

Social protection for the BRICS

In the last few years, the BRICS countries (Brazil, Russia, India, China and South Africa) have experienced rapid development of social protection, every country taking a different path: insurance schemes in China; a highly developed benefits system in South Africa with minimum social security payments covering a large share of the population; conditional cash transfers in Brazil, etc.

Among the emerging countries, these changes are nothing exceptional. However, the size of the BRICS countries makes them a particularly significant example, and gives credibility to a 'social protection floor' – the subject of the ILO's Recommendation no. 202 of June 2012, which states that every country should have universal health cover and a safety net for the poorest. The diversity of experiences of the BRICS confirms the idea that there is not just

one model for this 'floor'; on the contrary, there are many ways for this goal to be achieved.

If the development of social protection in the BRICS is to continue, however, difficult challenges will have to be tackled, particularly as regards financing and the inclusion of workers from the informal sector. Recent reforms in these countries have sketched out responses to these challenges: the development of non-contributory or semi-contributory schemes to cover workers otherwise excluded from social protection, conditionality of benefit payments to modify people's behaviour, original forms of partnership between the public and private sector, and the use of public works programmes to guarantee minimum incomes.

France and the European Union can play an important role in terms of cooperation to help the BRICS meet these challenges.■

THE CHALLENGES

The five BRICS countries (Brazil, Russia, India, China and South Africa) are the largest emerging economies. They account for 40% of the world's population and, according to the IMF, will provide 61% of global growth in 2015.

Better integration of the emerging economies into the global economy has enabled them to enjoy higher growth, but the benefits of this have not been shared equally. One of the major challenges to be met by these countries is the extension of social protection⁽¹⁾, and particularly coverage of the rural population, the self-employed and the informal sector.

Carefully designed, social protection helps to reduce poverty and to guarantee social stability. It is now also considered as a factor of productivity.

The development of social protection in the emerging countries now is at the heart of the political debate, which has not been the case for the last thirty years. Increasingly, the international community is making social protection one of its political priorities. The BRICS see it as a way to reduce inequality and protect their long-term growth, while the developed countries see in it the prospect of a rebalancing of global economics. Meanwhile, international organisations like the ILO (International Labour Organization) and the WHO (World Health Organization) are promoting universal social rights. This drive will probably generate new concepts of social protection and new reference frameworks for social policies.

This *Note d'analyse* explains recent changes in social protection policy introduced by the BRICS, presents the main challenges common to these countries, outlines their responses, solutions and innovations, and concludes with a discussion of the international community's role and the role of France in particular. It uses data collected by the French embassies in the countries covered, through a common questionnaire.

THE BRICS AND THE DEVELOPMENT OF SOCIAL PROTECTION WORLDWIDE

The need for social protection in fast-growing countries

From 2007 to 2011, the annual growth rate of GDP per capita in the BRICS ranged from 4.2% in Brazil to 10.5% in China⁽²⁾. Although the BRICS have gained prominence because of their economic performance, they have also experienced an important 'social boom': social protection is developing in these countries very quickly.

China has made significant progress with extending its social security coverage. The coverage rate for health insurance rose from 24% to 94% of the population, between 2005 and 2010, hence nearly 16 million more people were covered every month during this period⁽³⁾. Similarly, the rural pension scheme launched in September 2009 aims to cover the whole rural population by the end of 2012. The social insurance law of 28 October 2010 completed the process by setting up a full social security system for the five risks (sickness, old age, unemployment, maternity and industrial accidents). It forces all employers and employees to contribute and provides for payment by the State of a minimum subsistence income to disabled people, people aged over 60, minors and low-income families.

Meanwhile, South Africa more than doubled the share of its national wealth being spent on social protection (excluding health) between 2000 and 2005. The *Bolsa familia*⁽⁴⁾ programme in Brazil has had a significant impact on poverty rates: the number of people living with less than a dollar a day fell from 36% in 2003 to 21% in 2009⁽⁵⁾. Brazil has thus met the first target of its millennium development goals (MDGs) ten years before the deadline.

Two main reasons explain why the economic growth of the BRICS has led to the development of social protection. On the one hand, it has increased the financial resources available to governments. On the other, it has, in some respects, increased the need for social protection. The benefits of growth have not always been shared equally among different social groups. For all of these countries, except India, growth has meant big increases in inequality. The

[1] The terms 'social protection' and 'social security' have different meanings across countries. This *Note d'analyse* addresses the social risks corresponding to sickness, retirement and family branches.

[2] World Bank Data, <http://donnees.banquemondiale.org/indicateur/NY.GDP.MKTP.KD.ZG>.

[3] ISSA (2012), 'Social security in the BRICS countries: A comparative study on the extension of coverage in Brazil, The Russian Federation, India, China and South Africa', to be published soon by the International Social Security Association (ISSA) on its website <http://www.issa.int>.

