



## **Social Protection Floor for the Working Poor**

Draft Platform – work in progress May/June 2012

### **Introduction**

The four pillars of decent work are employment opportunities, workers' rights, representation, and social protection. Informal workers work in unregulated and unprotected conditions, with little or no access to social protection.

At the 101<sup>st</sup> session of the ILC in June 2012, the ILO will discuss a standard-setting and International Labour standard in the form of an autonomous Recommendation of a Global Social Floor (GSF). The Global Social Floor, which would be a minimum standard of social protection throughout a person's life, holds the potential to include large numbers of informal workers in basic social protection.

StreetNet International agrees with the idea of a basic social floor. However informal workers are, in addition, presenting a platform of basic demands – a basic package of securities – that have emerged in workshops on decent work. They will be the basis for further ongoing organising around social protection.

### **The Social Protection Floor**

The idea of a Social Protection Floor (SPF) was accepted by the heads of all the United Nations agencies in April 2009. This was in response to the global financial crisis. This was the first time that social protection received such a high profile in the international agencies. If the SPF is accepted, it will mean that countries will have to commit to a sustained focus on programmes for poorer people, with plans and budgets allocated for serious implementation.

Why is the SPF getting such acceptance? Some of the factors are that powerful agencies such as the World Bank have seen that state intervention in social programmes is effective in the fight against poverty. They also see that social spending is an investment, not just to be viewed as 'handouts'. There has also been widespread public anger about how governments bailed out banks in response to the financial crisis, while failing to invest in anti-poverty measures, and failing to address the massive inequality that has accompanied globalisation.

Another influential factor has been the research that has been done across the world showing that cash grants to poorer people – ‘cash transfers’ – provide a basic form of security, and can lead to the development of more stable livelihoods. And research by the ILO and others has shown that basic income grants are affordable in many poor countries.

The main components of the SPF would be a combination of

- cash transfers (grants) providing a nationally identified minimum level of income to people at all stages of the life cycle;
- affordable access to essential health care.

In the ILO document, Framework for a Recommendation on Social Protection Floors for Social Justice for a Fair Globalisation (ILC.101/IV/1), the four groups mentioned for inclusion in the SPF are

- Children
- Elderly people
- People with disabilities that prevent them from being able to work
- Unemployed and low-income informal workers

The ILO Report (ILC.101/IV/1) says that the social floor has a horizontal and a vertical dimension. The horizontal dimension refers to getting the basic floor going; the vertical dimension refers to what countries can do to build improvements to what they already offer, and to plan improvements to the basic floor.

The ILO Recommendation will not specify what programmes, and what levels of protection, would constitute the SPF. In line with its usual practice, the ILO is saying that concrete goals for the size of the social protection floor must be set by countries themselves.

The suggested Framework includes a strong role for active labour market policies, which would run in parallel to the GSF. Active labour market policies are government programmes that help unemployed people find work, and/ or that assist people who are working to increase their skills and move up the career ladder. They include assisting people with job searches, being interviewed for jobs, training people to make them more employable. They also create jobs for unemployed people through employment subsidies to private firms. They are most common in northern industrialized countries with low unemployment rates. They are not effective in reaching poorer people in the informal economy, where most people are self-employed.

The Framework also includes a call for ‘formalizing the informal economy’. The rather vague general notion of ‘formalising the informal economy’ in the documents on the SPF needs to be given substance in order to result in the integral inclusion of workers in the informal economy.

Elements of formalisation identified by workers from different sectors of the informal economy<sup>1</sup> are as follows:

- (a) Recognition in law of workers in the informal economy;
- (b) Integration of indirect taxes and other revenues already paid by informal workers into official tax systems (in accordance with the principle of progressive taxation);
- (c) Extension of social security to all;
- (d) Statutory negotiating forums, including at local government level;
- (e) Participatory budgeting, at both national and local government level;
- (f) Formalisation into genuine worker-controlled cooperatives;
- (g) Transformation of the informal economy into social solidarity economy.

### **Informal workers and social protection**

Informal workers, just like other workers, have a right to social protection. They are significant contributors to country economies. They cater daily to the needs of millions of consumers. The majority of informal workers are poorer working women.

Elements of the SPF are sound. The combination of cash transfers, with affordable and accessible essential health care, will contribute to overall security of workers. Cash grants for the children of poorer working people could assist the children in breaking out of the vicious cycle of poverty that gets passed on from generation to generation. This will reduce parents' anxiety about their children, and parents will also know that they will at least get a minimum of protection in their elderly years.

There are some concerns about the present proposal for a SPF. There is a need for additional complementary programmes and policies, and more alignment between different policies. Without these, the SPF will be far less effective in terms of building longer term prospects for more people to improve their own livelihoods.

First, the Social Protection Floor focuses mainly on what national governments should do, and that is indeed important. However safe and decent working conditions for informal workers depends also on what local governments do with and for informal workers, for example in the provision of water, sanitation, spaces for markets, and transport management.

Second, the focus on active labour market policies is appropriate in some country contexts. They need however to include a clear focus on the inclusion of self-employed people. This means that governments need to align their policy measures and implementation at national and local government levels. Labour market policies designed to create and maintain employment are often in conflict with the reality that local authorities regularly block and destroy people's own attempts at creating livelihoods. Far more informal workers are evicted from their trading sites, every day, around the world, than will ever be reached by active labour

---

<sup>1</sup> Participants (from different sectors of the informal economy) at an ILO workshop on Decent Work & the Informal Economy in Pretoria, South Africa in October 2010

market policies. The SPF therefore needs to be underpinned by a greater commitment to the right of all people to work – and this includes that authorities should stop smashing people’s sites and confiscating the possessions that they have acquired in order to work and to trade.

