



International Labour Office

ILO Office for the European Union and the Benelux countries – Brussels

EC Public Consultation:

Social Protection in EU Development Cooperation

Issues Paper

The ILO Brussels Office fully supports the consolidated response to the "EC Public Consultation: Social Protection in EU Development Cooperation" provided by the UN team in Brussels. In coordination with UN Brussels, the response of the ILO Brussels Office concentrates on a number of issues more directly related to the ILO mandate, its unique tripartite structure and in particular to the ILO's on-going contribution to the social protection floor (SPF) initiative.

The ILO advocates social protection as a social policy instrument contributing to fair growth, social stability and enhanced productivity, founded on the shared principles of social justice and in the 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, including food, clothing, housing, medical care and necessary social services.

Consequently, the ILO actively promotes the concept of the social protection floor (SPF), elaborated by the Social Protection Floor (SPF) Advisory Group, as an effective application of these shared principles in a rights-based approach. The concept has been widely endorsed, among others by the United Nations Chief Executive Board, the G20 and the OECD, and is one of the policy measures endorsed in the Global Jobs Pact as unanimously adopted by the ILC in June 2009. The 2011 International Labour Conference (ILC) further contributed to the definition of and support for the concept, and agreed on the key elements of a future Recommendation on Social Protection Floors. The EU was actively involved in the ILC decisions through the EU coordinated positions expressed and reported at the ILC.

The ILO Governing Body decided to place a standard-setting item on the agenda of the 101st Session (2012) of the International Labour Conference (ILC) on social protection (social security), with a view to the elaboration of an autonomous Recommendation on the Social Protection Floor.

Meanwhile, the International Labour Office has prepared report IV(1), providing information on the law and practice concerning the establishment of a social protection floor or elements thereof at national level, including an overview of the main developments and emerging trends worldwide. This report, accompanied by a questionnaire, was communicated to governments of the Member States of the ILO which were invited to send

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their replies, and those of social partners, to the Office no later than 1 November 2011. These replies will feed into the Report IV(2), which will guide the discussions at the ILC.

The ILO Office requests the EU development cooperation to take account of the outcome of the 2012 ILC in order to benefit from any possible Recommendation. The ILC involves tripartite delegations of the 183 ILO Member states and EU is actively part of the discussions.

Question 1 – strongly agree

Social protection systems should be defined according to the priorities of national governments.

The ILO actively promotes the concept of the social protection floor as elaborated in the report of the SPF Advisory Group. The concept is defined as an integrated set of social policies designed according to national priorities to guarantee income security and access to social services for all, in particular for vulnerable groups, protecting and empowering people across the lifecycle, thereby promoting productive economic activity and entrepreneurship, with sustainable enterprises and access to decent employment opportunities.

The concept has been developed in the framework of the two-dimensional strategy of the global campaign *Social Security for All*. It includes both a horizontal and a vertical dimension. Social protection floors aim to achieve universal coverage of the population with minimum levels of protection (horizontal dimension) through guarantees of basic income security in the form of various social transfers (in cash or in kind) and universal access to essential and affordable social services in the areas of health, water and sanitation, education, food security and housing. Concurrently, the concept stresses the necessity of progressively ensuring higher levels and standards of protection according to ILO standards (vertical dimension) as countries develop the requisite policy and fiscal space.

Based on the above definition, social protection systems (including national social protection floors as a foundation of universal social protection systems within a country) should be defined according to national resources, capacities and needs of countries. The Conclusions of the 100th ILC in June 2011 on social protection (social security) use the term “social protection floors” in the plural, referring to national adaptations of the SPF concept to country-specific circumstances.

The above definition is multidimensional and indicative; countries have the flexibility of adopting different components in a sequential manner considering their respective needs and



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capabilities. Indeed, existing social protection floors have been nationally shaped within a framework of country-specific institutional structures, economic constraints, political dynamics and social aspirations. Their implementation process will usually be progressive and gradual according to national priorities and capacities, building on existing social protection schemes, based on sustainable funding sources that can be of a different nature or combinations thereof such as contributions or a variety of taxation (respect for pluralism).. Employment and entrepreneurship support policies could either complement social protection floors or be fully integrated into their design, according to the countries' institutional features.

