

## **SOCIAL SAFETY NETS 2016-2019**

### **SUMMARY**

Today there is a growing understanding of the important role of social safety nets in sustainable development, lessened inequality, and there is great opportunity to work proactively using knowledge that has been developed and the international commitments that have been made. Union organizations in the developing and middle-income countries have an essential part to play, and they need support in their lobbying efforts to carry out the necessary political reforms. Social institutions need to be established and strengthened, the view of fiscal policy needs reform, union political cooperation and three-way dialog need to be made possible, and international and global cooperation needs to be sustained. The role of governments in lessening inequality and social, economic, and environmental sustainability need to be discussed and developed.

The trade-union movement is essential to efforts to formalize sectors that are currently informal to a great degree. Workers in these jobs are currently outside all regulations in workplace law and social security. The gender perspective is critical to organizing this sector, because women are a majority in both the informal sector and among the unemployed.

Because confirming social rights and establishing social safety nets are political areas in dynamic development, allowance for growth needs to be calculated into the program for this period. The active participation of the Palme Center's member organizations should also be reinforced, since it creates the conditions for the mutual sharing of knowledge and experience, as does the creation of alliances and lobbying on an international level.

### **SOCIAL SAFETY NETS, RIGHTS, AND DEVELOPMENT**

Despite general progress in the battle against poverty that indicates that welfare and living conditions are being improved for many people in the world, there are growing economic inequalities and vulnerability for individuals, groups, and countries. Today three fourths of the world's poor people live in middle-income countries.<sup>1</sup> Economic welfare in new middle-income countries is not evenly distributed across the population, which means that the gaps between poor and rich are still great in many countries in, for example, Latin America, Africa, and Asia. More than 2.2 billion people still live in poverty with inadequate health, education, and living standards. At the same time, almost 80 percent of the world's population has no access to social safety nets.<sup>2</sup> This means that the basic rights of many people are not met, and that extreme injustice is maintained. It is also an expression of political leaders' refusal or inability or to see the fundamental importance of social security for democracy, stability, and

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<sup>1</sup> Sumners Andy (2010) *Global Poverty and the New Bottom Billion*. Institute of Development Studies

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[http://www.se.undp.org/content/dam/sweden/Rapporter/HDR/HDR14%20standalone%20summary%20Swedish\\_web%20\(1\).pdf](http://www.se.undp.org/content/dam/sweden/Rapporter/HDR/HDR14%20standalone%20summary%20Swedish_web%20(1).pdf)

sustainable economic development. Social safety nets are necessary to guarantee social justice, inclusiveness, strong democracies, and the ability of societies to survive in different kinds of crisis.

A long list of governments have committed to providing social security. Articles 22 and 25 in the United Nations Declaration of Human Rights, and articles 9 and 10 in the International Covenant on Economic, Social, and Cultural Rights establish the right to social security. International Labor Organization (ILO) Convention 102 on Social Security (Minimum Standards) that was ratified in 1952 establishes additional minimum standards for health care, unemployment, occupational injuries, parenthood, invalidity, and survivor pensions. In June of 2012 the ILO ratified yet another recommendation on how fundamental social security systems should be developed in all the countries of the world.

Traditionally, the World Bank, the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), and other institutions have viewed development and the eradication of poverty as being primarily dependent on economic development in the private sector, based on the idea that it should lead to dispersal effects in the rest of society. Social security systems have not been seen as playing any critical role in the initial phases of positive social development. Since the 1990s, development has been characterized by a gradual dismantling of governmental social-security systems in many areas, by privatizing health care, education, and pension systems and by narrowing criteria for support eligibility. Many countries—and especially developing countries—currently spend a greater share of the national budget on fuel subsidies than on social security systems.<sup>3</sup>

In recent years, however, understanding has begun to change regarding the role of social safety nets in positive social development. In 2012, the World Bank adopted a strategy<sup>4</sup> for increasing support for the development of social safety nets. That same year, the above-mentioned ILO recommendation 202 was ratified. European Union (EU) aid ministers agreed<sup>5</sup> aid to develop social safety nets should get a larger share of developmental aid from the EU, and the United Nations (UN) Committee on World Food Security (CFS) adopted a recommendation<sup>6</sup> on the best way to use social safety nets to reduce hunger. The Human Development Report of the UN Development Program (UNDP) in 2014<sup>7</sup> established the need for a series of political measures on national and international levels to lessen the vulnerability of people at risk, and the importance of social policy and social safety nets was especially highlighted. This indicates a perspective shift, from seeing social security systems as a luxury for countries when they have become rich, to seeing them as a condition for countries to be able to grow and develop.

