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Labour, Employment and Training

# The challenges of extending social protection in the BRICS and beyond

International symposium

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## Opening

**Jean-Baptiste MATTÉI**, Director general of Global Affairs, Development and Partnerships, Ministry of Foreign affairs, France

**Alejandro BONILLA GARCIA**, Chief of Education, Training and Capacity Building (ETCB), Social Security Department, International Labour Office

**Vincent CHRIQUI**, Director general, Centre d'analyse stratégique

### Jean-Baptiste MATTÉI

In opening this conference, I would like to thank all the participants in the meeting and, in particular those, Ministers and participants, who have made long journeys to be with us.

France has been involved in development aid and implementation of social security for a long time. In recent years, the Ministry of Foreign Affairs has significantly strengthened its involvement concerning the consequences of globalisation, in particular its social dimension.

This conference is a natural follow-up to the work done during France's G20 Presidency in 2011 following which, social protection, labour and employment were recognised as priorities, high on the international agenda. The final declaration from the Cannes summit (3<sup>rd</sup>-4<sup>th</sup> November 2011) recognised the importance of working towards a national definition of social protection floors, in order to encourage responsible growth along with social justice and cohesion.

This desire to place social protection at the heart of the international agenda was reaffirmed at the G20 summit in Los Cabos (18<sup>th</sup>-19<sup>th</sup> June 2012) where governments pledged their determination to strengthen the social dimension of globalisation.

Such interest shown by governments was illustrated by the adoption of recommendation no. 202 at the 101<sup>st</sup> session of the International Labour Conference (30<sup>th</sup> May – 15<sup>th</sup> June 2012), which aims to extend social protection based on the existing national floor levels. Each country committed to implement a social protection floor as a fundamental element in its national social security system.

The key question today is how to move from a conceptual framework to an effective implementation so that access to higher levels of social security, guaranteed by national laws, can be granted to the greatest number of people, as soon as local conditions allow.

These questions will be widely debated during this symposium, but we should not forget the inter-agency platform for social protection that has just been set up by the G20 Development Group to give more visibility to this issue and to provide the necessary technical assistance to those countries wanting to progress down this route.

This accent placed on social protection has ranked the issue on the top of the priority list in promoting equitable development. It is a key component in the objectives for reducing poverty, for social cohesion and for sustainable growth and development. And it is also an extremely useful anti-crisis weapon. How social protection can help soften the effects of the economic crisis and how it can be linked to economic growth and development will be debated with this in mind.

We are therefore very grateful to the Ministry of Foreign Affairs, the Centre d'analyse stratégique, the ILO and the GIP SPSI for their close cooperation to organise this event.

**Alejandro BONILLA GARCIA**

It is a particular honour for me, in the name of the International Labour Office, to participate in this symposium on the extension of social protection. I would like to thank the Centre d'analyse stratégique and the Ministry of Foreign Affairs for organising this to coincide with the implementation in France of recommendation no. 202. Thanks also to the GIP SPSI for its part in the organisation and to all participants from far and wide who have come to share their experience and their expertise.

I am a Mexican, and the Mayas predicted that 2012 would be an exceptional year. No, they were not predicting the end of the world, but rather a significant period change, and I am therefore expecting some visible external signs.

In May this year, the Higgs boson was discovered in Geneva. I was full of admiration that this particle had seen the light of day after fifty years of patient research. However, I was very disappointed to read in the communiqué that this discovery would not bring about any changes to people's lives. So we had to wait until June to know what it was that the Mayas were predicting: the adoption of recommendation no. 202 concerning social protection during the International Labour Conference and the discussions on social protection that followed. I have always been full of admiration at these historical moments. Indeed, recommendation no. 102, the Philadelphia Declaration and all the founding principles have been adopted at a time of great international difficulties. And recommendation no. 202 is no exception, as it was adopted at a time when all the indicators showed a worsening of the crisis. Despite this, the recommendation was adopted almost unanimously. I say almost as, understandably, the crisis does not affect countries uniformly.

The recommendation was also adopted at a time when the European social model, the one all the world looks to, was being rebuilt with a return to an equilibrium between the economy and the associated social aspects. For developing countries, the doubts and changes in Europe represent a challenge.

The International Labour Office has come a long way. The first general discussions we had on social protection and social security systems took place in 1992 in Venezuela. This was the only meeting organised by the International Labour Office where employers, workers and governments failed to reach an agreement, and this led the International Labour Office, and the social protection world, to feel somewhat orphaned. The 1990s thus saw economies worldwide operating with no explicit agreement between employers, workers and governments. For this reason, the measures for social protection and security adopted in many countries could best be described as heterogeneous.

One had to wait until 2001 to see a new consensus emerge concerning social protection. This was certainly a great step forward in the area, but it was not very ambitious. This ambition is now reflected in recommendation no. 202, which addresses the issue of a basic minimum level of social protection for all. It is this 'all' that makes it different. Some countries will meet this objective in ten, fifteen or maybe fifty years. The timing is not so important. What is essential is that it be an unashamed, explicit objective to be achieved for every citizen. Social protection must not be confined to rich or developed nations. It should be a positive contribution to the development of poor and emerging countries as well.

It should not be something defensive. Before recommendation no. 202, social questions would be handled as long as the economy did not suffer from the measures adopted. But in reality, the economy, development and peace, all need the social dimension. In fact, a whole panoply of economic, technical and financial elements is required. And dialogue and the political will are also crucial.

I cannot end my presentation without underlining the decisive role played by France in bringing about this change. It was in Paris, during a meeting of the Directors General of the United Nations, that the idea of a floor level of social protection was born. With France's initiative, the Bachelet report was drawn up<sup>1</sup>. In addition, at the G20 meeting in Cannes, for the first time, the question of social protection was an agenda item. So I would like personally to thank Ambassador Gilles de Robien for his involvement and commitment in this area.

I will end my short speech by pointing out that I belong to the '1968' generation who used to say: "Enough of these promises, we want the real thing". At the moment, reality is so tough that for most people, the saying would be rather: "Enough of these realities, we want promises". In this context, recommendation no. 202 represents the promise of a much better form of globalisation.

### Vincent CHRQUI

Along with the two other co-organisers, I am very pleased to welcome so many of you to this international conference. I would like to thank the Ministry of Foreign Affairs, and in particular Jean-Baptiste Mattéi, Director General, Directorate-general for Globalisation, for his welcome in this venue, the ILO for the quality of the joint work in putting together this meeting, and the GIP SPSI for its support. Finally, I would particularly like to thank the participants, all of whom are of the highest quality and some of whom have made long journeys to be here.

For the Centre d'analyse stratégique, this conference is the culmination of several months' preparation. Today we shall present two *Policy briefs*<sup>2</sup>, one concerning social protection in emerging countries, and the other concerning the labour market. They address the topics to be debated during the two round-table sessions. In doing so, the Centre d'analyse stratégique fulfills its assignment, as an organisation that reports directly to the Prime Minister, and whose role is both to ensure that such subjects are widely debated and to assist the government in its decision-making. The Centre carries out studies and then asks specialists, if possible from diverse geographies, to identify what solutions could be implemented in France and elsewhere.

The choice of the topics for today's discussion arises from an observation. For several years now, emerging countries have experienced a very fast economic growth. However, the associated progress in the development of social protection has never been mentioned as being also one of the significant changes that mark these countries. In China, for example, health insurance went from covering 24% of the population in 2005 to 94% in 2010. Such a fundamental change has been achieved in just a few years. The figures show that the share of the population benefiting from social security is rising considerably. Every quarter, almost the equivalent of the French population is newly covered. Such a trend, particularly spectacular in China, is taking place in many

<sup>1</sup> Available at <http://www.educationsolidarite.org/fr/actualites/81-rapport-bachelet>.

<sup>2</sup> <http://www.strategie.gouv.fr/content/protection-sociale--brics-na-300>  
<http://www.strategie.gouv.fr/content/droit-travail-protection-travail-pays-emergents-na301>

emerging countries. It is not without its challenges since, once the legal framework and financial arrangements are in place, the question of their practical implementation and of the ability of the population to gain real access to the benefits remains, among others.