[4] *Bolsa familia*, the social protection system, launched in 2003 as part of the government's Fome Zero (Zero Hunger) programme, was introduced by a law (decree) passed in January 2004. This flagship programme of Brazil's social policy provides benefits in the form of cash to beneficiaries, subject to conditions.

[5] World Bank data, <http://donnees.banquemondiale.org/indicateur/SI.POV.NAHC/countries/BR?display=graph>.

gaps between rich and poor in Brazil and in South Africa are among the largest in the world (Table 1). Traditional social care mechanisms have been destabilized. The rural exodus and migration have made it more difficult for care to be provided within families. In India, the number of people living in urban areas has increased from 60 million in 1951 to 300 million today and is expected to reach 520 million by 2026. China has around 220 million migrant workers, 18% of its population.



Table 1

The Gini coefficient⁽⁶⁾ between the 1980s and the early 2000s

	Gini coefficient in the 1980s	Gini coefficient in the early 2000s
China	0.3	0.43
Brazil	0.57	0.61
South Africa	0.59	0.62
Russia	0.26	0.36
India	0.31	0.30

Source: World Bank report: 'China 2030, Building a Modern, Harmonious and Creative High-Income Society', Annex 4, 2012.

China and Russia have witnessed the falling apart of the social protection mechanisms they inherited from the Communist era. Large State-run Chinese companies provided cover for their employees using a system known as the 'iron rice bowl'⁽⁷⁾. The restructuring of these companies in the 1990s led to the removal of these obligations to make the companies more economically efficient, creating a void that the government now had to fill. It also led to tens of millions of jobs being cut. In Russia, the transition to a market economy has been even more difficult and painful than in the Central European countries or China, and has led to a very large increase in poverty.

Although it meets social needs, the development of social protection in the BRICS is also economically justified. Particularly in China it is seen as a way of restoring a more balanced growth model, up to now based mainly on exports. The savings rate, which was particularly high, was holding back the development of domestic demand. Universal health insurance and pension schemes should reduce the amount of precautionary saving. According to a survey by McKinsey⁽⁸⁾, sickness and provision of care for ageing parents are among the main reasons why Chinese households save money, and having better health systems and pension schemes would allow an increase in consumption of between 1.6% and 6.3%.

The economic crisis that began in 2008 has highlighted the shock-absorbing role played by social security schemes which, in periods of recession, help to support incomes and sustain demand⁽⁹⁾. The economic crisis from 2008 to 2010 highlighted the State's essential role in keeping the social protection system afloat. The Russian Federation adopted an important set of reforms aimed at reducing the impact of the crisis. It increased pensions by 46% from 1st January 2010, added a social premium to federal and regional pensions to bring them up to the minimum income required by the Russian Constitution, and increased other social security benefits by 10%. South Africa increased its family allowance (the 'Child Support Grant') in 2010 by lifting the income thresholds for entitlement to the allowance and raised the maximum age for payment.



A movement that is part of a global drive for a 'social protection floor'

Since World War II, the International Labour Organization (ILO) has been working for the development of social protection, particularly through its Social Security (Minimum Standards) Convention, adopted in 1952 (No.102). However, this regulatory approach did not achieve a very widespread extension of social security because very few countries signed it⁽¹⁰⁾. Only 20% of the world's working-age population has



[6] The Gini coefficient is an income inequality indicator with values ranging from 0 to 1, where 0 indicates a situation of complete equality and 1 the most unequal situation possible. The Gini coefficient for the OECD countries was 0.31 in 2010.

[7] This expression refers to the job for life and the social cover that were traditionally guaranteed by State-run industrial companies to their workers. See Lemoine F. (2001), 'Chine: le bol de riz en fer est cassé', *La Lettre du CEPIL*, June.

[8] McKinsey Global Institute, "If You've Got it, Spend it: Unleashing the Chinese Consumer", August 2009.

[9] "Accelerating a job-rich recovery in G20 countries: Building on experience", an ILO report, with substantive contributions from OECD, to the Meeting of G20 Labour and Employment Ministers, Washington, DC, April 2010, par. 61-68.

[10] Out of the 183 members of the ILO, only 47 ratified Convention No.102. Of the BRICS, only Brazil is a signatory.

access to a full social protection system⁽¹¹⁾ covering all branches of social security as defined by the ILO Convention, No. 102⁽¹²⁾. Nearly a third of the world's population is without access to any health facility or service. Retirement pension cover outside the developed countries is focused on employees in the formal sector. Globally, around 40% of the working-age population is legally covered by contribution-based retirement pension schemes. Only 4% of the world's working-age population is enrolled in a voluntary contributory pension scheme.