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<sup>3</sup> World Bank, *The State of Social Safety Nets 2014*: [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/05/12/000350881\\_20140512111223/additional/850097536\\_201405175114103.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/05/12/000350881_20140512111223/additional/850097536_201405175114103.pdf) (p. 18)

<sup>4</sup> [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/132875.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/132875.pdf)

<sup>5</sup> [http://www.fao.org/fileadmin/user\\_upload/bodies/CFS\\_sessions/39th\\_Session/39emerg/MF027\\_CFS\\_39\\_FI\\_NAL\\_REPORT\\_compiled\\_E.pdf](http://www.fao.org/fileadmin/user_upload/bodies/CFS_sessions/39th_Session/39emerg/MF027_CFS_39_FI_NAL_REPORT_compiled_E.pdf)

<sup>6</sup> [http://www.fao.org/fileadmin/user\\_upload/bodies/CFS\\_sessions/39th\\_Session/39emerg/MF027\\_CFS\\_39\\_FI\\_NAL\\_REPORT\\_compiled\\_E.pdf](http://www.fao.org/fileadmin/user_upload/bodies/CFS_sessions/39th_Session/39emerg/MF027_CFS_39_FI_NAL_REPORT_compiled_E.pdf)

<sup>7</sup> <http://hdr.undp.org/sites/default/files/hdr14-report-en-1.pdf>

Arguments for a universal system of basic social security rests upon the assumption that all humans should have the opportunity to live in dignity, and that access to some fundamental elements that create the conditions for this should therefore be disassociated from the ability of people to pay. The UNDP argues for the importance of developing social safety nets as an important step in the sustainable reduction of poverty. In this way, households that suffer crises do not have to sell their property, take their children out of school, or postpone necessary medical care. Social safety nets also lessen the pendulum swings of disposable income. A powerful common social policy improves not only the individual's stamina but also the stamina of the economy as a whole.<sup>8</sup>

In its World Social Protection Report 2014/15, the ILO states that social safety nets contribute to meeting the human right to social security and is a key factor for a healthy economic policy. It contributes strongly to the lessening of poverty, exclusion, and inequality, while it strengthens political stability and social cohesion. It also contributes to economic growth, since it increases domestic consumption, while human capital and productivity are reinforced.<sup>9</sup> In a similar way, the lack of social safety nets contribute to high levels of lasting poverty, financial insecurity, increased inequality, insufficient investment in human capital and ability, and weak demand in times of recession and low growth.

Workers in the informal sector, unemployed workers, people who suffer from severe illness, people with disabilities, and many people who live in the countryside are some of those who, to a large degree, remain outside the formal social safety nets in many countries. Also a large share of people who, formally, have the right to support in the framework for the existing social security system fail to take advantage of it, because of circumstances such as a weak administration, limited information and access, the exploitation of labor through insecure employment conditions, and reduced public social investment. Globally, 2.3 percent of the gross national product (GNP) is spent on people in employable ages, with regional differences that range from 0.5 percent in Africa to 5.9 percent in Western Europe.<sup>10</sup>

Social safety nets play a critical role for women and men in employable ages, in order to guarantee a basic standard of living. Linking the right for support and reimbursement only to formal employment is problematic, however, because it excludes the people who are not employed and those who work in the informal sector. Women form a majority in both of these groups.

Increasingly, trade unions organize to ensure that workers, in both the formal and informal sectors, will have the opportunity to enjoy their social rights. Universal social security, combined with minimal wages and collective agreements, are seen as the basic distributional tools for reducing inequality and creating a sustainable market economy with the ability to provide a satisfactory living standard for all people.<sup>11</sup> Social and environmental sustainability is thus connected to economic development and growth, which requires broad participation, new ways of thinking, and dialog on alternative models of development.

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<sup>8</sup> UNDP Human Development Index 2014, pp. 9S10:

[http://www.se.undp.org/content/dam/sweden/Rapporter/HDR/HDR14%20standalone%20summary%20Swedish\\_web%20\(1\).pdf](http://www.se.undp.org/content/dam/sweden/Rapporter/HDR/HDR14%20standalone%20summary%20Swedish_web%20(1).pdf)

<sup>9</sup> ILO World Social Protection Report 2014/15 -Building economic recovery, inclusive development and social justice: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_245131.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_245131.pdf)

<sup>10</sup> Ibid, pp. 2-3

<sup>11</sup> [http://www.ituc-csi.org/IMG/pdf/ituc\\_frontlines\\_avril\\_2014\\_en\\_web.pdf](http://www.ituc-csi.org/IMG/pdf/ituc_frontlines_avril_2014_en_web.pdf)

Building sustainable social safety nets requires deliberate political decisions and measures, resources, and well-functioning institutions. A basic condition for political change is that workers from formal and informal sectors participate and influence the political setup. When union representatives cooperate with political parties and representatives who share the fundamental union values of what is desirable in society and how to get it, policies for strong social safety nets can be developed. Union organizations have an important part to play, and through union participation in politics, positive development will occur.

