



UN Independent expert on the question of human rights and extreme poverty

THE URGENT NEED TO STRENGTHEN SOCIAL PROTECTION SYSTEMS

**Submission of the Independent Expert on the question of human rights and extreme poverty,
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1. The world faces its worst recession since the 1930s. While people in developed countries are feeling the impacts of the crisis, there is a global consensus that those who are already living in poverty, particularly in developing countries, are the most vulnerable to the harsh effects of the downturn. Now, more than ever, it is time to recall that ensuring an adequate standard of living for all is not a policy choice, or a mere gesture of solidarity in a moment of crisis, but a clear-cut human rights obligation. United Nations member States must not just repair the problems, revealed by the crisis, in the architecture of the international financial and monetary system. This crisis also offers an opportunity to review social policies and strengthen social protection systems, particularly in developing countries, to protect people during the crisis and thereafter.

I- The impact of the crisis on the poor

2. While the greatest impacts may be difficult to quantify, as of today there is no doubt that the financial crisis does not only have financial and monetary implications; the negative impact of the crisis on the enjoyment and realization of human rights is both evident and alarming. The financial crisis has exacerbated the difficult situation of the extreme poor, who were already greatly affected by last year's dramatic rise in food and energy prices and by the challenges posed by the impact of climate change. More than 125 million people have already been pushed into poverty as a result of the food price crisis and estimates project that the current crisis may push 55 to 90 million more into extreme poverty in 2009.¹ According to the Food and Agricultural Organisation (FAO), the number of people suffering from malnutrition is expected to reach a historic peak of over one billion people in 2009.
3. According to predictions from the International Labour Organisation (ILO), in 2009, between 18 to 50 million more people than in 2007 will lose their jobs.² Not only will there be more unemployment, but labor conditions are also likely to worsen due to the shortage of opportunities. Although every person is responsible for their own development, people lose the capacity to achieve an adequate standard of living for themselves and their families when they cannot access jobs or social protection.
4. Evidence from past crises indicates that some groups are more affected than others. First, women are disproportionately affected, due to the multiple forms of discrimination that they suffer and due to their limited access to work and social benefits. Women have a higher probability than men of finding themselves in a vulnerable employment situation or

¹ World Bank, Global Monitoring Report 2009 – A Development Emergency, p. 1-2, 2009.

² ILO, Global Employment Trends, January 2009 p. 24.

being unemployed. Moreover, during periods of crisis, women tend to assume a heavier load of unpaid work and family care. Cuts in social spending also tend to disproportionately affect women's and girls' access to education and health services. Girls may be withdrawn from school to help with the household work, reinforcing gender gaps in education. Children have also already been severely affected by the crisis. In developing countries, a recession can have long term negative impacts on children by, for example, increasing infant mortality and reducing school enrollment and standards of nutrition. Evidence consistently shows that where mothers and children have poor health, nutrition and education, they are likely to transmit poverty on to the next generation.

5. In moments of economic recession, those that are the last to enter and the first to exit the labor market – the youth, the elderly and persons with disabilities – are also affected disproportionately. The current crisis is also likely to affect indigenous peoples disproportionately. Additionally, in times of recession, migrants face particular difficulties caused by a lack of work and increased discrimination and xenophobia.
6. Yet, the impact of the financial crisis is not only limited to violations of economic, social and cultural rights. Evidence indicates that economic hardship and greater inequalities increases social tensions and can lead to social and domestic violence, increased criminal behavior and weaker governance.

II - The need for strong and stable social protection systems

7. The global financial and economic crisis must be seen as an opportunity to undertake innovative solutions in full compliance with human rights obligations, and to place people at the center of policy measures. While this crisis should prompt the international community to re-structure the global financial and monetary systems, it also offers an opportunity to review existing social policies, strengthen social protection systems and re-structure taxation systems at the domestic level. This should be in compliance with human rights norms, in particular with the right to social security, which is enshrined in the Universal Declaration and in international human rights treaties that impose obligations upon States.³
8. Social protection systems act as economic stabilizers, protect the most vulnerable from falling further into poverty and ensure access to health services and education. They also assist in building social cohesion, which in turn can reduce the likelihood of social unrest. Moreover, they limit the contraction of aggregate demand, thereby curtailing the potential depth of the recession.

³ Further to articles 22 and 25 of the Universal Declaration of Human Rights, it appears in Arts. 9 and 10 of the International Covenant on Economic, Social and Cultural Rights (ICESCR), Art. 5(iv) of the International Convention on the Elimination of Racial Discrimination (ICERD), Art. 11 of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Art. 26 of the Convention on the Rights of the Child (CRC), Art. 27 of the International Convention for the Protection of Migrant Workers and their Families. It also appears in regional human rights instruments³ and in several ILO conventions, in particular Convention No. 102 on Minimum Standards of Social Security. The Convention on the Rights of Persons with Disabilities (CRPD) mentions the right to social protection in Art. 28.