Third, privatisation of services such as water and energy provision, transport and solid waste disposal, usually makes such services more expensive and/or less accessible for informal workers. So again, if the SPF is rolled out at the same time as there is further privatization of services used by informal workers, then the small amount of the cash transfer will simply go to paying for more expensive services.

## **A social protection floor based on a package of basic securities**

Informal workers have a right to social protection. The elements of the package of social protections below are all additional to the basic elements of the SPF, and are specific demands of informal workers, based on their economic and social realities.

### **1. Health care**

Informal workers across the world identify health care as their first priority for social protection. The SPF commendably recognizes health care as a priority.

From the perspective of informal workers, a system of universal health coverage should include

- free primary health care
- free essential medicines
- subsidized hospital care & surgical procedures for poorer workers

Services should be geared towards the specific health risks and needs of the working poor in the informal economy.

Primary prevention should receive special attention. Preventive health care should include immunizations and health education. It should also engage with the appropriate authorities for the provision of water and sanitation in informal work places, and include occupational health and safety services.

There should be worker participation in the design, implementation, and monitoring of health services. Priority should be given to member-based organizations of the poor and, especially, of the working poor in the informal economy.

### **2. Child care**

Child care is not normally considered as part of social protection. Maternity benefits for women are recognized in most social protection programmes, but the next step of providing for child care is not included.

Children have a right to be brought up in a safe environment, and to fulfil their potential. They need good child care, especially in their earliest years. Parents in low-income jobs often cannot afford child care. Children who are looked after on the parents' workplace are exposed to high levels of risk. Having to care for a child while trying to perform a job lowers the productivity of a worker, and thus lowers income.

Affordable child care facilities are needed that will protect the safety of children, and that will increase the stability of work and productivity of informal workers, both men and women. In the case of street vendors, these facilities should be near vendors' places of work, where possible and appropriate. Core features of child care centres should be as follows:

- They should focus on the overall development of children including physical and intellectual growth.
- They can serve as centres for immunizations, and for ante- and post-natal care of mothers.
- Children should be provided with nutritious meals.
- Children should be regularly weighed and measured, and referred to specialised centres if they fall behind.

### **3. Food security**

Several international guidance and advocacy initiatives exist to promote good practices and rights based approaches to social protection with a view to strengthen food security and other development priorities.<sup>2</sup> Voluntary Guidelines were worked out by an intergovernmental working group as a response to the call from the second World Food Summit in 2002 for such guidelines, and endorsed by the FAO Council in November 2004. One of these Guidelines emphasises "*the need to identify households (that are) particularly vulnerable and undertake disaggregated analyses of food, vulnerability and nutritional status ..... in order to ensure effective targeting of assistance, ..... (giving) priority to channelling food assistance via women as a means of enhancing their decision-making role and ensuring that the food is used to meet the household's food requirements.*"

### **4. Public infrastructure**

Informal workers need the same basic infrastructure for productive work as formal firms are expected to source for their workers –

- water
- lighting & energy
- sanitation
- storage
- waste disposal
- transport

---

<sup>2</sup> Stephen Devereux , Wenche Barth Eide, John Hoddinott, Nora Lustig, Kalanidhi Subbarao (Committee on World Food Security – High Level Panel of Experts on Food Security and Nutrition (HLPE) Project Team): *Social Protection for Food Security: A zero draft consultation paper*, 19 March 2012

Note that all of these services, if provided in a way that is reliable and affordable, contribute directly to protect the health of workers (and of their families, if they work from home). The tendency to privatise infrastructural provision may make these services more rather than less expensive.

A core of such services can be negotiated with providers, with informal workers' contributions calculated realistically in comparison with a) contributions they already make to taxes, and b) the package of services received by formal firms.

### **5. *Financial security for older people***

For most informal workers, the idea of 'retirement' is unrealistic – they have to work until they are physically no longer able to continue. The SPF promises some basic income in older years – this make a useful contribution, but is highly unlikely to cover even the basic costs of living.

Many governments, even in poor countries, have developed pensions especially for poorer elderly people. In many of them, people contribute to the schemes while they are working; others are non-contributory, and the government pays out of taxes. Many informal workers are willing to contribute to savings for their elderly years – but the monthly payments are too big, or the schemes themselves are unreliable.

Informal workers should be included in contributory retirement schemes, which are affordable, reliable and flexible. The flexibility can be by means of allowing different levels of payment, payment for a certain number of months in a year, rather than every single month. Incentives can be given by governments to encourage people to save for their older years.

## **The way forward**

Informal workers will only get better access to social protection if they organise. Social protection can be a useful platform for organising. Workers in informal employment should be represented in all institutions where decisions are made that affect their lives and work.

In the case of social protection, this will mean engaging at different levels – at local and at national level with government, private sector and civil society forums. For this to take place, governments and the private sector need to recognize the representative organizations of informal workers which are emerging in many countries, and engage in meaningful social dialogue with them. Informal workers need to be included in enduring and permanent platforms for negotiation.

The agreements around the Social Protection Floor have opened an important window of opportunity to get a basic minimum of social security to all people. Informal workers and their organisations are placing their specific work-related demands for social protection alongside the SPF.