The Palme Center supports the program initiative for increased union organizing in the informal sector, mainly for household workers, and a strengthened dialog between governments and labor market parties on redistribution policies and social safety nets with a specific focus on Latin America. The ambition this program period is to continue to develop and extend this thematic area.

## LATIN AMERICAN UNEVEN DEVELOPMENT

In Latin America, economic development has generally been positive during the 2000s even if there is great variation between countries. But since 2011, economic growth in the region has slowed.<sup>12</sup> In 2012, 28.2 percent of the population in Latin America and the Caribbean lived in poverty, of which 11.3 percent lived in extreme poverty. Poverty in economic terms has dropped steadily over time, but increasingly less in recent years. According to the Human Development Index of 2014, economic growth has dropped by half in the last five years, compared with the growth rates of 1990 to 2000. Trends in the region vary, with Venezuela and Brazil distinguished as successful countries and less poverty, while Mexico has gone in the other direction.<sup>13</sup>

Latin America is characterized by enormous differences in income, with the poorest 20 percent of the people earning 5 percent of total income, while the richest 20 percent earn 47 percent.<sup>14</sup> Inequality has lessened considerably over time, which has been made possible by improved access to education, yet the continent is one of the most unequal in the world, and even the positive trends have ceased in the past five years. Today over 45 million people risk a decline into multidimensional poverty, if a financial crisis or natural catastrophe were to happen. The UNDP Human Development Report of 2014 recommends universal provision of basic social services, a stronger social safety net, and full employment as important means to ensure continued development and reduced vulnerability, especially for the groups most at risk in society. Among the most vulnerable are the indigenous people and workers in the informal sector, especially those who live in an urban environment with the most undependable means of sustenance.<sup>15</sup>

The share of the population that is covered by some form of social safety net is still very limited in extensive areas of Latin America, and the differences in income groups are enormous. Available data for public sector investment in social security show also a relative

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<sup>12</sup> CEPAL (2014) Economic Survey of Latin America and the Caribbean

[http://repositorio.cepal.org/bitstream/handle/11362/37033/S1420391\\_en.pdf?sequence=1](http://repositorio.cepal.org/bitstream/handle/11362/37033/S1420391_en.pdf?sequence=1)

<sup>13</sup> CEPAL (2013) Social Panorama of Latin America, pp. 15–16

[http://repositorio.cepal.org/bitstream/handle/11362/36736/S2013869\\_en.pdf?sequence=1](http://repositorio.cepal.org/bitstream/handle/11362/36736/S2013869_en.pdf?sequence=1)

<sup>14</sup> Ibid, p. 20

<sup>15</sup> UNDP Human Development Report 2014 <http://hdr.undp.org/sites/default/files/hdr14-report-en-1.pdf>

decrease in latter years.<sup>16</sup> The job market is characterized by a complex inequality determined by many variables. Women are more at risk than men, rural areas are more marginalized than urban areas, unemployment is high among the young and old, and the number of years in school has a great influence on expected income and living conditions.

In Latin America, a basic task is to raise taxes, improve redistribution policies, and create a more effective social safety net. One of the greatest challenges is the growth of the informal economy, since it makes it difficult to create an effective tax system with the capacity to finance comprehensive social security systems. In Latin America and the Caribbean, 130 million workers are estimated in the informal sector,<sup>17</sup> and even if tax rates have increased in the last twenty years, levels are still low compared with OECD countries. The effects of modest governmental redistribution measures tend to be minimal for private families.<sup>18</sup> The weak power position of poor people in society means that they have difficulties influencing politicians to prioritize social safety, excluding them from the improvement in welfare when it occurs.

Union organizations in Latin America work not only to minimize the informal sector and build the organized job market where the rights of workers are taken seriously.<sup>19</sup> They also promote issues included in the ILO convention 102, such as the right to general health care, health insurance, unemployment pay, pensions, worker compensation, parental leave, and invalidity and pension assistance. The union organizations are not only interest groups for wage earners in the formal sector. They try to influence political development toward a regulated formal job market and contribute to solutions for more effective, social safety nets.

Institutional three-way dialog between the government, unions, and employer organizations could play an important part in managing a shared view of these issues. In Latin America, however, national forums for discussion and common grounds for making decisions are rare.

Internationally, the ILO annual conference is a venue for the structural challenges that characterize the three-way dialog, but since governments appoint the union representatives to the official delegation, Latin American trade unions are not allowed to appoint their own representatives.<sup>20</sup> Union representation is further limited by trade unions being allotted one seat per country, while employers are given two seats. And, voting and decision-making are so complicated that many union representatives with limited abilities have difficulties participating in an effective manner. In upcoming years, social-security conventions will be high on the agenda, and these structural issues will be especially problematic in the Latin American context.