However, a number of fundamental principles should be taken into account to ensure that the full potential of social protection floor interventions is unleashed; the definition of national social protection systems also concerns social partners and relevant stakeholders in addition to governments, and it necessitates active and inclusive social dialogue. This dialogue must be informed and mindful of relevant and ratified international commitments, notably;

- the ILO Convention on Minimum Standards for Social Security (ILO C102, 1952);
- the ILO Convention on Equality of Treatment in Social Security (ILO C118, 1962);
- the ILO Convention on the Maintenance of Social Security Rights (ILO C157, 1983), and;
- the International Covenant on Economic, Social and Cultural Rights.

Question 2 – strongly agree

Social protection is not only about protecting people against risks but also about promoting livelihoods, participating in the economy and finding jobs.

The first objective of social protection systems is to protect citizens from risks across the life cycle including poverty and ill health. Benefits derived from social protection entitlements should therefore be recognized as a right in all countries.

The full concept of social protection and the objective of social protection floors (as defined in Question 1), however, are more comprehensive. Whilst it concerns the negation of risks along the life cycle, social protection floors are an investment enabling people to participate in productive economic activities supporting sustainable economic development. Social protection policies should be coordinated with policies enhancing employability, reducing informal work and precariousness, creating decent jobs and promoting entrepreneurship.

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While social protection systems such as the social protection floor cannot be considered the ‘silver bullet’ solution to the world’s social problems, a wide range of experiences from all over the world suggests that countries more quickly reduce poverty and social exclusion if such issues are addressed in a coherent and consistent way, starting by horizontally extending access to essential social services and income security.

Social protection systems and the SPF concept therefore reflect the principles of equality, social cohesion, inclusive and sustainable economic and social development. They have the scope to integrated principles ranging from the Universal Declaration of Human Rights to the Decent Work Agenda.

Question 3 - strongly agree

The European values that are behind European social protection systems should also inform the EU’s stance and action in social protection in partner countries.

In addition to reflecting values enshrined in *inter alia* the UN Declaration of Human Rights (e.g. Art 25.23) and the International Covenant on Economic, Social and Cultural Rights (e.g. Art 6-15), European values as denoted in the Treaty of Lisbon and reiterated in the Europe 2020 agenda are in clear conformity with the rights and principles promoted by the International Labour Organization on which the SPF concept is founded.

Furthermore, European values respect the role of bipartite social dialogue and tripartite consultation as noted in respectively the ILO Convention N° 98 and N° 144 and the European Union seeks to actively engage with social partners at its level. Where European values are in alignment with such internationally shared values and principles they are well-placed to inform the EU’s stance and action with regards to social protection in partner countries.

Question 4 – slightly disagree

The European Social model was created for Europe in the mid-20th century, when full employment in the formal sector was the norm. However, the extensive social security systems characteristics of the European Union Member States are unsuited to the economies of emerging and developing countries, which cannot afford them.

The European Social Model (ESM), however encompassing it may be defined today, emerged from national social security systems that were developed in many European countries during the last decades of the 19th and the first decades of the 20th century. The



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resultant social security schemes were introduced at a time when many European economies were still developing - industrialization was entering its growth phase and countries were faced with major structural changes.

It should be noted that the inception and consequent development of early European social security systems has been driven throughout by social dialogue and, later on, by structured tripartite consultation. As such, while the present characteristics of the ESM cannot simply be transposed to emerging and developing country economies, the principles and processes underlying the ESM can offer a foundation for partner countries to outline and debate their social models, which in turn offers internally generated and owned lessons and policy options to partner countries in determining their social protection systems.

It is also important to note that EU countries allocate a substantive part (20 to 30%) of their individual GDP to social protection. This reflects the choices of European Member States and explains in part the success of differing systems. See also the response to Question 14 regarding the affordability of social protection systems.

Question 5 – strongly agree

Development cooperation for social protection is highly relevant for middle income countries, as well as low income countries, in order to reduce inequalities and eradicate poverty.

Development cooperation can contribute to the foundation and strengthening of social protection systems in both middle- and low-income countries in a wide variety of ways. External transitional donor support (both financial and technical) is highly relevant in the start-up of social protection systems to meet the associated learning costs and develop the supply-side of the system, but also during periods of aggregate shocks when the demand for social protection services may suddenly escalate.

The type of support may vary between middle- and low-income countries. Although both groups of countries should benefit from development cooperation, the type of support should be determined through a process of social and political dialogue with the partner countries' government and social actors, and in due consideration of the country's characteristics.

