Informal Summary

Second Committee
Panel discussion on "Social protection floor"
United Nations Headquarters, 4 November 2009

Chairperson:
H. E. Mr. park In-kook (Republic of Korea), Chair of eth Second Committee

Panelists:
Mr. Antonio Claret Campos Filho, Special Advisor to the Minister of Social Development and Fight against Hunger, Brazil

Mr. Michael Cichon, Director, Social Security Department of the International Labour Organization

Mr. Werner Obermeyer, Deputy to the Executive Director of the World Health Organization Office, New York

Summary

The Second Committee of the General Assembly heard presentations from three panelists on the concept of a Social Protection Floor, including examples of how it could work on the ground.

<u>Presentations</u>

Mr. Antonio Claret Campos Filho of the Ministry of Social Development and Fight against Hunger in Brazil spoke on the social protection system in Brazil as an example of a system that meets all the components of a Social Protection floor.

He noted that the concept of social protection was first incorporated into social policy in Brazil in the 1930s, but was then linked to formal labour. He linked the concept of social security based on citizenship rights to the 1988 reformulation of the constitution. He remarked, however, that the Brazilian system was improved in 2004 with the creation of a new ministry to integrate non-contributive social protection. The new approach now incorporated social assistance, food and nutritional security, conditioned cash transfers, and the promotion of productive inclusion. He noted the scope of the Government's renewed commitment to social protection, with the budget for social assistance in 2009 totalling 33 billion Reais, up from 11 billion in 2003 . He noted that the system now has a more unified approach, with the main programmes and services focused on families; socioeducational services for adolescents; child labour protection; and benefits for elderly and disabled in poverty.

Filho highlighted the cross-sectoral collaboration in Brazil's social assistance schemes, highlighting the National System on Food and Nutritional Security, which helps to facilitate access to food and water. In its aim to make food affordable and to strengthen family agriculture, the programme brings together other relevant ministries such as health and agriculture, although primarily managed by the Ministry of Social Development and Fight against Hunger.

The comprehensive approach to social assistance was also highlighted through description of the conditioned cash transfer programme, Bolsa Familia. The programme disburses varied amounts to families in need based on the level of income poverty and household composition. The comprehensiveness of the programme is maintained through its conditionalities which require that certain basic social services are sought, especially with regard to education. The responsibility for compliance is shared between the families and the state, such that when families do not comply, the first step is to find out why. Consequences for non compliance are gradual, starting with a warning, then blockage, then suspension, then cancellation of benefits.

Filho highlighted various strengths of the system. He noted the level of administrative efficiency, noting that only 5 per cent of the budget for Bolsa Familia is spent on operational expenses. He also noted the scope of benefits to the recipients such as improved general nutrition in families, reduced child labour and malnutrition, and improved the quality of life through creating access to basic consumption goods.

Another highlighted strength was the benefit to the local economies. Social assistance, especially cash transfers were shown to have a redistributive effect that raises the consumption of formerly economically constrained pockets of the population. He also noted the significant effects on poverty reduction, with 19.4 million Brazilians overcoming poverty since 2003. He noted that Brazil has achieved MDG 1 ten years in advance and has since set higher targets.

With regard to challenges, Filho noted that despite the successes in poverty reduction, the number of poor is still high (~30 million), the GINI index is among the world's highest, and that unsatisfactory literacy rates and other educational indicators still manifest in the poorest regions such as the Northeast.

Filho noted the benefits of strong, efficient social assistance in times of economic crisis, lauding social protection for its guarantee of social rights, and bolstering of economic performance. He noted that poverty and inequality continued to fall during this crisis.

Mr. **Michael Cichon**, of the ILO, and **Mr. Werner Obermeyer**, of the WHO**,** presented on the rationale and conceptualization of a social protection floor for all.

Mr. Cichon noted that social protection is an economic and social necessity as well as a basic human right. Yet some 75 per cent of the world population do not enjoy a minimum set of social guarantees. He said that social protection schemes reduce poverty and decrease inequality in all cases and can make a difference in achieving the MDGs. He highlighted the recent financial and economic crisis as having shown that social protection is an economic and social stabilizer. He social protection as the understanding that a country cannot unblock its economic capacity with widespread social deprivation.

