

**Statement by Ms Michelle Bachelet
Under-Secretary-General for UN-Women
Chair of the Social Protection Floor Advisory Group
President of Chile (2006 – 2010)**

Hanoi, 14 October 2010

Minister of Labour, Invalids and Social Affairs, Madam Nguyen Thi Kim Ngan,
United Nations Resident Coordinator, Mr John Hendra,
Distinguished officials and representatives of the Viet Nam's social protection government and
social partners,
Dear colleagues from the United Nations family and international development community,
Excellencies,
Ladies and gentlemen,

(Introduction)

Thank you for this extraordinary opportunity. I highly appreciate your hospitality and interest!

I would like to take this chance to also congratulate you for the one-thousandth anniversary of Hanoi celebrated this month. This is an occasion you should all be proud of! And it is my great honor to witness such a milestone in the history of this wonderful city.

Thank you very much for responding to our invitation to share ideas about social protection, in general, and to discuss the social protection floor, in particular.

When the State President Nguyen Minh Triet visited Chile, in October 2009, I expressed my great admiration and deepest respect for the Vietnamese people's historical heroic struggle for independence, freedom and reunification. I also acknowledged the country's remarkable achievements in terms of economic growth and international leadership over the last decades.

Viet Nam has many reasons to celebrate the Hanoi's thousand years in very good spirits. Many developing countries in Southeast Asia and elsewhere are now looking at Viet Nam as model of economic success given its high growth prospects.

But we all know that:

- Prosperity to be sustained must be shared!
- Redistribution policies are prerequisite and not impediment to growth!
- People should be at the centre of the development strategies!

By promoting equity and distributing the dividends of the economic growth, governments can build the foundations for strong and sustainable development models. Special attention should be given to gender empowerment since in many countries women and girls are more likely to be under poor and vulnerable conditions that constraint their abilities to seize social, economic and political opportunities.

After reading the Viet Nam's social protection strategy for 2011 – 2020, I am confident that the Vietnamese government and most of you share these concerns with me.

By placing social protection as a structural element of the overall National Socio-Economic Development Strategy for 2020 and of the forthcoming five years Socio-Economic Development Plan for 2011-2016, Vietnamese authorities send a clear signal to its people and to the rest of the globe that social issues are really taken seriously here.

And that is why I came all the way from New York, where I recently took over the position of Under-Secretary-General for UN-Women, to spend three days in Hanoi with you.

Today I have two objectives.

- **First**, I would like to learn from you. As chair of the Social Protection Floor Advisory Group, I am currently collecting inputs for the preparation of a Global Report on Social Protection. And I believe that the Viet Nam's recent experience on extending health coverage and its willingness to deploy the necessary means to implement the social protection strategy could be an excellent reference to be show-cased in the report. I am looking forward to hearing from you and, with the help of the ILO and other UN colleagues, I trust we can prepare an excellent case study about the recent developments in the country and show it to the rest of the world.
- **Second**, I wish to suggest to you an approach that could be extremely effective as a tool to implement the National Social Protection Strategy. And that is the social protection floor.

The social protection floor has emerged as a major United Nations crisis response initiative in 2009 and has increasingly been recognized as a key developmental instrument. In the outcome of the last United Nations Millennium Development Goals Summit in New York last September, the World Leaders recognized that the implementation of social protection floors can make a substantial contribution to consolidating and achieving development gains.

In the conclusion of the Eighth Asia-Europe Meeting, hosted by Belgium on 4 and 5 October 2010, Heads of States and of Governments of forty-six Asian and European countries noted with interest the concept of Social Protection Floor which seek to ensure livelihood security for poor and vulnerable populations and provide access to essential services, fighting persistent poverty effectively. Leaders called for further sharing of experiences and for technical assistance in implementing social welfare policies.

And this is exactly what I would like to explore further with you today.

(The social protection floor)

Social protection was at the heart of my government in Chile during 2006 - 2010. Many reforms were implemented and huge investments were made to enhance access to health, pensions, education, housing, water and sanitation and especially to promote child development and improve gender equality.

From my own experience as former Minister of Health and later on as former President of Chile, I have learned some few lessons about social protection:

- **First**, as important as expanding social services and income provision programmes, it is to coordinate actions and inter-sectoral policies. If you visit vulnerable families under the

Chile Solidario programme in my country, you will notice that the solutions are interconnected. We can't solve the employment problems without addressing education issues; education performance depends on adequate health and nutritional status which is connected to availability of water and sanitation and proper housing infrastructure. The multidimensional aspects of poverty require integrated and coherent policy approaches around goals and target groups. Social transfers in support of children for example, must connect not only with health and education but also with employment policies and other support for parents.

- **Second**, the basic is better than nothing and scarce public resources should go first for those who need them most, for those who are struggling just to survive. In extending social protection, gradualism and financial sustainability is of utmost importance. Developing countries can't afford to provide full protection for all contingencies to everyone. So let's start from the basics that can make an enormous difference in the life of those who have nothing.
- **Third**, Social Protection is about preventing, supporting and promoting. Therefore, it is not only about protection, but also about empowerment. It is not to create dependency, but to unlock the productive capacity of women and men to participate in the economic, social and political lives, as workers, employers, consumers and citizens.

