

23 March 2011

Michelle Bachelet on Social Protection Floors as a Response to Demands for Social Justice

International Labour Office, 23 March 2011

Ms Michelle Bachelet, *Chairperson of the Social Protection Floor Advisory Group and Executive Director of UN Women* read this statement at a consultative workshop on the Social Protection Floor (SPF) organized at the International Labour Office. The UN Social Protection Floor Initiative promotes universal access to essential social transfers and services. More than 75% of the global population do not enjoy a set of social guarantees that allow them to deal with life's risks. Ensuring a social protection floor for these people, struggling just to survive, is a priority.

Introduction

ILO Director General, Juan Somavia
Members and friends of the Social Protection
Floor Advisory Group
Esteemed Ambassadors and ILO delegates,
Colleagues from the UN Family,
Ladies and gentlemen,



I am really grateful to have you here in attendance today. Your invaluable contributions are very welcome and they will nourish the work that is being carried out by our group. Thank you very much for coming.

Today I want to make two fundamental points to you:

- First, I firmly believe that the Social Protection Floor approach can transform for the better the lives and fortunes of millions of excluded and impoverished people worldwide, as well as helping us to build more peaceful, stable and economically prosperous societies. My core thesis is that the implementation of social protection floors can respond in many countries to calls for social cohesion, political stability and resilient economic growth. The Social Protection Floor is a feasible and sustainable solution that very much corresponds with the reality of our time in which some countries are facing increasing social unrest and sluggish economic recovery.
- Second, I also believe that the international community, especially the UN agencies, International Financial Institutions and the G20, have a collective responsibility to work together to enhance policy coherence and collaboration. And the Social Protection Floor approach can be a common policy framework that would enable such collaboration.

Why is a Social Protection Floor required?

Before I go on to discuss the Social Protection Floor and its potential, it is important to remind us all why such an intervention is required.

In 1948, the visionary [Universal Declaration of Human Rights](#) called for social protection for all in the form of adequate life standards, access to health, education, food, housing and social security.

In spite of the last 6 decades of strong economic growth, access to adequate social protection benefits and services is still a privilege for only a few people. In 2010, Global GDP was ten times larger than the level in 1950 (IMF, OECD). Over the same period, World GDP per capita has increased by around 260 per cent.



Nevertheless, worldwide:

- In spite of some progress, extensive and intransigent poverty still persists: 1.44 billion people are still living on less than US\$1.25 a day (World Bank) and around one-third of the world's population, 1.75 billion people, experience multidimensional poverty with deprivations in health, economic opportunities, education and living standards (UNDP);
- Income-inequality is on the rise worldwide. And thus far the benefits from economic growth have not been fairly distributed;
- 925 million still suffer from chronic hunger (FAO);
- 884 million people do not have access to drinkable water, while 2.6 billion lack access to adequate sanitation facilities (UN-HABITAT);
- Around 75 per cent of the world population are still not covered by adequate social security (ILO).

All these indicators represent a social liability that threatens political stability and undermines economic prosperity. Nowadays, the most evident expression of such a liability is the social unrest that appears to be spreading and intensifying. The cascade of popular uprisings in North Africa and in the Middle East is of course a pertinent illustration of this and underlines a legitimate desire for economic opportunities, social justice and social protection.

The Power of the Social Protection Floor

Clearly, there is a need for a potent social intervention that can combat and reverse these significant negativities. And I believe that the Social Protection Floor approach is capable of accomplishing this.

The notion of a Social Protection Floor is very clear:

- First, everyone should be able to access at least basic health services, primary education, housing, water and sanitation and other essential services.
- Second, no one should live below a certain income level. This means that everyone should have access to basic income security guarantees, in the form of various social transfers, such as pensions for the elderly and persons with disabilities, child benefits, income support benefits, employment guarantees and services for the unemployed and underemployed.

By providing access to basic services, social infrastructure and income guarantees, the Social Protection Floor has the potential to positively reconfigure the lives of millions of people around the world.

