

## Key trade union messages on Social Protection Floors

### 1. Why should the European Commission support the SPFs?

With 1.4 billion people in extreme poverty, struggling to survive on less than \$1.25 a day, some 84 million more than before the crisis, action must be taken both to get progress towards the Millennium Development Goals (MDGs) back on track and to place social protection at the heart of the international development agenda.

At the 2011 International Labour Conference all ILO members committed to establishing national social protection floors so as to extend a minimum level of social security to all: nationally-defined minimum levels of income security during childhood, working age and old age, as well as affordable access to essential healthcare.

The social protection floor approach has been developed by the ILO, drawing on the recent experiences of extending protection, mostly in developing countries. It was endorsed by the United Nations Chief Executives Board and supported by Heads of State and Government in the 2010 U.N. Millennium Development Summit 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, especially women, and protecting and empowering people across the life cycle.

It includes guarantees of:

- basic income security, in the form of various social transfers (in cash or in kind), such as pensions for the elderly and persons with disabilities, child benefits, income support benefits and/or employment guarantees and services for the unemployed and working poor;
- universal access to essential affordable social services in the areas of health, water and sanitation, education, food security, housing, and others defined according to national priorities.

The notion of the social protection floor is anchored in the fundamental principle of social justice, and in the specific universal right of everyone to social security and to a standard of living adequate for the health and well-being of themselves and their families.

Provisions made within the framework of the floor relate to a range of rights listed in the Universal Declaration of Human Rights. The core idea is that no one should live below a nationally defined income level and everyone should at least have access to basic social services.

The social protection floor must be understood in the context of the Decent Work Agenda and its four pillars (employment, social dialogue, social protection and standards and fundamental principles and rights) that are inseparable, interrelated and mutually supportive to succeed in combating poverty, deprivation and inequality.

Sustainable social security systems are a key element in promoting productive economic growth with equity. Tripartite dialogue and social dialogue based on freedom of association and the effective recognition of the right to collective bargaining are key elements to ensure adequate wages for workers thereby assisting them to increase their contributory capacity. They also contribute to the sustainability of broader social security systems in which non-contributory and contributory schemes complement each other.

If adequately linked with employment and fiscal policies, the SPF can play a crucial role in the process of formalisation of informal work. The inclusion of non-formal categories of workers in social insurance schemes is a key component of the formalization of employment and can also reduce the cost of tax-financed benefit systems for poor workers in the informal economy.

The SPF also has an important economic role: it provides purchasing power and economic resilience as the transfers get spent mostly in the local economy.

## **2. SPFs Principles that the Commission must prioritize in implementation**

The SPF responds to a **rights-based** logic providing basic social security guarantees that ensure that over the life cycle all in need can afford and have access to essential protections and can have income security at least at a nationally defined minimum level. This constitutes an alternative model to the IFI “safety nets” concept which is not based on legal entitlement of the beneficiaries (rights based) but on a “needs-based” approach.

The SPF is neither a prescription nor a universal standard. The social protection floor is an adaptable policy approach that should be **country-owned** and responsive to national priorities and resources.

SPF implementation plans should be **inclusive**. Every State should design and implement its SPF guarantees according to national circumstances and priorities defined with the participation of social partners through social dialogue. Permanent monitoring and evaluation by the social partners of the short- and long-term effectiveness and efficiency of individual programmes, including actuarial studies, are important mechanisms supporting transparency and accountability.

**Policy coherence** is a key pillar for the planning and implementation of the SPF. The floor must be put at the heart of country development plans and strategies, and linked to employment policies, particularly active employment policies, in order to ensure progressively higher levels of protection guided by the principal standard of the ILO on social security (Convention 102). SPF is complementary to C102, not a replacement.

Economic affordability and long-term fiscal sustainability of SPF should be anchored in predictable and sustainable **domestic funding sources**. In many cases, progressive fiscal reforms alone would be able to significantly increase fiscal space and boost the implementation of a floor.

**International cooperation**, through ODA, can play an important role in helping States to accelerate the process and build a national resource base with a view to ensuring sustainable financing mechanisms. While national SPFs should be financed from domestic sources of revenue to ensure their long-term sustainability, there may be cases where these resources are insufficient to extend the SPF to all in a short time frame. Donor organisations are invited to

offer predictable, adequate and multi-year support and encouraged to fund national budget and proposals (including South-South cooperation on the SPF).

The ILO and the IMF should work together to provide countries with advice on how they can increase their fiscal space at the national level by adequate tax reforms, efficient labour and fiscal inspection, and measures aimed at increased administrative efficiency.

### **3. ITUC and ETUC Recommendations**

Social protection is the missing piece in a fair globalisation. The SPF is a key response to that deficit.

The ITUC and the ETUC calls on the European Union in order to:

- take the Bachelet report and the ILO recommendation on SPF (to be finalized in June 2012)<sup>1</sup> as a basis on which to further elaborate the work of the European Commission regarding social protection in developing countries;
- integrate the SPF approach into EU social protection support to developing countries, and into the next Communication of the Commission on Social Protection in EU External and Development Cooperation;
- support the implementation of SPF within the EU budget support to partner countries (especially low income countries) with adequate resources both at the level of general and sector budget support;
- include as a fundamental condition to implement SFP the consultation, permanent monitoring and evaluation by the social partners;
- create a self-selected group of pilot countries to implement a SPF with the support of EU Member States and all relevant international organisations, primarily the ILO which has a unique mandate when it comes to social protection;
- support the creation of an interagency mechanism (perhaps through a Global Fund) involving all relevant UN agencies, IFI and Regional entities to promote the concept of SPF at global, regional and national levels;
- uphold the full integration of the SPF approach into the WB Social Protection strategy 2012-2020;
- support the elaboration by the G20 of an action plan to support implementation of SPF at national levels.

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*Brussels, December 2011*

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<sup>1</sup> See Recommendations of Report of the ILO Committee for the Recurrent Discussion on Social Protection, 100th Session, Geneva, June 2011 and “Social protection floor for a fair and inclusive globalization”, Report of the Advisory Group chaired by Michelle Bachelet, Convened by the ILO with the collaboration of the WHO, 2011.