These social changes hide very significant economic issues. When these countries introduce a measure of social protection, they change their economic model. From a high savings-oriented model, they move to a domestic consumption led-growth. And for this, social protection plays an important role - to reduce the rate of savings and to boost spending, people need to feel protected.

The second reason why social protection is intimately linked to economic development is the issue of inequalities. On a global level, there have been spectacular advances in recent years in the reduction of inequality between countries, with millions of people being raised out of poverty in just a few decades by relatively rapid economic growth. But at the same time, at the domestic level, the gap between rich and poor has widened in certain countries where one part of the population has benefited hugely from this rapid development, but the other part has been left behind. The emerging countries have understood that, for this growth to be sustainable, tackling the issues of inequality is one of the main concerns.

For being successful in a rapid implementation of social protection systems, the approach varies widely from one country to another and several innovative ideas are suggested. Sometimes the systems are non-contributory or semi-contributory, as for example in Chile with its individual unemployment insurance account. Other countries have chosen to set conditions on receiving benefits, as in Brazil with its *Bolsa Familia* programme, where money transfer is conditional on the families taking active steps to follow education and health programmes. Some countries have taken a rather original route and introduced a form of public/private partnership. For example, in India private sector providers, contracted to the State, cover old-age and sickness benefits. Faced with these huge challenges, emerging countries have gone down very different routes. It is all the more interesting to discuss the topic with their policy-makers, and to understand the reasoning behind each of these choices.

France, and more widely, Europe, can be a useful source of experience on which emerging and developing countries can draw, particularly in the area of retirement pensions. All European countries are faced with the same challenge and are debating the best way to reform their pension systems. Such questions are already on the table, or will be soon, in emerging countries.

Even if, at first glance, social protection is improving very fast, emerging countries are still confronted with major challenges: access to and effectiveness of the benefits, local growth strategy and reduction of poverty, the size of the informal economy, limited ability for workers to contribute, the difficulty of creating a suitable distributive infrastructure, financial constraints. These challenges highlight the scale of the difficulties faced by developing countries when they decide to launch fairly ambitious programmes.

In this context, cooperation is not only possible but also necessary. Cooperation is never, almost by definition, unilateral and does not seek to impose any particular model. In fact a social protection system is not just the result of technical and financial considerations. It is intimately linked to the political contract entered into between the State and the population in each country. Even if we cannot impose or encourage a single universal model, we in Europe are firmly convinced that there exists a set of fundamental items and elements that can be implemented worldwide, from which developing countries can

benefit. Exchanges concerning these fundamentals will be fruitful: minimum levels of social protection, universal cover, the space given to social dialogue and to trade unions.



## Opening address

**Gilles de Robien**, President of the ILO Governing Body, Ambassador of France, former Minister, Coordinator of the Social dimension for the G20 in 2011, French Government Delegate to the International Labour Office governing body since 2007

I would like to extend my thanks to the Ministry of Foreign Affairs for its welcome, as well as to the organisers, the Centre d'analyse stratégique, the International Labour Organisation (ILO) and the GIP SPSI.

This is the right moment for exchanges on this subject chosen by the organizers as we are at a cross-road:

- on the one hand, the international and institutional highway which led to the 316<sup>th</sup> session of the ILO's governing body (1<sup>st</sup> - 16<sup>th</sup> November 2012) and also the G20 meeting in Cannes where the Heads of State of the richest countries expressed their desire to move towards universal social protection;
- on the other hand, the road that leads to practical implementation. Today, many countries, from the most humble to the most developed, have a social protection floor or social protection systems. None of them can be said to be perfect or devoid of the need for reform if they are to be considered as sustainable over time.

We are at a turning point on the long road which started in Philadelphia in 1948, and continued in 1949 with the Universal Declaration of Human Rights which enshrined social security as a fundamental human right. From that moment on, the ILO has adopted a lot of proposals, conventions and recommendations, all of which were designed to advise member states on the best ways to provide social security for workers and their families. Recommendation no. 67 on the minimum guaranteed subsistence level and recommendation no. 69 on health care, both aimed to ensure universal social cover. In 1962, Convention no. 102 on minimum levels for social security was adopted by the International Labour Conference: this provided the fundamental principles on which any social security system should be based.

During the following few decades, social security systems were set in place in many countries, including developing countries. In 2001, a new consensus on social security was formulated at the 89<sup>th</sup> International Labour Conference which set out that encouraging universal social security was a key mission for the International Labour Conference and a challenge that member states needed to step up to. A campaign for extending social security was launched in 2003 by the International Labour Conference.

It is somewhat paradoxical that the global financial and economic crisis should kick-start the debate about social security and bring it to the front of the international stage, whereas social security appears clearly as a social and economic stabilizer.

In 2009, the response of the United Nations Chief Executives Board to the Global Financial Crisis launched, on a global level, the Initiative for a floor level of social protection<sup>3</sup> and designated the ILO and the WHO as leader agencies. In 2010, the high-level consultative group, under the direction of Michelle Bachelet, and to which Martin Hirsch made a significant contribution, was created, and in October 2011 this group published the report entitled *Social Protection Floor for a Fair and Inclusive*

<sup>3</sup> [http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS\\_141819/lang--fr/index.htm](http://www.ilo.org/global/about-the-ilo/newsroom/features/WCMS_141819/lang--fr/index.htm)

*Globalization*<sup>4</sup>. This arrived at just the right moment to encourage reflection of the nineteen G20 partners. It was sufficiently convincing to persuade the Heads of State to place the recommendations at the heart of their policy for implementing a social security system for all.

This negotiation was difficult and took place in two stages. The ministerial Commission on Work first of all assembled all the texts and then formulated its proposals. A few excerpts from the resulting text demonstrate the will of the G20: *"investing in social protection floors is investing in social justice, stability, economic and labour development"*. The Ministers of Labour recognised, in September 2011, *"that social protection systems played an important automatic stabilising role in times of economic crises or natural disasters. Linking social protection and employment with active labour market policies is a determining factor. We welcome the conclusions drawn, we take note of the recommendations, and we compliment the work carried out by the G20 Development Working Group. We also take note of the Brasilia Declaration of 10<sup>th</sup> May 2011 and we recognise the importance of the ILO's Convention no. 102"*.

Then follows a description of what they believe to be the concept of a social protection floor. The Ministers of Labour recommend the Heads of State *"to develop social protection floors defined nationally in the light of economic growth that is strong, sustainable and sufficiently balanced for attaining social cohesion. We recommend to work towards extending and improving our mechanisms and making them financially more solid, effective and sustainable. We commit to moving gradually towards the implementation of national social protection floors (access to health care, guaranteed income for the elderly and disabled, child benefits, guaranteed income for the unemployed and the working poor, etc.), associated with, as far as can be envisaged with the level of development in each case, public programmes for encouraging the unemployed to return to work. We should do all in our power to extend social protection to all the population, in particular to the more vulnerable sections of society"*.

The G20 Heads of State and of Governments summit held in Cannes (3<sup>rd</sup>- 4<sup>th</sup> November 2011) took up these recommendations: *"we recognise the importance of investing in social protection floors defined at the national level"*. One of the difficulties encountered during the negotiations lied with the concern that a single model, European, would be imposed on all countries. It was therefore useful to have diversity specified in the text. Access to health care, guaranteed income for the elderly and disabled, family allowances, a basic guaranteed income for the unemployed, help for the working poor are all components of this floor, which will enable *"strengthening the solidity of economic growth, as well as justice and social cohesion"*. The Heads of State and of Governments also took note of the consultative group's report issued in 2010.

Following on from the French chairmanship, the Mexicans in Los Cabos reaffirmed the conclusions concerning social security and confirmed the collective will.

Then, in 2012, the 101<sup>st</sup> International Labour Conference took place in Geneva. There the tripartite representatives of member states adopted recommendation no. 202 concerning social protection floors. Each country is now encouraged to establish those country level floors. With recommendation no. 202, a decisive step has been taken. It constitutes a major stake in the ground and a formidable challenge in the social protection arena. It aims to grant social protection coverage to 80% of humanity that is currently without it.

