- the Council Conclusions on Promoting Employment through EU Development Cooperation<sup>13</sup>, adopted in June 2007, reaffirm the Council's commitment to the integrated approach of decent work in employment strategies that encompasses the four strategic objectives of creating jobs, guarantying rights at work, extending social protection, and promoting social dialogue..., request the European Commission to prepare a proposal on social protection in EU development cooperation, (with a view to present it before the end of 2008<sup>14</sup>) and call for the integration of social protection in Poverty Reduction Strategy Papers (PRSPs) and a gradual move towards an effective public system of social security.

At the international level, the G8 Summit Declaration on Growth and Responsibility in the World Economy calls for investments in social protection systems.

At United Nations (UN) level, the ILO Declaration on Social Justice for a fair Globalisation (10 June 2008) includes a promotional framework for the implementation of the 4 pillars of decent work at national, regional and global levels. Moreover, the concept of a basic social security floor has also been taken up by the UN (as reflected in the 2008 Commission for social development recommendations).

Finally, groups of Civil Society Organisations all around Europe are supporting the ILO Campaign on Social Security and Coverage for All, including the 'European Working Group on Social Protection and Decent Work in Development Cooperation' and the Decent Work Decent Life Campaign which has launched - in late 2007 - the Call to Action for Decent Work<sup>15</sup> which calls on decision makers to urgently (amongst other):

**Strengthen and broaden social protection coverage by ensuring access to social security, pensions, unemployment benefits, maternity protection and quality healthcare for all.**

**These benefits should be available for everyone, including workers in the so-called informal economy. (Point 3 of the Call to Action for Decent Work).**

<sup>12</sup> EC Communication COM (2006)18 final -Investing in people, Communication on the thematic programme for human and social development and the financial perspectives for 2007-2013.

<sup>13</sup> Conclusions on Promoting Employment through EU Development Cooperation [21 June 2007 - ref. 11068/07].

<sup>14</sup> The joint initiative of the French Presidency and the Commission on social health protection and healthcare financing in developing countries (September 2008) was a first step but was limited to access to healthcare. Document available online at [http://ec.europa.eu/development/center/repository/social\\_health\\_protection\\_codev\\_2008\\_en.pdf](http://ec.europa.eu/development/center/repository/social_health_protection_codev_2008_en.pdf).

<sup>15</sup> The Call to Action for Decent Work can be signed online at [www.decentwork.org](http://www.decentwork.org).

<sup>16</sup> Help Age International, World Solidarity, Light for the World, Stop Aids Alliance, and SOLIDAR are among the NGOs participating in the Group. For more information : [euoffice@helpage.org](mailto:euoffice@helpage.org).



' When I started organizing [women workers in the informal economy]... what struck me was the primacy of work in their lives. Work is their main priority. The women often say: 'as long as we work, we live'. However I quickly learned that work alone is not enough... In fact, to help women to reach their goals of full employment and self reliance, social security is a must. Full employment includes work and income security, food security and social security. Thus, social security is part of women's struggle against poverty...'

ELA BHATT,  
FOUNDER OF SELF EMPLOYED  
WOMEN ASSOCIATION (SEWA)<sup>19</sup>

« **Jobs Jobs Jobs** » is a three-year project which aims to demonstrate that Decent Work is fundamental for development and the eradication of poverty.

Decent Work is a concept developed by the International Labour Organization, and supported by trade unions, NGOs and other civil society organisations. It brings together the quantity of employment with the quality of the employment created. The main elements of Decent Work are employment creation, workers' rights, social protection and social dialogue.

All Jobs Jobs Jobs Briefings are available (in English and French) on: [www.solidar.org](http://www.solidar.org)

The Project, coordinated by SOLIDAR, is supported by the EU.

**SOLIDAR** is a European network of 50 NGOs and labour movement organisations working towards all people living in dignity. SOLIDAR promotes equality, solidarity and social justice in the fields of social affairs, international cooperation and education in Europe and worldwide.

**Project's coordinator:** Barbara Caracciolo  
**Responsible editor:** Conny Reuter

## Lessons from Europe's History

In aiming to reduce poverty, the Organisation for Economic Co-operation and Development (OECD) countries spend around 21% of their GDP on public social services and social security, excluding education<sup>17</sup>.

The main messages coming from the experiences of OECD countries and the EU are that:

- **social protection is an economic priority as much as it is a social priority**
- **an economy which places social justice at its core is more likely to be effective**

The EU should recognise its unique experience of developing social protection systems within Europe, and should see this as an area of technical expertise to be shared in its partnerships with other countries. External assistance<sup>18</sup> can play an important role in capacity building. In Senegal, for example, French officials share their experiences in ensuring social security coverage for agricultural workers.

A major attempt should be made to extend social protection to the working poor in the **informal economy**, in rural areas as well as to other marginalised and vulnerable groups.

At EU level, with the **Council Conclusions on Promoting Employment through EU Development Cooperation** of 21 June 2007, the Council invited the Commission to prepare a proposal on social protection to be included in EU development cooperation policies to clarify its approach, which should focus on the minimum package of social protection.

Such social protection schemes prove to be structural assets for any country, not only because they address poverty but also because they redistribute wealth, make societies fairer and are important tools for the realisation of certain rights within societies.

There is, however, a need for strong **political will** in order to include the available evidence (social protection works; social protection generates growth; social protection is affordable) in policies that will reach the poorest people.

At European level, this will imply an effort to bring coherence to a model which on one hand provides aid for development and on the other hand risks reducing developing countries' resources. For example, aggressive trade policies force developing countries to reduce their import tariffs, hence cutting resources to pay for, amongst other, social security mechanisms.

<sup>17</sup> The right to social security and national development: Lessons from OECD experience for low-income countries, Discussion paper 18, ILO 2007.

<sup>18</sup> External Assistance is the commitments made by bilateral and multilateral donors to the developing countries and countries in transition for sustainable development.

<sup>19</sup> Quoted in Comparative Labour Law & Policy Journal, Vol. 27, N. 2, 'Social protection and Decent Work: New Prospects for International Labour Standards'.



This publication has been produced with the assistance of the European Union. The content of this publication is the sole responsibility of SOLIDAR and can in no way be taken to reflect the views of the European Union.