In view of these major inequalities, the ILO has, since the 2000s, promoted a new approach known as the 'social protection floor', which sets out the need for universal basic guarantees. This new paradigm was formally introduced in April 2009 by the Chief Executives Board of the United Nations. The ILO and the WHO are in charge of coordinating it at a global level. It consists of promoting a minimum level of income security and universal access to main social services (healthcare, clean water and sanitation, education, food security, housing) in every country worldwide, as part of a strategy to extend social protection in two dimensions: horizontally, through a set of basic guarantees for everyone; and vertically, through the gradual application of higher standards.

The key idea is that all countries, regardless of their income, can introduce the minimum level of protection, at relatively modest cost for the poorest; social protection is therefore not a luxury reserved for the developed countries. Moreover, the development of social protection has a positive impact in many areas, particularly on labour productivity, on resilience to economic crises and on independence for women.

Nowadays we tend to talk about social protection 'floors' in the plural, to highlight the fact that any country is encouraged to introduce an appropriate floor to fit with its level of development and specific characteristics; it also outlines that it is not a question of imposing a uniform model or driving a race to the bottom.

A high-level working group chaired by Michelle Bachelet, former President of Chile and currently Under-Secretary-General at the UN, produced a report entitled *Social Protection Floor for a Fair and Inclusive Globalization*⁽¹³⁾, the conclusions of which were taken up by the G20 summit in November 2011. The G20 members 'recognize the importance of investing in nationally determined social protection floors in each of our countries (...). They will foster growth resilience, social justice and cohesion⁽¹⁴⁾'. At the 101st International Labour Conference, held in June 2012, the tripartite representatives of the member countries adopted a recommendation (No.202) on social protection floors.

The BRICS play a symbolic role because of their size, even if their dynamics are unexceptional compared with other emerging countries

In terms of social protection, the BRICS are not in an exceptional position compared with other emerging countries, concerning either the level of achievement or the rate of progress. None of them has achieved total universal access to all basic social services. China and India are still a long way from providing coverage for all elderly people, with pension beneficiary rates of 33% and 24% respectively. While Brazil and South Africa cover the majority of the population (86% and 76% respectively), only Russia has a scheme approaching universality (94%). As regards access to healthcare, China and India have very different rates of coverage of healthcare costs compared with the other three BRICS. South Africa's good showing (89% of healthcare costs are not met by households) should nevertheless be qualified: there are vast inequalities in the resources of the public and private healthcare systems (the private healthcare system benefits only 20% of the population). Meanwhile, unemployment coverage does not exceed 25% in any of the BRICS countries.

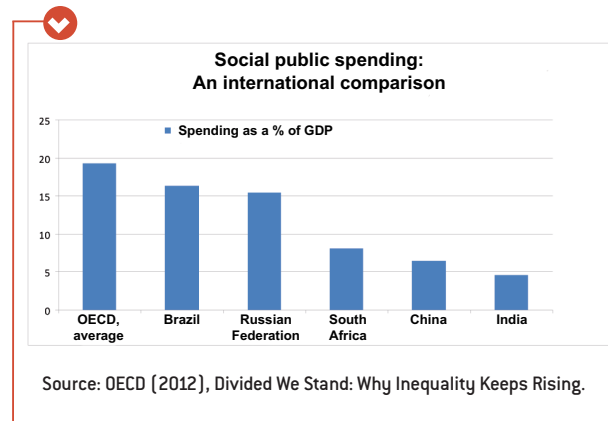
[11] The data quoted in this section come from the ILO's World Social Security Report, "Providing coverage in times of crisis and beyond, 2010-2011".

[12] Sicknes, invalidity, old age, survivors, maternity, family, unemployment, employment injury. Social security coverage can only be directly measured separately for each of the branches, or even for a specific group of benefits within each branch. There is no universally accepted method for combining these branch-by-branch coverage indicators into a single main indicator.

[13] Report by the advisory group chaired by Michelle Bachelet, set up by the ILO in collaboration with the WHO, October 2011. See also *Sécu : objectif monde*, October 2011, written by Martin Hirsch, who was one of the members of the group chaired by Michelle Bachelet.

[14] Point 4 of the conclusions of the G20 summit, 3 and 4 November 2011.

Only in South Africa and India did the share of GDP devoted to social protection grow significantly⁽¹⁵⁾ between 2000 and 2006, from 6.9% to 12.3% in South Africa and from 1.7% to 4.1% in India (see Graph), which means that in both cases it more or less doubled⁽¹⁶⁾.



The pace at which some branches of social security have been extended has certainly been very spectacular; in China, the sickness insurance coverage rate in rural areas increased tenfold between 2004 and 2010. However, there have been similar rates of extension in other countries, particularly Rwanda and Vietnam, in recent years too. The development of social protection in the BRICS is therefore unexceptional among the emerging countries.