<sup>4</sup> [http://www.ilo.org/global/publications/books/WCMS\\_176520/lang--fr/index.htm](http://www.ilo.org/global/publications/books/WCMS_176520/lang--fr/index.htm)

The challenge for the countries is to put in place fair and effective systems. And the international organisations need to step up to the issues and be equal to the challenge. Having worked, persuaded, cajoled and finally convinced the countries to react, the international bodies need to ensure the support is forthcoming for implementation in the extremely diverse set of countries. The other gamble is financing these social protection floors. This is a matter of fairness, because countries need to be able to set aside the required budgetary resources to ensure the long-term viability of these social protection floors, taking into account the differing ability for the various groups in the population to contribute. The key is to ensure that there is an effective ability to adhere to taxation and social contribution obligations, to redefine priorities for public spending and to create a base for social security deductions that is both as wide as possible and sufficiently progressive.

Faced with this challenge of funding, the international community will be required to demonstrate outstanding solidarity as the poorest countries strive to implement floor level social protection systems: we shall then see whether all the effort expended by the various international players in pleading for such commitments gets followed up by the necessary support to achieve an effective implementation. Certain countries have had the benefit of outside help for programmes which have since become sustainable: Rwanda, where the IMF financed a part of the health insurance premiums for the indigent people; Mexico or Brazil, where there are now solid programmes for social protection, financed from internal resources, which had initially benefited from outside support to "prime the pump". Just 1% of global GDP would be enough to put in place a social protection system for 80% of the world's population that currently has nothing.

In parallel with this financial aspect, social protection floors with a firm legal foundation should promote individual rights and human dignity, as well as strengthening the capability of countries concerned to withstand economic shocks in the long term. Thus it should be seen that recommendation no. 202 is a decisive step for the ILO, for economic growth and sustainable development in the countries as well as for human dignity.

For this reason, in November 2012 the ILO's Governing Body drafted a memorandum using the work from the International Labour Conference and recommendation no. 202 to move from theory to practice. This was designed to have the ILO's Director General lead the actions on social protection floors, using existing reports to prepare the ground for future programmes and the associated budgets. In fact, the ILO is finalising its 2014 and 2015 budgets right now. The first draft will be available shortly, the Governing Body will validate the figures in March 2013 and the International Labour Conference will ratify the budget in June 2013. We shall be urging the Director General to prepare the ground for mobilising the non-budgetary resources and to communicate the resolution on social protection floors to the governments of member states and to national employers' bodies and workers' representatives. It's time for action, time to put theory into practice. We may have won the order, but we now have to get the "after-sales service" right.



First round table

*The appropriate international cooperation for establishing social protection floors*

**Christine BOCKSTAL**, Chief, Technical cooperation and country operations group,  
Social Security Department, International Labour Office

**Yacoubou HAMADOU**, Minister of Labour, employment and social security, Togo

**Rahma IRYANTI**, Director for Employment and Job Opportunity Development,  
Bappenas, Indonesia

**Fernando KLEIMAN**, Special Adviser to the Minister of Social Development and Fight  
against Hunger, Brazil

**Nelisiwe MILDRED OLIPHANT**, Minister of Labour, South Africa

**Jean-Marie SPAETH**, President of the French health and social protection cooperation  
agency (GIP SPSI), France

This round table session will be led by:

**Martin HIRSCH**, former Minister, former member of the advisory Group on social  
Protection, President of the Agence du Service civique (French civic  
service Agency)

**Martin HIRSCH**

Thank you for providing the opportunity to discuss how international cooperation may be best used to strengthen social protection in countries of such differing characteristics. Thanks especially to Gilles de Robien for his tour de force on a subject where he is not just a commentator, but where he has been an active player. The trends so far described provide ample justification for a meeting on a topic that is now a shared concern at the international level, something that was far from being the case until now.

Let us avoid lengthy presentations so that we can discuss and see how the theoretical questions on social protection link up with the reality in the field, as seen by our participants from the various countries. The audience, by definition, has no knowledge of the way in which social protection is organised. Rather than listening to exhaustive presentations, we want to broach the key issues, review the major current projects and examine how the work of the international agencies and the dialogue with the countries can move the necessary processes forward a bit faster.

Michelle Bachelet's advisory group, despite being composed entirely of political figures who had spent their careers in government, did not shrink away from tackling highly technical issues. We were given the task of applying our rich experience to getting things moving. Another singularity of the commission lay in the fact that Europeans were in the minority. But the commission's job was not to have Europe give a lesson on social protection, but rather to have the international community translate social protection concepts into hard reality.

Such a goal can legitimately be on the table today because we have opened a new chapter. Many of us remember the time when the idea of social protection consisted of dusting off the old European manuals on social security and seeing if we could apply the concepts elsewhere. But now, political will and civil society in every country are

demanding a more economic and social approach. And it's not simply a question of setting up an organisation, but rather to tackle quite similar problems faced among countries of very different backgrounds.

In South Africa, for example, where I tried to understand the links between income from work, and that from social security. The following problem was explained to me: South Africa has established a minimum income level for the elderly, but this has led to their children and grand-children being disincentived to work. So the government is thinking of a system whereby this minimum income level for the elderly is combined with the salaries of their descendants. Such problems arise in all social protection systems, including unemployment or retirement benefits. And the questions of obliging people to put their children in school, or to submit to basic levels of health prevention, or granting family allowances are there in many countries, however long they have been in the game of social protection.

In addition, not so long ago, it was understood that social protection should only be attempted when a country had achieved a certain level of development, wealth and administration. But social protection can be rolled out whatever the state of the country's economic development, as long as it does not hold development back. It can even help with that development. Social protection moving hand in glove with economic development is not a brake applied to growth - on the contrary it is an additional growth driver.

Moreover, whatever the GDP level of a country, we should stop talking about unachievable objectives such as a traditional administrative organisation in place, the removal of the informal economy, etc, as a prerequisite. As long as social protection is clearly defined as covering the whole population and that solidarity is the key, it can be the very means of achieving these goals. Whether this is a fully public operation or a joint public/private enterprise is not important, as long as the State is clearly the lynch-pin of the project and that the whole population is involved in such redistribution and protection against social risks.

### Yacoubou HAMADOU

In Togo, social security was previously based largely on a parapublic system run by the National Social Security Fund. Funding came essentially from employers' and employees' contributions. However, it was a source of numerous cases of litigation which take ages to resolve in court: certain employers forget, either in good faith or otherwise, to transfer the deductions. Some plaintiffs died before the case was resolved and their heirs sometimes walked away with the funds.

Today, with the support of the ILO and the International Labour Office, Togo has initiated another form of social security, which does not however replace the existing one. An agency, the INAM<sup>5</sup>, has been set up, working on the basis of social contributions, with however a fairly high level of financial involvement from the State.

Discussions are ongoing, with the ILO and the International Labour Organization, to improve this and to extend protection to employees in the private sector. At the moment, the system applies mainly to employees in the public sector. The private sector being ignored, this could be a source of frustration and conflict, and we would like to avoid this by moving to a more universal system of solidarity. Favouring the public sector over the

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<sup>5</sup> Institut National d'assurance Maladie - National Health Insurance Institute.

private sector achieves nothing. Our aim is to cultivate a common sense of hope, so that future generations can benefit from this great adventure.

**Martin HIRSCH**

What percentage of the population in Togo is currently covered?

**Yacoubou HAMADOU**

Today, out of Togo's population of some 6 million, just 100,000 active civil servants are covered. Others can subscribe to private insurance schemes.

**Martin HIRSCH**

People in remote villages are not covered, then?

**Yacoubou HAMADOU**

Precisely, they are not covered.

**Martin HIRSCH**

Does a mother giving birth get free treatment?

**Yacoubou HAMADOU**

We are in the process of rolling out a programme whereby 80% of the costs would be covered. At the moment, there are women who cannot pay a single penny, which sometimes leads to tragic results.

**Martin HIRSCH**

Has the government set itself some objectives with a timetable and intermediate priorities?

**Yacoubou HAMADOU**

Yes. The first priority is to extend social security to the private sector as quickly as possible. Villages are remote and road access is difficult. There is therefore a great danger for these populations who have no cover at the moment. The government has taken a step forward by creating health centres in each main locality, and by taking responsibility for certain acts and medicines/drugs as a preventative measure, so that such impoverished people can have treatment. However, very often, these medical supplies get siphoned off. To such an extent that, in fact, the government is investing in something which doesn't meet the objective. Measures are in place to detect these cases of fraud and to punish severely the people involved.