9. Social protection benefits that include social assistance (non-contributory) and social security (contributory) benefits may facilitate states' compliance with a minimum core level of enjoyment of economic, social and cultural rights. Considering its long term positive effects, it is certainly a paradox that States do not prioritise social protection: an estimated 80% of the world's population does not benefit from any form of social protection.
10. From a human rights perspective a more systematic strategy is needed to react to this crisis and ensure the right to social security for all people at all times. Governments should avoid the risk of seeking short-term quick fixes to poverty and insecurity while neglecting longer term solutions that would help to correct the fundamental inequalities in the global economy and society. This includes creating the fiscal space - through appropriate and progressive taxation - to meet new challenges. It is critically important that States increase resources to strengthen existing social protection systems or to introduce systems where they do not exist yet. Social protection must be included as part of the respective economic stimulus packages.
11. States with well-established social security systems should restrain from cutting allocations to finance security benefits and should take this crisis as an opportunity to correct mistakes made during the last two decades, in particular with regards to having rendered pension levels vulnerable to the performance of capital markets. In countries where only rudimentary systems exist, they should be put in place based on the principle of progressive universalism. They should first ensure a minimum set of social security benefits for all or a Social Protection Floor.

III- The Social Protection Floor stands as a promising way forward

12. The "Social Protection Floor" initiative put forward by the UN Chief Executives Board, which consists of a set of measures to stimulate the establishment and enhancement of social protection systems, is a powerful initiative. It is highly encouraging that the rationale of the Social Protection Floor is the plain recognition that short term measures, such as safety nets limited in reach or time, often fall short of reaching their intended objectives of reducing poverty and inequalities.
13. Ensuring access to basic social services and guaranteeing a minimum essential level of benefits to all individuals and families, coupled with the commitment to achieving higher levels of services and benefits as fiscal space for redistributive policies widens, can help all States to invest political will and financial means into realising core minimum obligations with respect to economic, social and cultural rights. Moreover, it could turn out to be a valuable State policy instrument to reduce poverty.
14. Social protection benefits that are targeted at restricted categories of the population often carry limitative features in their design or in their actual implementation. They often exclude more potential beneficiaries than they include, thereby perpetuating discrimination. They also create perverse incentives, stigmatise individuals, threaten cohesion in rural communities, and facilitate corruption and clientelism, none of which are in the interests of

either individuals or the State. It has been long recognised that the share of wealth that a society is ready to invest in redistribution is a matter of political will rather than a matter of budget. By promoting universal coverage, the Social Protection Floor can contribute to setting the principle of equity and non discrimination at the root of social policy making.

IV- With political will a basic social security package is not an aspiration but an affordable reality

15. It is time to put at end to the myth that basic social security packages are unaffordable or unworkable in practice. According to the ILO, less than 2 per cent of the global Gross Domestic Product (GDP) would be necessary to provide a basic set of social security benefits to the entire world's poor.⁴ Six per cent of global GDP would be needed to provide a basic set of benefits to all who have no access to social security.
16. While in the poorest countries a social protection scheme is likely to require the support of external sources, according to the ILO a set of minimum transfers is not costly in per capita terms. A costing study of 12 low-income developing countries shows that the initial gross annual cost of the overall basic social transfer package is projected to be in the range of 2.3 to 5.5 per cent of GDP in 2010. Even if a complete basic social protection package cannot be implemented at once, a sequential approach can generate immediate benefits in terms of poverty reduction, pro-poor growth and social development. Individual elements such as a universal basic old-age and disability pensions, for example, have a projected cost of between 0.6 and 1.5 per cent of GDP in 2010.
17. The impact of even small measures is significant. The combination of a modest cash benefit for children and a modest pension, which could be an "entry level" social protection floor for poorer countries, could reduce the poverty head count by about 40 per cent in some instances. The impact will be more pronounced during an economic crisis, and such an expenditure can be an important part of an economic stimulus package.
18. However, the fact that the per capita amounts are relatively small does not mean that the funds are currently available, or could be met solely from domestic resources in low-income countries. In many countries it will require a joint effort with the international community and the recipient countries to raise the funds.

V- Fulfilling longstanding commitments

19. To this date, USD\$18 trillion has been allocated to recapitalize banks, nationalize financial institutions and provide guarantees for financial assets,⁵ with the justification that if the financial system collapses completely socio-economic repercussions would be more severe than they are now. Yet, such unique demonstration of political will must be seen in contrast to the continuous failure by most governments to honour their long-standing commitments to the target of 0.7 per cent of gross national product (GNP) for Official Development Assistance (ODA) and meeting the commitments made in the Millennium Declaration.

⁴ International Labour Organisation, 2006.

⁵ A/CONF.214/4 p.3.

20. Despite the clear potential for social protection schemes to mitigate the effects of the crisis, it has been all but ignored by international community thus far. There is no mention of social protection even in the Millennium Development Goals targets and indicators. Only 5% of the USD\$1 trillion global stimulus package created by the G20 in April was allocated to supporting social protection, boosting trade and safeguarding development in low income countries, and only a small portion of that will come in the form of grants for social protection.

21. Beyond reaffirming political will to rescue economies, the United Nations General Assembly must mobilise action to fulfil longstanding commitments with regards to those who continue to suffer the most acute consequences of economic shocks. States should establish a joint Global Social Security Fund as a funding mechanism to support the start up or scale up of national social protection floors. The World Solidarity Fund or the Rapid Social Response Fund under the new Vulnerability Finance Facility endorsed by the G20 could be used a vehicle in this regard. It is time to accept that even in the absence of financial crises, but particularly at this time, social security systems are necessary to effectively fulfil the longstanding commitments to end poverty and promote human rights.