It is conceivable that EU development cooperation put the emphasis on developing the horizontal dimension of social protection floors in low-income partner countries, while focussing on the vertical dimension in middle-income partner countries. In both cases, the establishment of social

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protection systems will be instrumental in the reduction of inequalities –which in certain cases are higher in middle than in low income countries- and in the strengthening of social cohesion.

Regardless of the modalities of their support, the EU and its Member States should recall the universality of the right to social protection in conformity with international standards and commitments and demonstrate the benefit of such systems to partner countries. The EU is encouraged to create an active role for social partners in middle- and low-income countries when defining its development cooperation instruments.

It is recommended, particularly in the establishment of social protection floors, that the EU provide predictable multi-year financial support for the strengthening of nationally defined social protection floors, particularly in low-income countries, within their own budgetary and planning frameworks and respecting their ownership and accountability.

The ILO Office requests that the operational modalities of the EU programming of development assistance, such as the possible limitation of assistance to two or three sectors, will not result in the *de facto* marginalisation of social protection and wider decent work as this was the case with the implementation of the European Consensus on Development. Such a fragmented approach will not result in inclusive growth or sustainable development but in a non coherent and fragmented EU development assistance.

The G20 Summit requested donors to support multilateral initiatives for exchanging of knowledge and practices on social protection. As the EU is fully part of the G20, EU development cooperation should explicitly support such multilateral initiatives and facilities. The possible EU facility on social protection should fully involve this multilateral dimension.

Question 6 - strongly agree

Social protection protects people against the worst effect of global crises (climate change, food price rises, economic downturn).

Social protection floors constitute a rights-based approach, with guaranteed basic social rights as a precondition for citizenship, helping to maximize the associated opportunities and minimize risks. See Question 1 for the detailed definition of the social protection floor concept, as endorsed by the International Labour Organization.

In addition to providing protection against a range of risks that occur during the life-cycle (as described in the nine contingencies of the ILO Convention No. 102), social protection floors



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can contribute to addressing challenges linked to demographic transformations, global health risks, natural and human-induced disasters and food price volatility.

However, it must be stressed that social protection and the social protection floor approach differ substantially from the notion of social safety nets. In the social safety net approach, social policies are generally considered as residual to economic development. The implementation of such measures is driven by the need to provide relief to the poor and vulnerable during structural reform by cushioning the effects of the structural adjustments and facilitating political support to them. These are generally temporary measures, fragmented and targeted to the poor and vulnerable in a needs-based framework. The transition to the rights-based approach of the SPF makes social protection a full and permanent component of national development strategies for inclusive growth.

Question 7 – strongly agree

Social protection can contribute to strengthening the compact between citizens and the State, and promotes social inclusion and greater accountability.

Social protection mechanisms at the floor level can give ‘voice’ to disadvantaged and vulnerable groups by addressing income inequality. Transfers have also been found to increase social capital, inclusion and cooperation, and hence contribute to social cohesion. There is evidence that social protection systems promote social justice, reduce discrimination, increase internal stability and decrease civil unrest. Inclusive social protection systems such as the social protection floors will also extend to the informal economy, and enable its gradual formalization.

In this context, it is important that the guarantees of a certain level of income security provided through the social protection floor be conceived as a right and not a form of charity. It is crucial that there be no sense of shame or stigma in receiving benefits from any scheme within this conceptual framework; beneficiaries are simply exercising their right as citizens. ILO Conventions related to social security, in particular Conventions No. 102, 157 and 168 provide clear benchmarks for good governance in social security and protection systems.

Question 8 – strongly agree

The EU is able to make a significant impact on the development of social protection, because of its own long history with social welfare and social security systems, and because the EU is the world’s largest donor.

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The EU and its Member States can make a significant impact on the development of social protection systems worldwide because of the range of possible entry points open to them. They have a long-standing involvement in international and regional cooperation, and should continue to promote the international values and principles that they have committed to. See in this regard also the responses to Questions 4 and 5.

Development cooperation instruments should be mindful of the fact that defining social protection systems should be realized principally through tripartite social dialogue providing for greater embedding in the existing social, economic and cultural structures and increasing national ownership of the system.

By embedding tripartite social dialogue and the social protection floor concept in its development priorities and programmes, the EU and its Member States can support the global efforts on social protection floors, in particular the Joint UN SPF Initiative aiming at extending and strengthening the coverage of social protection.

Question 9 - slightly agree

Part of the EU's comparative advantage in social protection lies in the fact that the social protection systems of the European Member States provide a wide range of models and organizational structures that other nations can learn from and from which expertise can be drawn.