**Martin HIRSCH**

Do you take advantage of the experience in other countries?

**Yacoubou HAMADOU**

Indeed we do. We are situated in between two countries, one English-speaking, Ghana, and the other French-speaking, Benin. To help plug the current gaps in our own system, we look at both these countries.

**Martin HIRSCH**

What type of assistance do the international organisations provide you with?

**Yacoubou HAMADOU**

The international organisations help us in many ways. Through organisations such as the UNPD, UNICEF, Francophonie, the ILO, the International Labour Organization, etc. we receive equipment, expertise and financial aid. There is a chronic need for training the INAM labour inspectors and employees. Yes, we receive help from a lot of organisations and I would to take advantage of this symposium to thank them all.

**Martin HIRSCH**

Are health and health insurance the main items on the agenda of social protection for the next few years?

**Yacoubou HAMADOU**

Yes indeed. Health is indeed the foundation of any development policy. Health and health insurance are closely linked.

**Martin HIRSCH**

From an economic point of view, what does the budget for health and health insurance represent today?

**Yacoubou HAMADOU**

Initially, the budget was relatively small. At the moment, the budget for health is held in part by almost all ministerial departments: health insurance is under the responsibility of the department of Labour, Employment and Social Security, but part of the budget is held by the Health Ministry and part by the Ministry of Development. In total, close to 53% of the budget is devoted to health.

**Martin HIRSCH**

After this very instructive example from Togo, I suggest we stay on the continent and look at the example of South Africa. In terms of social security, health and health insurance, South Africa presents some interesting contrasts. The first heart transplant took place there and the country is at the forefront in the use of leading-edge techniques. At the same time, although health insurance is free for the poorest people, the government seems to want to reduce the significant differences that exist between the various populations. What are the current priorities?

**Nelisiwe MILDRED OLIPHANT**

First, I'd like to underline that social security funds are administered by various ministerial departments. The Ministry of Health is responsible for health policy. There is also a social insurance fund for the poorest groups of the population. The idea at the moment is to achieve a real redistribution.

For employees there are also two funds - one for unemployment and one for handling victims of work-related accidents. When an employee is unable to go back to work, a part of his salary is paid. In parallel, we have decided that victims of work-related accidents need to undergo a period of training before returning to the labour market. The unemployment fund is used for that purpose. This fund can also be used to help people who wish to set up their own business.

The Ministry of Social Development also manages several funds. One of these is devoted to orphans in order to ensure that they have health coverage. Another is there to guarantee coverage for the elderly. In addition, the majority of young people leave their children in the hands of the grand-parents without giving them any money. We have therefore established a fund to help young people.

In the area of health also, financial aid is available to pregnant women giving them free access to clinics. From birth to the age of six, children have free access to all the necessary treatment. At the moment we are trying to extend coverage to migrant workers who currently have no coverage at all, whereas all nationals and farm workers are covered.

Implementing appropriate legislation means training, and South Africa has a training centre. In addition, certain people are sent abroad to other African countries for training and, in this regard, I would like to thank the ILO for its help.

**Martin HIRSCH**

In terms of employment, South Africa faces a double challenge, with high levels of unemployment among young people and the social protection needs that you have just described. How has the government gone about prioritising all this?

**Nelisiwe MILDRED OLIPHANT**

Within the Ministry of Labour, the Public Employment department defines the programmes in consultation with other departments. We discuss with employers' associations, the trade unions and the private sector. We disseminate information to companies in order to encourage job creation and hiring. We are also associated with the private sector for organising training sessions. The government has also allocated funds to help young people to be trained and to enter the labour market.

**Martin HIRSCH**

Have the social security models in other countries helped your thinking as to the reforms that South Africa wishes to make?

**Nelisiwe MILDRED OLIPHANT**

During the G20 summit in France towards the end of 2011, we were in contact with one of France's 'Job Centres' and the system adopted there for handling unemployment interested us greatly. We are looking to arrange some form of partnering with this centre, to see if we can adapt the model to our circumstances. And we shall pursue contacts with other countries to see how they handle the unemployment situation.

**Martin HIRSCH**

I suggest now that we cross the Indian Ocean to Indonesia, a country full of contrasts. It has seen significant growth both in terms of the economy and in the population, and has recently launched a series of initiatives in the area of social protection. What are the current challenges and priorities? How are they positioned vis-à-vis the international community?

**Rahma IRYANTI**

This is a perfect time to be asked to describe the Indonesian government's actions in the area of social protection as this is now one of the key priorities for the country. It is best summarised as follows:

- ✓ guarantee social justice and its associated effects, in compliance with the principles laid down in the Constitution<sup>6</sup>;
- ✓ associate economic growth with social justice;
- ✓ guarantee equal opportunity for all;
- ✓ strengthen employment opportunities with higher quality jobs and a more flexible work-force.

Concerning social protection, Indonesia has three types of coverage associated with social protection floors.

✓ **Social programmes**

These are designed to protect the most impoverished groups of the population, but also there are a certain number of laws that promote education and training, as well as the development of human resources. We would also like to be able to respond more rapidly to domestic crises.

✓ **National social protection system**

This system provides a basic level of protection for employees and aims to encourage more mobility.

✓ **Involvement in the labour market**

Policies here aim to improve individual situations, but also to develop the labour market.

The medium-term Development Strategy (2005-2009), defined in 2004, presaged implementing a social security system that was fair, equitable and sustainable, taking into account the individual, the country's economic situation and the feasibility of the project itself.

What are the key success factors for a national social security system? The main principles are fairness and equity, which means that the system must be effective and

that every citizen must be able to have access to the benefits to which he is entitled. Financing is done through contributions, but the level of job would determine whether people would have to pay medical costs and social services. Employers, employees and the governments must be in a position to finance the system, both in the short term and the long term, irrespective of the demographic evolution or the economic situation of the country. As for governance, the system must be transparent with clear responsibilities laid down for everyone, and everyone needs to be honest about their employment in order to avoid fraud and corruption.

We have identified at least six major issues to be resolved in putting in place a national social security system:

- ✓ organisational transformation;
- ✓ a unique national identity number;
- ✓ extending the mechanisms whereby contributions are collected;
- ✓ contributions;
- ✓ managing the system;
- ✓ management, administrative and auditing institutions.

Right now, the government is focussing on the key stages.

- ✓ Creation of a coordinating committee

This concerns all Ministries, the responsible government agencies and offices, etc., and is required to ensure an efficient implementation process.

- ✓ Draw up a roadmap for the social protection system and the "Full employment for all" programme.

We need to define social security eligibility criteria, understand the current situation, take account of the target populations, identify the necessary actions and programmes for these priority cases, define the responsibilities of all the players as well as draw up an appropriate timetable, and the auditing and monitoring procedures.

- ✓ Defining an implementation strategy

Here we need to decide between various options, create basic documents concerning the underlying problems and understand the technical and operational actions necessary. In addition we need to get clarification on proposals concerning a certain number of issues on social security systems and programmes for employment.

- ✓ Set this implementation strategy in place

This will rely on the technical aspects and analysis presented in the documentation provided earlier and on other resources available at the time. At this stage, we shall need to develop a financing and strategic model.

- ✓ Take a long-term view

A very clear roadmap needs to be drawn up, by close cooperation with all the Ministries, the competent departments, government agencies and the institutions. We shall also need the support of our specialist aid partners, such as the ILO, the World Bank and others. And the process will need close monitoring. A plan B should also be drawn up in case the original plan cannot be implemented or does not function in the desired manner.

- ✓ Produce a specific action plan for each of the various groups involved in implementation.

We are making progress, in particular concerning public administration. A unique personal identification number is a very important item. We shall try to benefit as much as possible from all the technologies available today and to address the major current challenges (the ageing population; demographic changes; the government's capacity to manage such a system).

**Martin HIRSCH**

With the targeting you mentioned, do you consider putting in place a social protection system for the poorest members of the community different from the one you imagine for the rest of the population? Targeting is always difficult since there are the risks of missing the target or of casting the net too wide. Is this a political or a technical choice?