Cichon traced the roots of a “social protection floor for all” (SPF) to Articles 22-27 of Universal Declaration of Human Rights, which highlights rights to elements such as health, education and participation, among others. Cichon described the UN’s SPF initiative as a means to promote access to a basic set of essential, accessible social services and make countries more resilient to economic downturns. He also explained that the SPF initiative was one of the nine joint initiatives agreed by the UN Chief Executives Board (CEB) to confront the crisis.

According to Cichon, a basic social protection package is affordable. A simulation exercise conducted by the ILO showed that a basic package of modest pensions and child benefits could reduce poverty by 40 per cent in poor developing countries at a cost of 3 to 4 per cent of GDP. In Latin America, a basic social protection floor would cost about 5 per cent of GDP and would reduce poverty by 50 percent.

He showed that social expenditure varied widely among countries with same GDP. That indicated that fiscal making the fiscal space for social protection is a policy decision. He described a meta

Cichon concluded by highlighting the role of the crisis in showing the proof of the effectiveness the systems (Netherlands). Concern was also raised as to the possible negative effect of SPF on wider investments in health and education (Sweden).

In response, Mr. Campos Filho noted that with regard to achieving gender equality, in the Brazilian case, it is often the woman in the household who receives the transfer. This has had a very important effect with regard to financial empowerment. With regard to reaching remote areas remote areas, he explained that Brazil is working with the military to help reach remote populations, and uses the national banking system and participating annexes to help reach these areas as well.

Mr. Cichon and Mr. Campos Filho noted that it is not easy to address the concerns of beneficiaries. Establishing national tasks forces that seek their input may be necessary.

With regard to the compatibility of SPF with other social and economic strategies, Tanzania questioned the reconciliation of the social obligations of a state in providing basic social services with the current trend in many developing countries to embrace privatisation of these services. The delegation presented the perspective that privatising institutes an element of constraint to access for population. In this regard, the delegation requested a comment from the IMF or World Bank representative present on linking African macroeconomic transformations to social protection. Tanzania also highlighted the link of SPF to the MDGs noting that it might be useful, in this time of economic crisis, to focus constrained resources on achieving the MDGs, six of which surround basic services. In this regard, Tanzania also questioned the efficacy of the wide spread focus on economic stimulus versus a focus on the social sectors.

In response, Mr. Cichon noted that SPF was not incompatible with private delivery, but that, whatever the system, the State had to ensure the quality and reach of services delivered. He noted also that SPF does not compete with the MDGs, but is a framework that complements their achievement. In addition he said that economic stimulus and social protection investment are not necessarily opposites and that, in fact, the employment effect of both are almost the same. He noted; however, that social protection may be less risky and that social transfers must be seen as long-term investments in individual and national development.

Mr Obermeyer reiterated this point noting that the role of private sector could be a complement to what the government already provides. The IMF noted that with regard to balancing social protection and macroeconomic policy they will always examine the sustainability of the system; however, they believe it is clear that social protection will have to play a significant role in socioeconomic development.

The USA also noted that macroeconomic policies and social protection are not mutually exclusive. The Brazilian case shows that there can be a balance between the two.

Questions posed specifically to the Brazilian case, focused on issues of moral hazard (Chair, Japan), and the social consequences for families whose benefits are cancelled. The IMF also asked about the process of building up social consensus on the need for the programme, noting that many social protection programmes were introduced during time of growth, and questioned whether reaching social consensus would have been harder in a period of crisis.

With regard to moral hazards, Mr. Campos Filho noted that Bolsa Familia is embedded in other social protective programmes. He said that cash transfer is not seen as a panacea to social deprivation, so the programme tries to coordinate with other parts of system to ensure compliance. He noted that families that do not comply are a dilemma because sanctions for non-compliance are important for consensus, so non-compliance has to be addressed. However, he reiterated the progressive nature of sanctioning in place noting that is only at the 5th follow-up (~ one year after non-compliance) that cancellation will occur. He said that cancellation was seen as a failure at all levels, and the government must then work to explore why the programme failed. Regarding the the need for consensus, he noted that since it fosters economic activity, its legitimacy increases in times of crisis.

Cuba noted that the United Nations system has a legislative framework for the SPF in the Copenhagen Declaration. The Delegation questioned the progress made since the Declaration, especially with reference to the work of the international financial institutions.

In response, the IMF admitted unsatisfactory progress in achieving the Copenhagen commitments, especially with regard to the support of international financial institutions to