The comparative advantage of the EU with regards to social protection is not the pluralism of models and structures as such but the fact that these models refer to shared principles and rights and are based on international standards such as the ILO Conventions. See also the responses to Questions 3 and 4.

With respect of the social security outcomes that they intend to achieve, these have been influenced by the international labour standards on social security (notably the ILO Convention No. 102) and the regional social security instruments, themselves inspired by the international labour standards.



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Question 10 – strongly agree

The EU Member States and the European Commission should develop a single, coherent policy framework for cooperation in social protection in order to improve the quality of their support for partner countries.

Coherent principles and guidelines for cooperation in social protection can improve the consistency of support to partner countries by rendering the consequent development cooperation more predictable, long-term and tailored to individual country circumstances.

The social protection floor concept offers a coherent framework, set within a widely endorsed rights-based approach, to guide social and political dialogue on development planning and cooperation. The EU may want to prioritize the establishment of SPF in line with the consensus made within the UN organizations and at the G20, and ensure that its position clearly reflect the values and principles expressed in the autonomous Recommendation on the Social Protection Floor (to be adopted at the International Labour Conference of June 2012).

See Question 1 for a detailed definition of social protection floors and see also the responses to Questions 3, 4 and 5.

Question 11 – strongly agree

The EU should support cooperation between partner countries (south-south cooperation), which may provide relevant models well fitted to the needs of partner countries.

In uniting principles of solidarity, social dialogue and equality with respect for national autonomy, South-South and triangular cooperation can play a key role in building effective partnerships for development by providing partner countries with a diversity of comparable and innovative examples on how to build social protection systems (including social protection floors).

The EU should build on and contribute to recent experiences and exchanges and knowledge-transfers between countries on social protection (floors) to facilitate the development of social protection systems, drawing from best practices already identified such as those noted in the ILO Framework for South-South and Triangular Cooperation 2012-2016. See also the response to Question 5.

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Question 12 – strongly agree

The EU should play a leading role in raising awareness of the role of social protection as a key driver for inclusive growth in international fora, such as the G20 and the UN.

The EU has considerable leverage to influence global policy-making, and can harness this to promote principles of social justice and equality, building on the experience of European Member States. See also the response to Question 8.

With social protection already widely debated in international fora given global crises, the EU should continue to have a leading and pro-active role in raising awareness and promoting the role of social protection as a driver for inclusive growth in accordance with international labour standards and the Decent Work Agenda.

Question 13 – strongly agree

Social protection should be included in policy dialogue about national development plans.

Social protection policies cannot be effective if built through parallel structures. Social and political dialogue on social protection must be mindful of the processes already underway in partner countries and incorporate social protection within existing development strategies or policy agendas. See also the response to Questions 1 and 5.

National development plans and their budgets should furthermore be aligned with Decent Work Country Programmes and national employment strategies as a first insurance for inclusive growth for jobs.

The social protection floor concept actively promotes these principles. As a rights-based approach, social protection becomes an integral component of national development strategies for inclusive growth. A number of recent development success stories have already undergone this transition, as detailed in the report of the SPF Advisory Group.

Question 14 – slightly disagree

Social transfers, including social protection benefits, belong to the recurrent part of national budgets and should not therefore be funded by development partners such as the EU.

Social protection systems and floors should be based on long-term fiscal sustainability and economic affordability, which should be anchored in predictable and sustainable domestic



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funding sources, a point explicitly acknowledged in the Discussion on Social Protection of the 100th ILC in June 2011. The question of affordability is therefore first and foremost the responsibility of the country itself.

The active creation of fiscal space (based on the political will and social dialogue within the partner country in realizing social commitments) and a strong link with employment policies are two possible strategies endorsed by the SPF Advisory Group for ensuring the sustainability of social protection systems.

Question 15 - strongly agree

The EU should make an exception to this rule in the case of least developed countries, where donor financing may be required in the initial stages of establishing a social protection system and in fragile states where national governments are not able to deliver services.

Fragile states pose significant challenges for developing adequate social protection. Social protection floors can be an effective instrument in restoring the social contract in fragile states, kick-starting nation building while at the same time promoting sustainable and positive social change.

Working with governments, social partners and other non-state and civil society actors to establish social protection floors may require targeted assistance in the form of social transfers. International solidarity in the form of cost-sharing can thereby help to start, accelerate or expand coverage of social protection in some low-income countries. See also the response to Questions 5, 7 and 14.