The power of the Social Protection Floor lies in the fact that it provides the material conditions to resource freedom. Under such circumstances the poor and vulnerable can exit chronic and extreme poverty on a permanent basis, by working their way out of poverty and finding decent jobs.

I would also like to say that many see social protection as charity or as some sort of temporary safety net. It is not! Social protection is a key instrument to unlock the productive capacity of women and men. The purpose of social protection is not to create dependency, but to help people to overcome barriers to participation in economic, political and social life, as workers, employers, consumers and citizens.



Social protection is an investment, not a cost! In fact, in many ways it will deliver significant future paybacks in terms of improved human capital and human development outcomes. Even from a strict fiscal point of view, it has been proven that social protection expenditures impact positively on aggregate demand and growth. A recent study made by the US Congressional Budget Office shows that each dollar spent on social transfers can generate up to 2.1 dollars increase in the output. This, of course, can be reverted back to the public budget in the form of additional sources of tax revenues.

The Social Protection Floor is a flexible, plural and gradualist approach

The Social Protection Floor is of course not a tool that has to be used in a strictly uniform manner. It is not a one-size-fits-all-solution. On the contrary, it represents a flexible, integrated and gradualist approach that can be tailored to fit specific circumstances and current institutional and financial capacities. It should be built progressively and incrementally. It is up to every country to decide on the Social Protection Floor's components, levels of protection and on how it will be sequenced and how fast it will be implemented.

In recent years we have witnessed examples of a number of middle and low-income countries beginning to build their national Social Protection Floors. These have been developed in line with their national needs and priorities, institutional and financing capacities as well as historical and cultural contexts.

Social and political issues



Elements of the Social Protection Floor already in place have been very successful in combating the two great impediments to social justice and human development, which are: rising inequality and persistent poverty. The Social Protection Floor has also been recognized as an efficient approach to accelerate progress towards the MDG's achievements.

Growing social unrest is very much connected with rising income-inequality and increased unemployment. And these two problems have been accentuated significantly by the recent crisis.

It is no coincidence that calls from the streets for social protection and greater employment opportunities are among the main changes being demanded by protesters worldwide.

Conversely, it is no coincidence that those countries that are the most cohesive and peaceable also tend to be the most fair in terms of income distribution. It is also interesting to note that these countries devoted considerable resources during their early days to building comprehensive social protection systems. The initial investment has clearly paid off.

Economic aspects

Beyond the social impacts, the evidence has demonstrated the positive effects of

social protection policies in enhancing labour market participation by both men and women and greater enterprising risk taking; all of which can contribute to overall better macro-economic performance and productivity.

The Social Protection Floor enables the poor and vulnerable groups to participate in the economic life of their societies. It does this by lifting those constraints that block productive capacity and therefore wider economic activity.

Concerning gender issues, studies of social transfers show that they have helped empower women, improved their education, health and their social status. This has enabled women to participate more actively in economic and social activity, and has thus helped increase gender equality.

Social protection policies also provided an effective response when the financial crisis hit and throughout its duration. Components of the Social Protection Floor already in place in many countries softened the impact of the crisis, maintained consumer confidence and therefore aggregate demand, which contributed to the overall economic recovery.



The extension of social protection in emerging countries such as Brazil, China, India and South Africa has facilitated the inclusion of a massive contingent of people in consumption markets. This in turn has rebalanced growth towards domestic demand. In China for instance, major income-led pro-consumption initiatives, such as measures to extend health, pensions and unemployment protection coverage are expected to reduce precautionary savings, raise purchasing power and boost domestic consumption with profound and positive implications for China and for the global economy.

The Social Protection Floor initiative is certainly a concept that should be at the core of the G20 debates. Too much effort has been put into the discussions on how to address global imbalances via currency, financial and monetary mechanisms. Less attention has been given to income-led strategies focused on people and enterprises and real economy issues. Perhaps it is time for the G20 to shift its focus towards more people-oriented issues such as employment, social protection and female empowerment.