**Rahma IRYANTI**

It's both technical and political. The Indonesian government already has a dedicated budget within the health services for the poorest section of the population. And I believe that there should be a specific set of social contributions for the poorest workers and their families.

**Martin HIRSCH**

How long will the project be in implementation phase?

**Rahma IRYANTI**

Given the current legislation, the social security system on a national scale is planned for 2015. The new institutional entities will be ready by then. For full implementation, including all the associated programmes, we shall be operational in 2029.

**Martin HIRSCH**

In France we could be forgiven for believing that social security has existed for ever. And in truth, it has been a long journey - more than a century - and we are still not finished. The CMU (universal free sickness cover for the poorest) is a 21<sup>st</sup> century advance, whereas health insurance was first introduced at the end of the 19<sup>th</sup> century with an important major step in the middle of the 20<sup>th</sup> century. There are countries with significantly greater populations who have travelled this road in twenty or thirty years, something which represents a minor miracle.

Brazil, for example, has enjoyed a decade of enormous progress in social protection. Programmes such as *Bolsa Familia* started to be rolled out less than ten years ago. Progress in terms of pensions and health insurance took place during those years too. Fernando Kleiman, can you give us an idea of the current challenges facing the Brazilian system? Brazil is a fashionable word at the moment in terms of social protection. We often hear that everything is a success. But is this true? Are there some clouds on the horizon or is it a total "success story"?

**Fernando KLEIMAN**

I am delighted to be able to participate to this round table for which I have prepared a formal presentation tracing the progress in Brazil over the past ten years, and which is generally widely known. Martin Hirsch's question is perfectly apt - what are the

challenges and the problems? That's the last chart in my presentation! So I'll just take the question up front.

First, what has happened in Brazil for the country to be perceived as a social protection "success case"? Several elements need to be underlined. Brazil's history is marked by extreme social inequalities. We therefore started a long way back. Even today such inequalities are significant which is why the objectives we set ourselves are already a challenge.

Until very recently, Brazil had a highly polarised situation in terms of incomes, with a Gini ratio of 0.547. There was just a huge chasm between the 10% richest and the 10% poorest members of the population. Over the past ten years, the Brazilian government has taken the necessary steps that enabled significant progress to be made in this income spread. The 10% poorest thus saw their incomes increase six times faster than those of the 10% richest. Thus, Brazil has become less unequal. But it is still far from an ideal situation since the level of income concentration, measured by the Gini ratio, got to 0.5. Even with a great evolution over the last decade, there is still plenty to do to reduce such an income spread.

When President Lula was elected he set himself the target of creating "Brazil, one country for all" – that was the government brand. The idea was that Brazil must grow and respond to the economic challenges in such a way that everyone would reap the benefits, and not just the rich. All federal ministers thus made decisions that supported this idea. For example, the Energy Minister announced a programme called 'Lighting for all', destined to bring electrification to rural areas and certain urban ones too. Another programme was aimed at family-based agriculture. With current funding of some €400 million, this public budget for supporting this agricultural sector grew by 300%. By fixing priorities, the President was able to ensure that all ministries allocated the resources necessary for achieving these objectives.

*Bolsa Familia* was set up in the same vein. This programme brought together several policies under one banner, the objective being to consolidate several financial aid programmes destined for the poorest section of society. If my figures are correct, before the programme, some six million families were able to benefit from a number of different stand-alone programmes. Today, with President's Dilma "Brazil Without Misery", some fifty million people (13.5 million families) can benefit from *Bolsa Familia*. It is a strong trajectory on the consolidation of this project.

What role does the international community play? What benefit for Brazil? The majority of the changes in Brazil are the fruit of home-grown solutions. We certainly took advantage of experiences in other countries, but we had to change many features, most things having the Brazilian stamp on them. With our particular characteristics, it was not possible to simply import an idea. And the international community was able to discuss our proposals and sometimes criticize certain measures during our meetings, what was useful. They also monitored the implementation process closely, which to some extent gave an international stamp of approval to what we were doing, helping us to legitimate measures which were not so consensual at home.

At the time when *Bolsa Familia* was introduced, Brazilian society was very resistant, fearing that they would be asked to foot the bill for all this aid to the poor. However, President Lula held firm. He was publicly accused of populism and of being driven by his own personal electoral interests. Despite all this, the programme was developed and implemented. One by one the various myths associated with the programme were

dispelled. For example, there was a firm belief that the poor who received such money would have a disincentive to work. The opposite happened. Not only were those who received the money keen to work, but it transpired that they wanted to work more than those who received nothing because they looked forward to their lives with less despair. Those who receive benefits from the *Bolsa Familia* were more motivated to seek employment and find a permanent job rather than to keep their informal and underpaid work. Another shibboleth that succumbed to the facts was that the programme was simply unaffordable for the country. In fact, it is not an expensive programme for the government. And each Real invested has an economic multiplier effect much greater than the sum spent by the State on the programme. The money directed to the poors enables their far greater involvement in the process of economic development. In fact it is both an economic and a social investment with, as a bonus, anti-cyclical effects. We noticed the same effects when the social contingency fund for the self-employed and rural workers was set up. Thus all the policies have been vindicated by the facts and we are in effect winning the battle against prejudice.

### Martin HIRSCH

As we have just seen, many changes have occurred in countries like Brazil and Mexico where ambitious and innovative programmes have been put in place with the aim of scaling up in a time-frame measured more in decades than in centuries.

In addition, you underlined the contribution of such programmes to a reduction in the Gini ratio. One of the arguments in favour of social protection is that it is one of the more powerful tools for reducing inequality, thus killing two birds with one stone. It grants access to services to the whole population, including the most impoverished, and at the same time reduces the level of inequality.

This reduction in the level of inequality is achieved through a redistribution mechanism consisting of benefits, family allowances, access to services, etc. On the other hand, several countries have seen inequalities stagnate or even increase in recent years. For example, China and India together have more billionaires than America and Europe combined but record more poor people than does Africa as a whole. Inequalities have thus increased. Social protection is, in my view, the fastest and most powerful means of reducing inequalities, without in any way prejudicing the economic growth models.

We shall now take a look at how improvements in social protection might be achieved through the contribution of various organisations using technology transfer, partnering arrangements and other forms of cooperation to speed up the process. Jean-Marie Spaeth, as Chairman of the GIP-Santé, can you give us a view of your priorities and how you see cooperation helping in this area?

### Jean-Marie SPAETH

Plenty of interesting ideas have already been pointed out, but I must underscore a few crucial points.

First, it is absolutely imperative to maintain the pressure generated by all the lobbying. Nothing is ever definitively nailed down in the social protection world. Various participants have already mentioned it, but one had to wait nearly sixty years after the Declaration of Human Rights and the Philadelphia Declaration for the question of social protection to be taken up as an ideology in order to give some sense to globalisation.

In addition, as has been mentioned, there is no universal set of standards. Nevertheless, the right to social protection needs to be mentioned at every opportunity. National traditions and the way in which countries develop are very different from country to country. For example, social protection in the informal economy is fundamental and should be broached at all levels and at every opportunity. For this reason, the GIP SPSI is organising a seminar on social protection in the informal economy in December 2012.

So, what type of cooperation should we be seeking? It is essential to have both bilateral and multi-lateral cooperation. It would seem impossible to lead the fight against severe afflictions like AIDS and malaria, etc. without, at the same time, putting in place a system for basic health care. Or to develop a system for basic health care without a sustainable funding. In my view, access to basic care and the fight against serious illnesses go hand in hand, and should not be developed separately, as is too often the case now. This implies better coordination between the NGOs and the donor and receiving countries. Then, having identified best practices, each country would then be urged to install, each at its own pace and with its own choices, a social protection system. But it is certainly something that requires sustained effort to achieve. Europe has demonstrated this, even though certain countries have managed to accelerate the process.

What are the necessary conditions for successful cooperation? The GIP SPSI and the ILO are currently focusing on corporate social responsibility, in particular that of the major multinational companies. These need to be galvanised into action, as a powerful means of promoting social protection systems.