But the size of the BRICS, both demographically and economically, means that their participation in current global debates on the development of social security is essential. With populations of more than one billion, both China and India are tackling the challenge of organizing and facilitating the access to social rights on a previously unknown scale. The economic weight of the BRICS gives credence to the idea of universal social protection. If Vietnam or Thailand extends sickness insurance to its whole population, this is seen as best practice; if China does so, it completely reconfigures the global debate.

There is a genuine desire among the BRICS to influence the discussion on social protection by arguing in favour of diversity of models, rates of progress, levels of cover and systems used – hence the idea

of 'floors' in the plural. Generally at this stage they do not want to have their hands tied by binding instruments.

THE MAJOR CHALLENGES FACED BY THE BRICS

Although social protection made significant progress in the last decade, it would be wrong to assume that its development in the BRICS will automatically continue in a near future. These countries have some important challenges to face and some structural decisions to make.

The challenge of informal work

The greatest obstacle to extending social protection lies without any doubt in the continuing existence or indeed expansion of the informal sector, which leaves a high share of the population in these countries without any social protection.

This problem is especially acute in India, where only 10% of workers are in the formal job market. The informal sector includes many categories of workers: farmers, the self-employed, employees of small business and workers who are without a formal employment contract. What all these groups have in common is that they are not covered by a structured social security scheme. All attempts to introduce proper social security for these categories have so far failed. For example, the *National Old Age Pension* (NAOP) introduced in India in 1995, which is a minimum old-age pension, only gives entitlement to a payment of 400 rupees per month (6 euros) from the federal government and the State government. In 2006, the introduction of proper social protection for workers in the informal sector was a major issue in the Common Minimum Programme of the Congress Party and its allies, but overall it has been a failure. A framework law was adopted in 2008 containing statements of principle, but it made no practical progress whatsoever. In 2009 the government launched the new rural pension scheme, which aims to extend the system of retirement pensions beyond employees in the

[15] For the OECD countries, social public spending as a percentage of GDP was 22.2% in 2010.

[16] However, in absolute terms growth was strong in all the BRICS. In China, the relative stability of social protection spending as a share of GDP masks a very large increase, since Chinese income per capita more than tripled between 1997 and 2008.

formal sector. It has had only limited success so far. The liberalization of the economy in China has created a 'migrant workers' (*mingong*) class, which today amounts around 220 million people. The migrants have a rural residence permit (*hukou*), which allows them to work in the cities but denies them access to the same rights as the city's residents, particularly as regards education, access to social housing, and social protection. China's central government now seems to be concerned about the risks to the country's social stability, and also about the continued growth of the major cities that need this workforce, which is becoming less plentiful. However, the companies benefiting from this cheaper labour – and the local authorities, which do not want their financial burden to increase – are reluctant to see things change. The subject of equal social rights was put on the agenda of the National People's Congress (the annual meeting of the parliament) in March 2012, so far to no avail.

The challenges raised by demography and financial sustainability of the systems

In the future, the BRICS will not avoid the consequences of an ageing population, experienced by the developed countries, and its impact on financing the social protection. Although their dependency ratio (the number of elderly people aged over 65 to the number of people aged between 15 and 64) is now two to three times lower than that of the developed countries, it should quickly increase to reach levels close to those in the developed countries by 2050. China, with its one-child policy, and Russia, with its declining population, are particularly affected, but so is Brazil⁽¹⁷⁾. The financing of pensions in China, which as the saying goes 'grew old before it got rich', is particularly tricky. According to a recent study by experts from the Bank of China and the Deutsche Bank, assuming its system stays the same and GDP grows by an average of 6% over 20 years, China's pension deficit will reach 39% of GDP by 2033⁽¹⁸⁾.

Demographic change is not the only reason why it will be difficult to fund social protection sustainably. Some countries are in difficulty on the short term: in 2011-2012, India's public spending deficit was more than

5% of its GDP for the fourth consecutive year, leading to the downgrading of India's credit rating by Standard & Poor's. In the medium term, the BRICS must create a sufficiently broad tax base in order to be able to extend their social protection. The collection rate of social security contributions in China is poor, at around 70%. And most of the active population contributes little to the financing of social protection: the percentage of the working-age population contributing to an old-age pension scheme ranges from 6% in India to 43% in Brazil⁽¹⁹⁾.

The challenge of accessing to rights and the operational implementation of legislation

While accessing to rights is a challenge in all countries, including the most developed⁽²⁰⁾, it is a major problem in the BRICS because of the size of these countries and their populations, as well as the sometimes low literacy levels of these populations. Vast logistical operations have to be undertaken to identify people living in isolated areas or areas that are difficult to access. For example, in Brazil's Amazonian region, payment of social security benefits to indigenous populations and farm workers requires the use of boats kitted out with the necessary equipment to identify beneficiaries and check that they meet the eligibility requirements. These boats are linked by satellite to the databases of the social security offices. In India, the specification for the health insurance programme for the poor (RSBY) requires that insurers enter into local partnerships with microfinance associations or bodies in order to make contact with all potential beneficiaries. The officials responsible for implementing the programme go to each village and display a list of eligible people, which has been sent to them by the State⁽²¹⁾.