In cooperation with the Confederación Sindical de Trabajadores de las Américas (CSA/TUCA), the Palme Center supports initiatives for an improved dialog with government and labor-market parties on redistribution policies and social insurance systems in Latin America. The issue of social and environmental sustainability is an essential part of the platform (PLADA<sup>21</sup>) for development that CSA/TUCA has produced to initiate dialog with

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<sup>16</sup> Ibid, pp. 37 and 42

<sup>17</sup> ILO Transition to Formality in Latin America and the Caribbean (2014), p. 7:

[http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_314469.pdf](http://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_314469.pdf)

<sup>18</sup> Ibid

<sup>19</sup> CEPAL (2010) *La hora de igualdad: brechas por cerrar, caminos por abrir*

<sup>20</sup> For example, in Sweden, a specific number of seats is set aside for representatives that are chosen by the union.

<sup>21</sup> [http://energydemocracyinitiative.org/wp-content/uploads/2014/06/Plada-ingles\\_web.pdf](http://energydemocracyinitiative.org/wp-content/uploads/2014/06/Plada-ingles_web.pdf)

other social movements, political parties, and governments and to raise the awareness of the role of trade union organizations as proactive advocates for a sustainable developmental model.

## HOUSEHOLD WORK IN THE INFORMAL ECONOMY

According to official statistics from 2010 there is estimated to be about 53 million household workers in the world and an additional 105 million children. The number is increasing steadily in both rich and developing countries. Of these numbers, 83 percent are women.<sup>22</sup> Household workers in developing countries tend to be extremely poor, with no rights or social security. In countries such as Malawi, Namibia, and Zimbabwe, it is not uncommon for workers to live with their employers and earn very low wages. In some cases, they do not even receive payment in money. The sector is not covered by basic employment legislation or other forms of social security. Written contracts are for the most part nonexistent, and the occurrence of physical maltreatment and sexual harassment is common. Where there is legislation in the area, it is rarely applied. In practice, household workers are powerless in relation to their employers.

In 2011, the ILO voted on and agreed to a convention on household workers (C 189) regulating working conditions for people employed in homes. It entered into force in 2013.<sup>23</sup> Principle rights addressed included the right to obtain clear information about employment conditions, hours off, minimum wage, the right to choose place of residence and time off, and protection against violence.<sup>24</sup> In Latin America, Costa Rica is one of the countries that have ratified C 189. Mexico has some legal protection for household workers, but it is unevenly applied, in spite of there being over 3 million household workers in the country. The challenges continue to be great, not least in relation to the increasing share of migrant workers who have no rights at all.

Ratifying C 189 and its recommendations is a possible catalyst for change. In October of 2013 the global organization International Domestic Workers Network (IDWF) was formed and gathers 47 member organizations from 43 countries. The organizations are trade unions and other forms of worker organizations. The IDWF and its members use C 189 as a starting point for their reform work. At the moment, there is unique momentum for the recognition of the human worth and dignity of household workers.

Cooperating with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers (IUF) and IDWF, the Palme Center supports the organizing of household workers and efforts to recognize the value and rights of their work.

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<sup>22</sup> [http://www.ilo.org/global/standards/information-resources-and-publications/news/WCMS\\_220793/lang--en/index.htm](http://www.ilo.org/global/standards/information-resources-and-publications/news/WCMS_220793/lang--en/index.htm)

<sup>23</sup> [http://www.ilo.org/global/standards/information-resources-and-publications/news/WCMS\\_220793/lang--en/index.htm](http://www.ilo.org/global/standards/information-resources-and-publications/news/WCMS_220793/lang--en/index.htm)

<sup>24</sup> [http://www.ilo.org/dyn/normlex/en/f?p=normlexpub:12100:0::no:12100:p12100\\_instrument\\_id:2551460:no](http://www.ilo.org/dyn/normlex/en/f?p=normlexpub:12100:0::no:12100:p12100_instrument_id:2551460:no)

## PROGRAM GOALS

### **Long-term developmental goals**

Reduced subjection to jobs in the formal and informal sectors through reinforced social safety nets.

### **Program goals**

The partners shall strengthen their ability to organize members, develop policy proposals, and participate and influence political decision-making processes for reforms in the area of social security.

### **Interim goal 1**

Strengthen union organizing and mobilization on social safety nets to increase the number of organized household workers, raise knowledge, develop action plans, and propose policy.

### **Interim goal 2**

Strengthen union lobbying efforts on national and international levels where the conditions for social safety nets are defined and developed (governments, labor market partners, the ILO) for three-way dialog, policy decisions related to the ratification of ILO 189, the implementation of ILO 102, legal and political reforms.

### **Interim goal 3**

Greater sharing of knowledge and cooperation across borders on issues that affect sustainable social safety nets, via regional cooperation, the ILO, and exchanges with Swedish member organizations.