As for lobbying, it is necessary to develop cooperation between the professions. As for the technical arena, the question of national identity numbers, raised by Rahma Iryanti, is a major challenge, as are the actuarial aspects. Training is also of paramount importance. Professional cooperation with countries where there is a certain degree of know-how should be centered on some form of partnering arrangement.

And finally, better co-ordination of financing organisations is required, to find a basic minimum of best practices to put in place wherever the political will exists.

#### Martin HIRSCH

Technical issues are indeed fundamental. How can the new communications and other electronic technologies be used for extending social protection? Devices like the mobile telephone are accelerating the globalisation of a number of social phenomena which were previously inhibited by significant technical barriers.

Christine Bockstal will now tell us what the ILO has been doing since the Bachelet report was published.

#### Christine BOCKSTAL

Following the adoption of recommendation no. 202 on floors for social protection, our challenge is to translate this into real social protection for 80% of the world's population that currently has none. We can no longer be content with just words. For the past fifty years, all the various actions in this area have concentrated on social security as practised in the formal economy. For people outside this system, in particular those working in the informal economy with seasonal and/or irregular incomes, social security was applied on an *ad hoc* basis. It is a big challenge for the International Labour Office and its partners to get out of this mind-set.

In addition, since recommendation no.202, social protection is now a right. One can't just translate this into a project with priority regions, etc. If one grants some level of social protection, for example old-age pensions, to a certain population, one cannot just close the programme down after ten years. Thus, whenever a country decides that social protection is a priority, the important first steps are to find a sustainable mechanism for funding it. The countries that have successfully implemented a social protection system are those where there has been the political will. Experience shows that where this political will exists, the rest falls into place.

At the level of the International Labour Office and its partners, several institutions have made their contribution to this progress. The Bachelet report is an important political statement from a technical working group, known as the "Social Protection Floor (SPF) Initiative"<sup>7</sup>.

A new structure, the Inter-Agency Committee for Social Protection, has been set up to complete and work on this initiative. It has been widened to include financing agencies and development banks, under the leadership of the International Labour Office and the World Bank. This organisation, set up at the request of the G20, has decided to work jointly with other players to support those countries who signal their desire to understand how they might implement certain elements of social protection. The aim is to bring together the key players (ministries involved in social protection, employers' associations, trade unions, etc.). This team would establish the current level of coverage, highlight the gaps, suggest how those gaps might be filled, and carry out qualitative and quantitative surveys that the country would need in order to establish its priorities. The objective is a reduction in poverty and better economic growth.

We expect a lot from South-South cooperation. In the past ten years, many representatives of African countries have visited India, Brazil, Indonesia, Thailand, etc. Right now the flow is being reversed. There is a strong desire by the technical experts and workers' and employers' representatives to learn from the experience of other countries. It would be very informative to invite to African countries experts who have implemented programmes in India or Brazil. With fifty to a hundred local experts in the room, all the right questions would get asked. How these programmes work in very decentralised countries would be a key question.

### Martin HIRSCH

Clearly there is a lot happening at the ILO, but other international organisations also have the topic on their agendas, which was not the case a few years ago. For instance, at the World Bank and IMF Forum in October 2012 a whole day was devoted to the question of universal health insurance. And the WHO has registered the question of health cover as 'high' on the Director General's priority scale.

Not so long ago one heard complaints about the apparent double talk from international organisations: on the one hand the ILO was urging countries to implement social protection, whereas other institutions were demanding a reduction in public spending as a condition of giving their support. There is a great deal more consistency nowadays.

I will put one final question to Fernando Kleiman: is a minimum wage necessary for implementing a social protection floor or, on the contrary, should one forget about such an idea because some believe it favours unemployment?

<sup>7</sup> <http://www.ilo.org/gimi/gess/ShowTheme.do?tid=1321>

**Fernando KLEIMAN**

All countries fret about this.

What can we learn from practical experience in Brazil? In the past decade we have managed to raise the minimum wage by 66% in real terms, representing a 211% increase in nominal value. It was a decision made by the federal government, with the Nation Workers Union, to sustain a long-term agreement approved by the parliament. As a law, there is also a long-term perspective for costs and wages, for workers and employers. In practical terms, it proved to us, I believe, that a minimum wage can be one of the key elements of a social policy. Positive policies on incomes stimulate demand and consumption. And it has an even stronger effect when connected to the minimum wage policies. As social investments increased, so did consumption. The Brazilian society is a potential mass market that had gone to sleep. Thus, a combination of public investment and partnering arrangements between the civil society and companies generated growth in demand and consumption; as a result, we had an anti-cyclical effect during the international crisis. A long-term policy on the minimum wage was both a result and one of the main key for Brazilian recent situation and its great social achievement.



📍 Second round table

*Labour market regulation and inclusive growth*

**Dr. Gong SEN**, Assistant Deputy Director General, of the Social Research Department of Social Development Research Council, Development Research Centre of the State Council, China

**Elliott HARRIS**, Assistant Director of the Strategy, Policy and Review Department, International Monetary Fund

**Moussa OUMAROU**, Director of the Industrial and Employment Relations Department, International Labour Office, and former Minister of Labour of Niger

**Cyril COSME**, Head of Department and Official with responsibility for European and International Affairs for the Ministry of Labour, Employment, Professional Training and Social Dialogue and the Ministry of Social Affairs and Health, France

This round table session will be led by:

**Marie-Claire CARRÈRE-GÉE**, President, 'Conseil d'Orientation pour l'Emploi' (Council of Employment Orientation) and French Representative for the G20 Employment Task

**Marie-Claire CARRÈRE-GÉE**

Thank you to Martin Hirsch and the other participants in the first round table for throwing so much light on the means of implementing social protection systems. We shall now explore subjects which are not without a significant connection with the preceding one - regulating the labour market and the necessity for growth to be inclusive.

It is a subject which affects a larger geographic spread because, with globalisation and the crisis, it concerns also the developed countries. In general, the crisis has had a huge impact on employment, but with variations according to the country. The violence and scale of the problem were much greater in developed countries than in emerging ones, principally because the developed economies are heavily finance-market dependant and more vulnerable to the economic climate. In emerging and developing countries the crisis certainly gave rise to a high level of job losses (some tens of millions between the end of 2008 and the end of 2009), but this was more provisional as employment levels have either stabilised or started to rise again.

Given this observation, emerging and developing countries have started to believe that there could be considerable advantages from both a social protection system and a tighter control over the labour market. Apart from their social advantages for the beneficiaries and for social cohesion, the evidence shows that on the one hand, social protection systems make the economy more robust and less vulnerable to economic crises and, on the other one, that support for domestic consumption can be a positive growth lever, especially for emerging countries where the global economic downturn had a negative effect on their exports.

These developments were at work before 2007-2008, often with sophisticated conditions attached, linked either to the individual or to the economic situation, etc. Despite the considerable advances, they are confronted by some significant challenges, notably the

growth of the informal economy, in many countries, which accompanied the crisis. The informal sector adds to the difficulties in putting in place an effective protection system.

During this second round table we shall examine these trends through a concrete example, that of China. We shall examine also the various tensions that exist and that have an effect on strengthening workers' rights and on labour market regulation:

- ✓ those between the necessary protection of those in work and the need to create employment opportunities;
- ✓ those between improving employee protection and reducing the informal economy;
- ✓ those between the factors leading to unification of the labour market and the ones that increase the inequalities between people and between regions.

I also hope that we shall be able to review the discussions on the following questions: what protection (home-grown solution or one imported from elsewhere)? With whom to build that protection (the State, international organisations, technical cooperation)?

### Dr. Gong SEN

Over the past ten years, the Chinese government wished to make progress in the areas of social protection and regulating the labour market. Even before the crisis we wanted to put sustainable protection systems in place for employees. The objective was to provide support for an economic model rather based on domestic consumption growth than heavily relying on exports.

Before the global financial crisis, we did make some progress, specially in the area of labour protection. For example, in 2007, the government was able to pass new regulations on labour contract. We also established a minimum wage as well as social insurance for everyone.

The financial crisis convinced the government that there was an urgent need to adopt a different approach. We had no choice but to take action. After the crisis, among other items, we made significant strides in the area of social protection. We launched universal medical cover, both for the rural population as well as for urban dwellers, and we also initiated an old-age pension scheme for all, whether the person had ever been employed or not during his active life. And we have proposed free education for children for a minimum of nine years. The objective is to finish rolling out these reforms in the next three to five years.