Apart from accessing information and identifying beneficiaries, many of these countries are facing the problem of bank account use as a condition for accessing social security benefits. Only 40% of Indians have a bank account and only 5% of villages in India have a commercial bank. In April 2011, the government launched a programme aimed at encouraging rural populations to open bank accounts⁽²²⁾. In



[17] In Brazil, spending associated with retirement pensions will represent 22.4% of GDP by 2050 according to the World Bank, compared with 9% today [French Embassy in Brazil [2012], 'La protection sociale dans les pays émergents. Le cas du Brésil', September].

[18] World Bank [2012], *China 2030: Building a Modern, Harmonious and Creative High-Income Society*, February.

[19] However, there has recently been very strong and fast growth in pension coverage in China: the whole population should be covered by the end of 2012, due to an acceleration of the rate originally planned by the government through the success of the reform in rural areas.

[20] In France, two thirds of potential beneficiaries of 'RSA activité' (an income supplement) do not claim it. See *Rapport final du comité d'évaluation du RSA*, December 2011.

[21] These are people living below the poverty line.

[22] French Embassy in India [2012], 'La protection sociale dans les pays émergents. Le cas de l'Inde', September.

2006, Brazil provided the option of obtaining social security information from cash machines.

Finally, access to rights assumes the set up of complete networks of public bodies responsible for implementing the legislation throughout the country, and that effective oversight has been arranged. Since 2006, the Brazilian social security system has been enhanced, by developing the use of new technologies and putting major investment into its information system, in order to improve its ability to receive visits and calls from the public and thereby reduce the time it takes to access allowances. Similarly, in China, the 2010 law on social insurance makes it necessary to set up functioning bodies responsible for collecting contributions⁽²³⁾.

➤ HOW THE BRICS HAVE RESPONDED

(Original choices of model

The challenges of universalization and of extending coverage to the informal sector have confronted the BRICS with the need to go beyond the traditional social security model. While this model has been a valuable tool for consolidating the formalized employment of parts of the active population, it has proved inadequate for dealing with the informal sector. As a result, the BRICS have had to combine contributory, non-contributory and semi-contributory schemes. A purely insurance-based system would have involved introducing an obligation to insure, which would be difficult to implement for people in rural areas and for informal workers; without this obligation, the level of the contributions would have acted as a deterrent. The introduction of public subsidies to top up the insurance contribution (a semi-contributory system) enables a large share of the populations concerned to join the scheme voluntarily.

In China, while the first wave of development of social protection – in the form of insurance – concerned only workers and city-dwellers, social protection was extended to the countryside on a semi-contributory basis by means of large subsidies. Membership of the

health insurance scheme launched in 2002 for people living in rural areas (the '*new type rural cooperative medical scheme*' or NCMS) is voluntary and the financing of the scheme is tripartite (individuals, local authorities and the government all contribute). Actually, the individuals insured contribute very little and the level of government funding is very high (80% of the total), making the system very attractive for these parts of the population.

Brazil, on the other hand, adjusted its method of calculating contributions to make it easier for informal workers to access the benefits system. A 'special insured' category was set up to incorporate the vast informal sector of farming families, and self-employed farmers and their families into the social security system. For these workers, their contributions are a percentage of the value of the agricultural produce sold rather than a percentage of their income (as is the case for workers in the formal sector). In practice, the system has paved the way for establishment of a right to benefits for many rural workers with low incomes by recognizing their past activity for which no personal contributions were made to the general social security scheme (RGPS).

(3.2 The choice of public/private partnerships

The BRICS will have to choose what roles public and private insurance will play in the development of social protection. There is already a wide range of different configurations. China is characterized by an entirely public system; the opening up of its economy to the market has not yet reached the field of social protection. Conversely, in South Africa a public system focusing on the most disadvantaged people coexists with market-based insurance for the population that can afford it. In the healthcare system, this split is the source of massive inequalities. The public sector lacks resources and facilities but cares for 80% of the population, while the private sector, which is very well resourced (private sector health spending alone accounts for 5% of GDP) and includes hospitals of global excellence, is accessible to only the 20% of the population with private health insurance.



[23] French Embassy in China (2012), 'La protection sociale dans les pays émergents. Le cas de la Chine', September.