A call for policy coherence

Finally, if we are serious about achieving international policy coherence we should really mainstream our collaboration under a common framework and I would like to share with you some ideas on how we can do this.

- Firstly, we are only 4 years away from the Millennium Development Goals' deadline. Important progress has been made in many areas in many countries. But for

23 March 2011

some, we already know that unfortunately these commitments will not be met on time. So what's next? Should they be given an extension? I don't think so. Rather, we should learn from the experience of MDG's campaign and think outside the box and beyond 2015.

It is now time for the international community to start to discuss a new framework for the coming decades. And the Social Protection Floor approach can be of help to this endeavour. By addressing multidimensional vulnerabilities in an integrated and interconnected way, it complements the MDGs perspective by providing a coherent and consistent social policy tool.

- Second, the UN-wide efforts in promoting the Social Protection Floor will only become effective if they reach the national level as part of the [United Nations Development Assistance Framework \(UNDAF\)](#) integrated into national development plans. The Social Protection Floor initiative has made substantial progress in enhancing global coordination on social protection issues, but its efforts also need to resonate at the regional and national levels and be integrated into wider UN country action.



- Third, the International Monetary Fund, the World Bank and regional development banks have a fundamental role to play. They can do this by incorporating into their strategies the Social Protection Floor concept, and allowing it to guide their provision of policy advice and technical assistance to countries. The IMF has already embarked on joint IMF-ILO studies on social protection floor costing, fiscal space and fiscal sustainability. But more could still be done in terms of incorporating social issues into the IMF supporting programmes. The World Bank is in the process of elaborating its social protection strategy for 2012-2022 and I can't see any reason why the strategy shouldn't be consistent with a broader coherent international social protection agenda, such as that represented by the Social Protection Floor.

- Fourth, we will not make much progress if the Social Protection Floor approach is not taken into consideration as part of the development cooperation strategy of the donor community, including donor countries, international organizations, the European Commission and OECD-DAC, as well as South-South and Triangular cooperation channels. Innovative financing mechanisms should be designed to support low income countries to start up the process.

- Fifth, the G20 is a key player in this process. We welcome President Sarkozy's recent pledge to place the Social Protection Floor at the core of the G20 French Presidency agenda, and we are following closely the work of the G20 development group and of the G20 Employment and Labour ministers. As an outcome of the French summit, it would be very useful if Leaders were to explicitly endorse the Social Protection Floor and call on the international organizations to work together in

promoting the Social Protection Floor and supporting low income countries to implement it. An international solidarity commitment to make it happen would be also welcomed.

Concluding remarks

I believe that for many of us gathered here today, the Social Protection Floor epitomizes a vision of a brighter future. The Social Protection Floor represents a radically realistic strategy that can enable us to shape our world for the better in a coherent fashion. It can provide a permanent exit route from many of the economic and social crises that confront us today. It is a tool with which we can build a future where social justice and sustainable economic prosperity prevail.

Let us commit to achieving social protection for all, as a way to put people back into the heart of the development process, recognizing that only if each member of society lives a life in dignity, the society as a whole and its economy will be able to achieve meaningful and socially fair progress.