In addition, in 2011 we entered into discussions with the World Bank, the results of which have just been published<sup>8</sup>. In its conclusion the report says that *"China has made enormous progress towards putting in place the elements of a social protection system. In addition, the Chinese government has committed significant efforts to rethinking its institutions and to guaranteeing a better level of protection for all, especially workers"*.

China is faced with a number of challenges, notably in the area of inequality. In the 1980s and 1990s, the approach we adopted to tackle inequality was to give more autonomy to the poorest section of the population by, for example, giving them more opportunities to participate in training programs to raise their skill level. We then tried granting them certain allowances and benefits, in particular a minimum wage. However, we gradually came to the conclusion that just reducing poverty was not enough to address inequality.

<sup>8</sup> <http://www.worldbank.org/en/country/china>

China has been very successful in reducing poverty over the past thirty years. In 2011, 10% of the Chinese population lived below the poverty line as defined by international standards. Thirty years ago, this figure was more than 70%. But reducing inequality is one of the government's priorities. How should we tackle it? In China, we believe that equal opportunity is essential.

The objective is that everyone should be able to play an active part in the economy on a more equal basis. About half of the population work within Chinese small and medium sized enterprises (SMEs). However, SMEs have great difficulty in obtaining loans from the banks. Therefore we need to find a way of guaranteeing equal opportunity for them to have a bank loan. And there are other economic rules which are difficult to apply. Our aim is to take these difficulties into account in the process for ensuring that everyone can participate in the economic life of the country.

On the social side, we need to take actions to address unequal access to high-quality social services. We believe that we need not only to train the elite, but also to achieve the goal of the whole population being educated more equally. It is still true that, nowadays in China, the choice of school depends heavily on income and family connections. And the same goes for hospitals and medical treatment. We want to ensure a more equitable access to education and medical care but, despite our efforts, this is not the case at the moment. Policy changes shall need the support and understanding from the broader society as well as the determination of politicians.

The second biggest challenge is the declining share of labour-related revenue in national income. Over the past ten years, the government has implemented two mechanisms, in particular a minimum wage, which has increased by 2.5 times over this same period. Despite all this, the share of labour-related income continues to decline. The labour market institutions have not worked well. Previously in China, collective agreements were negotiated at company level with some guidance from local authorities. At the moment, we have difficulty in harmonizing the situation at a national level. We are looking at other models. In Norway for example, collective agreements are negotiated at the sector level rather than at company level, which helps with harmonization. There are different models at play in the West - should China follow more the European one or the American one? This is perhaps an area where the international community could help us.

Finally, the third greatest challenge concerns the fragmentation and segmentation of the labour market. Although the share of informal employment in the urban labour market has been declining in the past few years, some 30% of urban jobs are in the informal economy. The majority of such workers are migrant workers, who are paid less than the local labour force. The government is examining the possibility of revising the legislation such that there would be equal pay for equal work. We are just at the beginning though.

We also need to guarantee the same level of social protection for workers in both the formal and the informal economies. We need to find a more balanced system to allow individual industries to maintain their competitiveness whilst also ensuring social cover for all their employees. While it is true that incomes have increased over the past ten to twenty years, such increases have not kept pace with productivity gains. How should we now move forward? Personally, I believe that we need to find a consensus among all the players, similar to that found in Scandinavia. I think we could learn a great deal from such discussions.

## Marie-Claire CARRÈRE-GÉE

With which players would you wish to build this consensus? What role do you see for the social partners? What is your position regarding the traditional, statutory distinction between urban and rural workers? Do you consider that this segmentation is no longer valid, or do you see it as another form of flexibility which is accepted in China because it is a part of your traditions?

## Dr. Gong SEN

The Chinese government views this as a major challenge. Economic growth will be driven by urbanization over the next twenty to thirty years. But at the moment only half of the population is to be found in those urban areas. And a third of that urban population comprises migrant workers from rural areas, who do not have full access to social services. There is therefore considerable room for manoeuvre to improve the situation. The government acknowledges the importance of this issue since it is at the heart of economic growth. But to develop a reliable, sustainable and effective organization we need to resolve these segmentation issues between urban and rural, and between the indigenous population and immigrants, etc. which is clearly an enormous challenge both socially and economically. We hope that we shall be able to rise to this challenge.

The Chinese Government has taken strict measures to enforce the regulations on equal salary treatment. We wish also to give universal access to social insurance, to cover unemployment benefit, sickness and other risks. We need to find the way of ensuring that employers to provide the same benefits to migrant workers as they do the local ones. Today, the majority of these workers have no social cover.

Portability of benefits in China is also problematic. When migrant rural workers retire they often have difficulty in remaining in towns and cities and therefore do not wish to contribute to social security schemes during their active life from which they will be unable to benefit, once back in their rural environment. Today, the Chinese government would like to stabilise the urban population and to encourage people to stay in the urban areas even after retiring. With equal treatment, these migrant workers would have less of an incentive to return to their native region.

It will also be necessary to reduce the level of social deductions. Our system has a very high rate - indeed, we have noticed that the majority of countries in the OECD operate with levels below those in China. There is clearly a need to reduce it. The government wishes to improve people's general living conditions. However, in this area one sometimes needs to proceed with caution and look carefully at social policies, as certain measures can be counter-productive.

The current crisis that we are all experiencing has led us to two conclusions. First, development of our social protection system needs prudent handling. In Europe, the countries that have been hit hardest by the crisis have understood the implications of a welfare state. Therefore, in China we shall be trying to implement a sustainable social protection system that does not over time end up being a bottomless financial pit. Secondly, the principle of a universal social protection system cannot ignore the economic and social context, etc. Maybe we shall not be in a position to implement such a model. Despite this, we shall endeavour to adopt the principles, which will be placed in the current Chinese context, to provide a sustainable, economically feasible and socially acceptable system that also provides a certain amount of flexibility.

### Marie-Claire CARRÈRE-GÉE

This is a very interesting contribution, which underlines all the tensions in play that I mentioned earlier. It offered a very different point of view from that which would be found in a country like France. You mentioned, for example, that social deductions are very high in China. France's are higher. In addition, whilst the social protection systems are certainly a charge on the public finances, they really softened the blow when the crisis hit.

I will now give the floor to Elliott Harris for his view from the IMF of the tensions that exist between protection systems, the necessary improvement in employees' rights and the overall economic constraints.

### Elliott HARRIS

As a macro-economist from the IMF I am going to explore this subject from two different angles.

Labour market questions are examined by the IMF using macro-economic arguments. In times of recession, economic slow-down or significant unemployment, there is a need to re-allocate economic resources between the various sectors. This translates into saying that the issue is to give both the overall economy and the labour market more flexibility. This implies, first, reducing labour costs, but also loosening the reins that govern employment. In times of such crises, the institutions that regulate the labour market come under intense pressure because of the impact labour legislation has, for example, on the minimum wage. One hears very often that, if the minimum wage is too high, companies cannot create jobs.

There are tensions also concerning employment contracts. Many countries have established fixed-term employment contracts in an attempt to increase the level of employment. However, the more this type of contract is used, the greater the chance of conflict between those on fixed-term contracts and those with 'permanent' contracts. Among the bones of contention is the fact that temporary work is often less well paid and confers fewer benefits than permanent employment.

Another thorny problem surrounds the procedures for 'hiring and firing'. When employees benefit from a certain level of job security, employers will hesitate before hiring in a period of uncertainty, knowing that they may have difficulty in slimming down if that becomes necessary.

Concern surrounds also the question of collective agreements negotiated at industrial sector level. These could reduce the level of flexibility that certain companies in that sector would have, compared with other companies or sectors.

The measures that have been used to respond to the current crisis fall into three broad categories:

- ✓ those that try to encourage employers to hire (lowering employment costs and social charges, subsidies, temporary/short-term contracts, etc.), used essentially in the more advanced markets;
- ✓ those that tend to make the job seekers more attractive to potential employers (such as offering training opportunities); and finally
- ✓ those that try to create job opportunities (macro-economic policy developments, infrastructure projects, etc.).