Pension reforms in Brazil in 1998 and 2003 created a favourable environment for the development of private insurance and pension funds. A large number of supplementary insurance schemes have developed as a consequence of the reduction in the benefit amounts paid by the RGPS (the public contributory scheme), and this has led in practice to the institutionalization of private sector insurance. Due to difficulties with the operation of the public healthcare system, the healthcare private sector has experienced a recent boom following the subscription of private health plans (on which there is partial tax relief) by the most affluent sectors of the population⁽²⁴⁾.

India has ploughed its own furrow, developing public/private partnerships for pensions (the New Pension Scheme or NSP) and health insurance for the most disadvantaged (RSBY). These programmes use private insurers within the framework of specifications defined by the government. The RSBY (*Rashtriya Swasthya Bima Yojana*), launched in 2008, is mainly publicly funded, receiving 75% from central government and 25% from the States; households only pay 30 rupees per year in registration costs. The cover is provided by private insurance companies – approved by a regulatory authority, the IRDA (*Insurance Regulatory Development Authority*) – which must agree to cover a range of treatments defined by the central government. In 2010, after two years in operation, the RSBY covered 17 million households, or 50 million people; the target is 60 million households. Because of the relative success of this scheme, its extension to households above the poverty line is being considered.

The RSBY example shows that using private insurers does not necessarily exclude low-income people, provided that there is strict regulation and mostly public funding is maintained.

Use of public works programmes to provide minimum incomes

In the BRICS countries, the introduction of universal safety nets and minimum income mechanisms has often taken the form of nationwide public works programmes, which have achieved certain objectives: enabling some long-term unemployed people to work; and providing training for some members of the population.

The public works programme in India has provided job opportunities and guaranteed incomes in rural environments where incomes are very low. India has a long tradition of public works programmes designed to foster the employment of the most disadvantaged, but these went into a decline in the 1990s. The *Mahatma Gandhi National Rural Employment Guarantee* (MGNREG), set up in 2006, has experienced unprecedented growth: in 2008-2009, 101 million households were registered (one third of rural households), and 45 million Indians found jobs through its intervention. The MGNREG in principle guarantees 100 days' work per year for every registered household; if this is not provided, the beneficiaries receive an unemployment benefit. In practice, the average number of days' work distributed was 48 in 2008-2009. Targeting the programme at women has been a success: 49% of the days are worked by women compared with 12% under the previous system. Village communities (*gram panchayats*) are involved in setting up the programmes and their oversight by means of social audits.

In 2003, South Africa relaunched its public works programmes. The *Expanded Public Works Programme* (EPWP) aims to increase the workforce employed for infrastructure programmes in order to combat very high unemployment levels (25%) and to train the population. In its first phase, the EPWP created more than 1.6 million permanent jobs (cumulatively from its creation). The second phase of the programme, which began in 2009, has created a million jobs with the stated aim of improving worker productivity and increasing the length of the workers' contracts⁽²⁵⁾.

Use of conditionality with cash transfers

Another debate that has been widely addressed by the large emerging countries, particularly Brazil, is that of social security transfers that are conditional on changes in behaviour on the part of their beneficiaries (obligations of school attendance, vaccination of children, etc.). At relatively low cost (less than 1% of Latin America's GDP), these conditional cash transfers have delivered interesting results in terms of human capital, without providing an incentive not to work. Impact assessments carried out in Brazil and South Africa have shown that households receiving cash transfers were more active in seeking a job than others, and were more successful in finding it.



[24] French Embassy in Brazil (2012), *op. cit.*

[25] French Embassy in South Africa (2012), 'La protection sociale dans les pays émergents. Le cas de l'Afrique du Sud', September.

The *Bolsa Familia* programme in Brazil is the most successful of these conditional cash transfer programmes in Latin America. The State pays monthly aid to poor or very poor families in exchange for which the families commit to send their children to school and to follow a programme of supervised nutrition, pre- and post-natal checks and vaccinations. Its budget in 2010 was 0.4% of GDP and the programme covered 13 million families. The objective is to extend it to a further 1.3 million poor families with the ultimate aim of breaking the intergenerational poverty cycle⁽²⁶⁾.

(The choice of targeting

The BRICS have also had to confront the issue of choosing between targeting a small number of beneficiaries or more universal approaches. Targeted intervention has the advantage of costing less and being more effective, but universal systems are more egalitarian. Some people have pointed to the 'paradox of redistribution'⁽²⁷⁾: the more programmes target the poor and the more public cash transfers are used to create equality, the less likely it is that inequality will be reduced.

In South Africa it is estimated⁽²⁸⁾ that the old age grant, which covers more than 80% of the elderly population, is making a significant contribution to fighting poverty. The scheme benefits not only elderly people but also their children and their grandchildren, which is particularly valuable in a context of high unemployment among young people and of AIDS epidemic. In Brazil, it is believed that the *Bolsa Familia* programme, which covers less than 7% of the population, made a contribution of around 20% to reducing inequality between 2000 and 2009.