Thank you





Further resources

ILO Publications

- ILO. 2011. [*Social protection floor for a fair globalization: Policy coherence and international coordination*](#) (pdf 232 KB) (Geneva)
 - [Français \(pdf 317 KB\)](#) • [Español \(pdf 240 KB\)](#)
- ILO. 2010. [*Accelerating a job-rich recovery in G20 countries : building on experience : an ILO report, with substantive contributions from OECD, to the G20 Labour and Employment Ministers Meeting, Washington, D.C., 20-21 April 2010*](#) (pdf 601 KB) (Geneva)
 - [Français \(pdf 561 KB\)](#) • [Español \(pdf 597 KB\)](#)
- ILO. 2010. [*Building a social protection floor with the global jobs pact : Second African Decent Work Symposium Yaoundé, October 2010*](#) (pdf 4.19 MB) (Geneva)
 - [Français \(pdf 1.70 MB\)](#)
- ILO. 2010. [*Employment and social protection policies from crisis to recovery and beyond: a review of experience*](#) (pdf 819 KB), an ILO report to the G20 Labour and Employment Ministers Meeting, Washington, DC, 20–21 April 2010 (Geneva).
- ILO. 2010. [*Extending social security to all: A guide through challenges and options*](#) (pdf 2.35 MB) (Geneva)
- ILO. 2010. [*Social protection floor initiative*](#) (pdf 221 KB) (Geneva)
 - [Español \(pdf 217 KB\)](#)
- ILO. 2010. [*World social security report 2010/11: providing coverage in times of crisis and beyond*](#) (pdf 6.20 MB) (Geneva).
Executive Summary: • [English \(pdf 204 KB\)](#) • [Français \(pdf 213](#)

- [KB](#) • [Español \(pdf 208 KB\)](#)
- Press Release: • [English](#) • [Français](#) • [Español](#)
- ILO. 2009. [Building decent societies : rethinking the role of social security in development \(pdf 179 KB\)](#) (Basingstoke).
- ILO. 2009. [Recovering from the crisis : a global jobs pact](#) (pdf 93 KB) (Geneva)
 - [Français \(pdf 105 KB\)](#) • [Español \(pdf 107 KB\)](#)
- ILO. 2009. [Social protection floor initiative : the sixth initiative of the CEB on the global financial and economic crisis and its impact on the work of the UN system : manual and strategic framework for joint UN country operations developed by the group of co-operating agencies and development partners](#) (pdf 306 KB) (Geneva)
 - [Français \(pdf 372 KB\)](#) • [Español \(pdf 332 KB\)](#)
- ILO. 2009. [The financial and economic crisis : a Decent Work response](#) (pdf 603 KB) (Geneva)
 - [Français \(pdf 834 KB\)](#) • [Español \(pdf 759 KB\)](#)
- ILO. 2008. [Integrating local economic development and social protection : experiences from South Africa : working paper, fighting social exclusion \(pdf 400 KB\)](#) (Geneva).
- ILO. 2008. [Local development and social protection in Europe](#) (pdf 468 KB) (Geneva)
 - [Español \(pdf 493 KB\)](#)
- ILO. 2007. [Employment and social protection policies from crisis to recovery and beyond : a review of experience : an ILO report to the G20 Labour and Employment Ministers Meeting, Washington, D.C., 20-21 April 2010 \(pdf 819 KB\)](#) (Tokyo).
- ILO. 2005. [Social protection as a productive factor](#) (pdf 129 KB) (Geneva)
 - [Français \(pdf 129 KB\)](#) • [Español \(pdf 130 KB\)](#)
- ILO. UNDP. 2011. [Successful Social Protection Floor Experiences](#) (pdf 4.70 MB) (Geneva)
- ILO. WHO. 2010. [Social protection floor initiative](#) (pdf 688 KB) (Geneva)
 - [Français \(pdf 694 KB\)](#) • [Español \(pdf 694 KB\)](#)
- ILO. WHO. 2009. [The social protection floor : a joint crisis initiative of the UN chief executive board for co-ordination on the social protection floor](#) (pdf 152 KB) (Geneva)

ILO Videos

- [Michelle Bachelet on Social Protection Floors as a Response to Demands for Social Justice](#) - 
- [Michelle Bachelet, Head of UN Women - Voices on Social Justice](#) - 
- [Achieving the Millennium Development Goals with Social Protection](#) - 
- [Social Protection: An Interview with the ILO's Michael Cichon](#) - 

ILO Websites

- [Social Protection Floor Advisory Group](#)
- [Social Protection Floor Advisory Group Videos & Interviews](#)

23 March 2011

- [Global Extension of Social Security](#)
- [Global Jobs Pact](#)
- [Social security](#)
- [ILO Global Job Crisis Observatory. Social security](#)
- [Decent Work](#)
- [Online Information Resources on Social security](#)