However, economic affordability and long-term fiscal sustainability should be anchored in predictable and sustainable domestic funding sources. Targeted assistance based on international solidarity should not endure lack of change or extend beyond the introduction of more stable and permanent social protection delivery systems in partner countries.

Question 16 – strongly agree

Social protection programmes and policy dialogue should pay special attention to ensuring that disadvantaged groups (such as persons with disabilities) are also able to benefit from and contribute to inclusive growth.

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In taking a rights-based approach of social protection, social protection floors are per definition inclusive by addressing vulnerabilities of even the most vulnerable groups (see the definition noted in the response to Question 1). A key objective of social protection floors is therefore to horizontally integrate groups with special needs and challenges into a wide solidarity pool that facilitates sustainable, long-term support for such needs and challenges.

Whilst it is in line with international commitments and recommendations to give special attention to the poorest and most vulnerable, social protection systems must not sacrifice the principle of protection for all and be reduced to a series of safety nets. Social protection which is only for the poor is likely to lead to poor social protection systems. See also the response to Question 7.

Question 17 – slightly agree

The EU should have different approaches to supporting social protection in middle income and lower income countries.

As per the definition of the social protection floor concept (see the response to Question 1), social protection systems should be nationally defined through social dialogue and tripartite consultation according to the country characteristics. See also the response to Questions 5 and 13.

The current dialogue on social protection floors based on the report of the SPF Advisory Group does not make any reference to *a priori* differentiation between MICs and LICs. Not only are both categories of countries included in the dialogue, but industrialized countries are also implicated given the recent crises.

All EU development cooperation should endeavor to foster sustainable national development plans incorporating the gradual development of coherent and inclusive social protection systems mindful of changing needs in maturing economies.

Question 18 – strongly agree

The EU should base its approach to social protection in partner countries on the individual country's profile and national priorities.

While the social protection floor is a globally applicable concept, each country should decide to design and implement social protection systems and floors within a framework of national



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institutional structures, economic constraints, political dynamics and social aspirations. See also the response to Questions 1, 5, 13 and 17.

The EU should ensure that the foundation is laid for the development of effective social protection systems by promoting that national priorities be in conformity with international labour and human rights standards, in particular the freedom of association and collective bargaining, the respect of genuine social dialogue and inclusive policy dialogue.

Question 19 – strongly agree

The EU should be prepared to make a long-term financial commitment to supporting social protection in LICs.

Development cooperation in the area of social protection will not be effective unless the EU can ensure predictable, yet pluralist, multi-annual financial and technical support for the strengthening of nationally owned social protection floors. See also the response to Questions 5, 14 and 16.

Without predictable and sustainable albeit transitional financing and long-term technical support and capacity building programmes, developing countries will struggle to extend social protection coverage horizontally as the basis for building comprehensive social protection systems.

Question 20 – strongly agree

The EU should support the participation of representatives of civil society in the process of designing and monitoring social protection strategies and programmes.

While the role of the state in developing and implementing social protection systems is essential, the role of social actors and partners is recognized by both the ILO's Conventions and EU Treaties. EU development cooperation should therefore also actively target social partners and, where relevant, other representative civil society actors in order to enhance the effectiveness and inclusivity of social protection schemes. See also the response to Questions 5 and 7.

Social partners should be involved from the earliest stages of design and implementation of social protection systems and floors to ensure that social and economic interests are aligned.

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In addition, social partners help increase the national ownership and accountability of any social protection system.

In particular, the role of trade unions and employers' organizations in establishing, implementing and monitoring social protection systems through social dialogue and tripartite consultation should be recognized and supported by the EU as an essential component of its strategy to promote social protection through development cooperation in conformity with the Decent Work Agenda.

Question 21 – strongly agree

The private sector has an important role to play in supporting social protection by ensuring that investments create decent employment in line with the Decent Work Agenda.

The private sector has an important role to play in supporting social protection by ensuring that investments create decent employment in line with the Decent Work Agenda. The private sector includes also cooperatives, social economy initiatives and other non-profit organizations. Productive, profitable and sustainable enterprises, together with a strong social economy and a viable public sector, are critical to sustainable economic development and employment opportunities

While the central responsibility of the State in designing and implementing national social protection floors and wider social protection system is essential and indispensable, the involvement of representative organizations of employers/business organizations and trade unions, non-profit organizations and other relevant non state actors and stakeholders in the design and operation of basic social protection schemes should be encouraged. When appropriate, public-private partnerships should be promoted.