In addition, targeting does not take account of the dynamic nature of poverty. For example, in Russia, only 3.3% of households experienced poverty without interruption from 1994 to 2000, but 47% of households had to cope with temporary privation.

In response to the low total fertility rate, Russia has also reassessed its policy towards the family in its development policies. The government has introduced the payment of a substantial 'family benefit' (of approximately 8700 euros) for the birth (or adoption)

of a second child and each additional child. The introduction of this benefit could have contributed to the recent increase in the total fertility rate to just above 1.5 in 2009. By March 2010, two million family benefit certificates had been granted.

➤ FRANCE AND EUROPE: THE RENEWAL OF COOPERATION POLICY

(Active French diplomacy

With a diplomacy promoting a higher profile for the emerging countries⁽²⁹⁾, France has investigated the challenges of social protection in the BRICS, through its various operators. It actively supported the adoption by the ILO of the social protection floor, and its inclusion in the conclusions of the G20 summit in Cannes in November 2011. It also initiated the 'Diplomacy & Health' group with the participation of Norway, Brazil, South Africa, Indonesia, Senegal and Thailand. This group supports the adoption by the United Nations of a resolution on universal health coverage. Meanwhile, the Minister of Employment is financing two projects on social protection floors: a global one aimed at supporting the social protection floor initiative; and another one to support the implementation of the social protection floor in Togo.

French bodies in charge of development aid policies and specializing in social protection are stepping up their action aimed at the emerging countries. For example, GIP SPSI (the public interest group for international health and social protection)⁽³⁰⁾ signed an agreement with the ILO in December 2011 on implementing the technical aspects of the social cooperation floor; the ILO forwards requests for cooperation from governments to GIP SPSI. GIP SPSI has also run some bilateral actions with China, Russia and South Africa in the last few years. In 2011 and 2012, three expert delegations visited China to discuss the subject of family policy in response to growing interest from the Chinese authorities, which face the obligation to tackle the ageing of their population. As regards Brazil, in December

[26] For a detailed description of the *Bolsa Familia*, see Damon J., Lemoine S., Cusset P.-Y. and Viossat L.-C. [2009], 'Les transferts monétaires conditionnels, le cas brésilien de la *Bolsa Familia*', in *Les politiques sociales au défi de l'innovation*, Futuribles international.

[27] See, for example, Korpi W. and Palme J. [1998], 'The paradox of redistribution', *American Sociological Review*, vol. 63(5), p. 661-687.

[28] OECD [2011], "Employment Outlook".

[29] France was one of the countries that initiated the setting up of the G20 and is calling for the enlargement of the United Nations Security Council.

[30] GIP SPSI, which was set up in 2005, is the main institution active in the field of social protection. It carries out a strategy and an early warning on social protection. It was set up to coordinate French cooperation policies on health and social protection.

2012 a reciprocity agreement was signed between France and Brazil on social security. It should provide an overall framework within which the two countries can develop technical cooperation⁽³¹⁾.

Meanwhile, ADECRI⁽³²⁾ has conducted a long-term trial of a similar scheme to the French 'revenu minimum d'insertion' (minimum income guarantee) in several parts of Russia. In particular this has allowed alternative means of assessment methods to be introduced, which are better suited to people working in the informal sector. These methods are based on an estimate of the potential income that these individuals could earn depending in particular on their capacity to work and the 'commercial' exploitation of the assets they hold.

EU inclusion of social protection in its development aid doctrine

The European Union addresses social protection issues in the emerging countries in the context of its development aid policy, an area in which Europe plays a leading role, as the world's largest contributor⁽³³⁾. In various reference documents⁽³⁴⁾, the EU calls for a re-evaluation of the profile and the place of social protection in sustainable development strategies. Its approach is therefore consistent with the doctrine of the social protection floor.

Operationally, the European Commission has identified two guidelines for cooperating with the emerging countries on social protection. On the one hand, because the European Union is committed to targeting its financial development aid to where it is most needed and where it will have the greatest impact, this financial aid is not appropriate for the emerging countries. However, these countries are suitable for technical cooperation: they have the capacity to finance their own national systems but need to benefit from the experience of other countries.

On the other hand, the Commission affirms the EU's desire to make this experience available for the benefit of social cohesion: the diversity of social protection models within Europe itself is in fact an asset. A communication of 20 August 2012 on '*Social Protection in European Union Development*

Cooperation' talks about placing social protection "at the centre of dialogue on national development strategies" and identifies revenue reform, institutional capacity-building, participation in civil society and taking account of gender as the main areas of cooperation⁽³⁵⁾.