The concept of social protection floor addresses essential rights and embraces all these elements: policy coherence, gradualism starting from the basics, sustainability and empowerment.

It was defined by the UN as a set of basic social security transfers and essential services in the areas of health, water and sanitation, education, food, housing, life and asset-savings information. The social floor approach emphasizes the need to implement comprehensive, integrated and coordinated social protection policies to guarantee services and income transfers across the life cycle, paying particular attention to the vulnerable groups.

Currently, seventeen UN agencies, the IMF and the World Bank, under the co-leadership of the ILO and the WHO, are working together to promote the social floor and to assist countries in implementing different components of the social protection floor.

(From anti-crisis initiative to development tool)

As I mentioned before, the social protection floor was initially thought as a crisis response initiative, but has gained worldwide recognition as a major developmental tool.

During the crisis, social protection systems have proven to be the first line of defence for families as well as whole economies in times of recession. Countries with strong systems were able to rely on them to automatically stabilize the fall in incomes in the recession.

In G20 countries around 616 billion US dollars were allocated to social protection measures which corresponded to 29 per cent of the total economic stimulus. Each dollar spent in cash transfers to individuals can generate up to 2.2 dollars of increase in the GDP, due its multiplier effects on consumption and employment.

The crisis responses have shown that social protection brings a triple benefit:

- Protects people from becoming trapped in poverty,

- Empowers them to seize market opportunities, and
- Contributes to aggregate demand by increasing purchasing power and reducing precautionary savings.

Beyond the crisis, social protection has been seen by various analysts as a tool to rebalance the global economy.

China, for example, is facing the fastest and largest social inclusion process ever. The health coverage increased from 15 to 85 per cent from 2003 to 2008 - one billion people included in the basic health rural scheme in 6 years. The rural pension scheme aims at covering 700 million people by 2020. Brazil and India are undertaking similar measures to extend coverage to as many as possible and as quickly as possible, helping families to overcome poverty and move up the ladder of opportunity.

The inclusion of a vast number of people from developing countries in domestic goods and services markets will unlock their spending power and provide further dynamism to national and global economic growth. The strengthening of the emerging middle class in developing countries would be an increasingly important driver in global economic rebalancing.

(What is needed?)

Let me say from the outset that as we come out of this crisis, it is difficult to imagine a more critical issue than a commitment to working towards the achievement of a social protection floor.

We have a major opportunity for change, to move away from business-as-usual and from a simple temporary and residual safety-net approach.

We need permanent and comprehensive social protection schemes that are considered as pillars of the development strategy and economic resilience. The social floor must be much more than a safety net, a beginning not an end; an instrument to help the unprotected reach higher, not to pull others down.

What does it take to move ahead?

- **Firstly**, it is a matter of political will: to give the vision, to set the principles, to define the ground rules for the societies that we want; to be prepared to overcome fiscal constraints; to make the hard decisions and push forward .
- **Secondly**, there is the question of finding resources to finance on sustainable basis the implementation of the floor. Mr. Juan Somavia, the ILO director general, says: “the world does not lack the resources to eradicate poverty, it lacks the right priorities.” And I think he is right. The first step to increase fiscal space relies on political will. ILO estimates have shown that a tax-financed social protection floor is an achievable medium-term objective even in very low income countries. Initially, some least-developed countries will certainly need international financial support to gradually start up and phase in the schemes. Further research is being prepared by the ILO and the IMF to explore the implementation of the social floor within the context of a medium- to long-term framework of sustainable macroeconomic policies.

- **Thirdly**, it demands a major social dialogue effort which is essential to shape common objectives and strategies that respond to national specificity and to make the necessary compromises.
- **Fourthly**, while adopted as a universal concept, the social protection floor should be nationally shaped within a framework of national-specific institutional structures, economic constraints, political dynamics and social aspirations. There is no one-fits-all solution.
- **Finally**, as economies grow and financial and fiscal space widens, further increase in the level of protection should be envisaged. The floor cannot become a ceiling. But it should be understood as the first step towards higher levels of protection, as well as creating the conditions for successful insertion of the poor and disadvantaged in the labour market.

(The social floor and the Viet Nam's social protection strategy)

I am convinced that the social floor can be a powerful tool to help Viet Nam in achieving the objectives foreseen in the social protection strategy.

It can contribute to improve the coherence of the Viet-Nam social protection strategy by re-orienting social assistance and anti-poverty programmes and services to an integrated system of social protection that encompasses measures in the spheres of education and training, income support, health, as well as other with other social policy instruments.

The strategy's principles of universality, solidarity, equitability, sustainability, promoting responsibility of individuals and concentrating supports to the poor converge with those guiding the implementation of the social protection floor worldwide.

The social floor approach could serve to build a common framework to enhance synergies of the mutually reinforcing objectives in the areas of labour market, social insurance, health, social assistance, poverty reduction and social services policies.

The linkages between access to basic social services and active labour market policies and income support measures shall be explored with a view to increase employability of the poor and the vulnerable, especially women.

The United Nations is ready to support the government on this complex task that involves multi-sectoral issues drawing on our multilateral networks and expertise and capacity to 'Deliver as One'.

Count on us!

Thank you very much.

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