The BRICS' expectations are growing but targeted and are not automatically directed at the example of the Western countries

The BRICS are not looking for a single model on which to build their social protection systems. They take a more pragmatic approach, paying numerous visits to different European countries in order to compare them. They are looking for technical solutions to specific problems: in the case of France, they are interested in the classification of medical care activities, the role of trade unions in social security governance, activity-based pricing, and the 'carte Vitale' health insurance card.

The BRICS do not focused exclusively on the Western countries example. In 2011 in particular, they started cooperating on the subject of public health. In the Geneva declaration of May 2012, the BRICS Health Ministers affirmed their full support for the basic principle of universal health coverage and their desire to exchange technologies for the surveillance of epidemics and to cooperate in the field of counterfeit and poor quality medicines. Moving beyond just health, at the Boao Forum for Asia in 2011, the BRICS heads of State set the common target of 'inclusive growth'.

The BRICS are also developing the cooperation with other Southern countries, particularly the developing countries for which they are acting as a model, within the framework of a 'South-South cooperation' initiative. This is being supported by international organisations. In June 2009, the ILO and Brazil signed a partnership agreement for the promotion of South-South cooperation, for which the UNDP has set up a special unit. However, this does not exclude North-South cooperation: in May 2011, in the 'Declaration of Brasilia on the Social Protection Floor', representatives from Argentina, Brazil and Mexico agreed to support South-South, 'triangular' and North-South cooperation.



[31] French Embassy in Brazil (2012), *op. cit.*

[32] ADECRI, which was set up in 1995, represents all the funds of France's core social security schemes. Unlike GIP SPSI, it is a purely internal institution of the French social security system.

[33] Adding together the contributions of the Member States and those of the EU institutions.

[34] European Consensus on Development of 2005; 'Social protection for inclusive development', European Report on Development, 2010.

[35] European Commission: Communication of 20/08/2012.

(Areas of cooperation are emerging

Areas of French cooperation policies that might meet the needs of the BRICS could be developed further, as a continuation of the actions undertaken in the last few years.

Among these topics stand management and governance: within the next few years, the BRICS will have to set up structures able to manage on a day-to-day basis the rights resulting from the extension of social security coverage and will have to develop the required technical skills. France and its networks of social security organizations have expertise to share on how to operate as a network, and on running information systems, as well as budgetary and accounting systems.

Policy for collecting social insurance subscriptions and contributions is another area where the BRICS have significant needs. Social protection in the BRICS cannot be extended without an increase in 'fiscal space', i.e. the number of taxpayers, which requires greater public consent to taxation. Some common practices in France such as online services (particularly the *net-entreprises.fr* website), simplified schemes (schemes for micro-businesses and for the self-employed, simplified schemes for farming) and the relations between the administration and users (out-of-court appeals, written decisions⁽³⁶⁾) could be promoted because they meet the needs of employers and employees in the BRICS for simplification and legal certainty.

French policy towards families is well known worldwide. The wide range of tools used in France should be promoted for their ability to respond to a variety of situations (collective and individual childcare, leave, cash benefits and provision of services).

In the field of public health, French cooperation has developed particularly on the basis of high-level medical expertise from major hospitals. This should be complemented by action targeted on primary healthcare, which these countries are seeking to develop⁽³⁷⁾ and which is being actively promoted by international organizations (WHO, World Bank, etc.).

Experiences of healthcare centres, nursing homes and cooperation between professionals could be shared.

Following on from its cooperation with Russia, French experience in terms of minimum income is likely to interest a number of countries, which will try over the next few years to set up their own safety net in line with the social protection floor approach. The issue of preventing 'inactivity traps', which the RSA was designed to avoid, is being keenly debated in these countries.

Conversely, since the BRICS gained experience in different contexts, France could take as an example some of their practices for takeup of allowances and the use of new technologies⁽³⁸⁾.

CONCLUSION

Within a few years, the BRICS have made major progress in setting up social protection systems. If this is to continue, further obstacles have to be removed, particularly when it comes to financing and to the inclusion of workers from the informal sector. How easily this can be done will depend on the civil society's level of acceptance and support for extending social protection. The emergence of social players enhancing these demands is positive in this regard⁽³⁹⁾.

► **Keywords:** BRICS, Brazil, Russia, India, China, South Africa, emerging economies, development, inequalities, social security, social protection, ILO, informal, floors, conditionality.



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[36] Written decisions enable contributors to the schemes to obtain an explicit decision on how the legislation applies to their situation; the organization responsible for collecting the contributions is then bound by the decision it has made.

[37] Particularly China which is trying to reduce its hospital sector.

[38] See section 2.3 of this brief.

[39] For China, see Froissard C. [2005], 'L'émergence de mouvements sociaux parmi les travailleurs migrants. Une difficile conquête d'autonomie', *Perspectives Chinoises* No. 90, July/August. For India, the existence of the 'Social Security Now' network of 500 trade union organizations and other bodies representing disadvantaged groups or campaigning for fundamental rights.

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