All three, especially the measures used to encourage hiring, would seem to threaten certain elements of employees' protection and collective agreements that have been in place for years. Are these measures effective, and would they also be effective in normal times? What implications do they have for the financial system? And what are the repercussions on job protection mechanisms and the common good?

It is interesting to note that many of these measures concern social protection mechanisms in the formal economy. But, in many developing countries where the informal economy is significant, how should one define the social protection rules, bearing in mind the problems faced by the developing countries? Is it possible to have a social protection system that is not linked to a sector or a company and at the same time is available to migrant workers, the self-employed and those working in the informal economy?

We have heard many times today that it is impossible to export a universal model. Whatever the specific measures adopted, the system depends on the structure of the economy in each country and the way it operates.

#### Marie-Claire CARRÈRE-GÉE

Moussa Oumarou, with his experience both at the ILO and as a former Labour Minister, can give plenty of insights into the role of social partners and social dialogue, but he is able to enlighten us on the informal economy mentioned frequently today.

#### Moussa OUMAROU

As an introduction, I would like to share with you an African proverb: "When you have a head, it's not particularly elegant to have the thumb wearing the hat". This is to pay tribute to Mr. Gilles de Robien, who is with us and who is the current Chair Person of the ILO Governing Body.

Last week, the governing body of the International Labour Office adopted a statement of intent concerning the crisis, in the form of a multi-point call to action. One of the first items in this text confirms that social dialogue is an absolute necessity and that the ILO needs to step up to the challenge of making this a daily reality and a conviction to be adopted by all members of the organisation.

Moreover, in parallel with this meeting of the governing body, I received a visit from the Egyptian Minister of Labour, who requested with a certain insistence that our organisation helped his country, in the middle of a difficult political transition, to encourage and install social dialogue. I also met the Director General for Labour from Saudi Arabia who asked for ILO help to strengthen social dialogue in his country.

So I have recently been confronted with three separate situations:

- ✓ the declaration from the governing body which, when referring to the crisis, had in mind the situation in Europe and the developed nations, where the freedom of action of the unions is a tradition and a right obtained a long time ago;
- ✓ a request from Egypt that emerges from many years of a political regime characterized by a single political party and a single trade union;
- ✓ a request from Saudi Arabia, a country where trade unions do not exist.

Without giving you a precise description of the state of social dialogue in the world, I can say on the basis of this experience that social dialogue is a necessity, be that for

European countries with budget deficits, or for countries with budget surpluses like Saudi Arabia or for those undergoing democratic changes as in Egypt, currently being run by the Muslim Brothers. As the director in charge of selling social dialogue, I can assure you that I have plenty of customers!

This being said, what is the situation today with regard to social dialogue? To be frank, it has many faces. Social dialogue involves the key players, the institutions and international cooperation. The key players are the State, governments and the employers' and workers' associations. For social dialogue to be possible certain conditions are essential, in addition to the political will, and the most important of these is the existence of free trade unions. In addition, the institutions and the various mechanisms need to be enshrined within a proper legal framework. Finally, such social dialogue can only be successful if those charged with the negotiations are fully competent in the subject and have a complete understanding of the issues.

In Africa, some significant progress has been made in this area. Social dialogue has become a priority for several countries. Numerous institutions have been put in place some of which are quite original. For example, in the French-speaking countries, there are social dialogue commissions or national committees which both lead the negotiations and advertise their activities. Whereas it is perfectly possible to pick up ideas from others, it is not appropriate to import social dialogue models from other countries.

Between Europe and central Asia one can group countries into three broad categories - the enlarged European Union, the countries from the western Balkans through to Moldavia and the countries of central Asia. In the European Union, there is a long tradition of social dialogue, along with the necessary solid institutions. The directives emanating from the European Union are also a great help for institutionalising social dialogue.

In Moldavia and the Balkans, certain *ad hoc* institutions have been set up, and legislative reforms are starting to encourage social dialogue. In central Asia, however, it is more difficult given that real effective freedom of action for trade unions is clearly lacking.

The situation in Latin America has progressed significantly. Many tripartite social dialogue institutions are in place, giving sometimes interesting results, even though the coverage by collective agreements remains limited. It is interesting to note that the country with the best collective agreement coverage in the world is Uruguay with 89%.

The situation is very varied in Asia-Pacific. Australia, New Zealand and Japan all have free unions. The data concerning coverage of collective agreements in India, China and Indonesia are not easily available.

Finally, the picture in the Arab region is much less promising, compared with elsewhere in the world. In Saudi Arabia, there are no unions. In Bahrain for example freedom of association is a problem. But there are signs that social dialogue is simmering, and is more and more perceived as a means of preventing certain crises.

And it should not be forgotten that the State, as a public force, has an essential role to play. It is there to guarantee the freedom of the unions, establish the legal framework and ratify the agreements made by the social partners.

**Marie-Claire CARRÈRE-GÉE**

Do you believe that progress is being made in freedom of association for the unions? And do you think that social dialogue is at the root of any progress for workers' rights?

**Moussa OUMAROU**

A close look at the current situation would lead to the conclusion that union freedom advances at a similar pace to the progress of democracy and other civil liberties. There is considerable international pressure to have effective union freedom recognized as a basic element in human rights, which would be real progress. The international union organisations and the ILO are at the forefront of the battle to see this freedom respected. There is clear progress although, in certain specific political situations, some countries can be seen to be taking backward steps. Today it is easier to count the countries where union freedom does not exist than the reverse.

Recognizing both the right to free association and the legitimacy of social partners establishes the social dialogue, enables social progress and in many cases is able to limit the negative effects of unfavourable economic conditions that occur from time to time.

Finally, the subject of the informal economy needs to be addressed. With the exception of Europe and North America, the informal economy plays a more or less important role and it is precisely this sector that creates jobs. I won't go into the detailed reasons - Elliott Harris is here to enlighten us from his macro-economic perspective if need be. In short, it is very easy to set up a business in the informal sector without being picked up by the taxation and social service organisations, and this without necessarily having any relevant skills or qualifications. In addition, the products sold in the informal economy are those for immediate day-to-day consumption. To fix any problems of the informal economy, one needs to start by tackling the causes.

**Marie-Claire CARRÈRE-GÉE**

So are the majority of jobs created in the informal sector? Is this a cause or an effect of the current crisis?

**Elliott HARRIS**

It's probably a bit of both. In a number of countries, the formal sector has not progressed. And one observes that people leave the formal sector to join the informal one, maybe for tax reasons, or because they have lost their jobs in the formal sector.

A number of factors are at play. For example, population movements from rural areas to the cities, or between two urban areas, push people towards the informal sector because the formal economy is either not sufficiently developed or is too rigid to accept them at the rate at which they arrive. Other problems arise from the economic environment: it is very difficult to transform an informal company into one of the formal sector.

**Moussa OUMAROU**

The problem of passing from the informal state to the formal could be characterized as statically indeterminate. I agree that not all informal activity is capable of being formalised. There is however a "grey area", at the threshold of the formal sector, that could be formalised. The issue is how to make this step towards formality and to stay there. This requires more equitable treatment of companies by the authorities.

Companies in this "grey area" need encouraging to enter the formal system, for example by enabling them to bid for public contracts. The State could also provide more encouragement to pass into the formal sector by making certain services available to such companies. For example, the Labour Inspectorate could help these "grey area" companies with health and safety issues, technical and sanitary advice, etc. Naturally, if forced labour or child labour is detected, then the Inspectorate would need to exercise its primary role.

It is not acceptable today that some 80% of jobs in Africa are to be found in the informal economy.

To conclude on this subject, I would like to explain why we cannot simply import a system from outside. The labour inspection system was imported from Europe by the colonial system, and largely maintained after independence. Today, a labour inspector needs six years of higher education and, on leaving university, he knows and understands only the formal sector, where the problems of forced labour or health and safety at work don't really exist. He is thus not at all suited to working outside this framework. We therefore need to rethink the training programmes, to adapt public services to today's reality. Training, lobbying, wider publication of available techniques, organising the sector into cooperatives - all these need progressing too.

#### Marie-Claire CARRÈRE-GÉE

How can one ensure respect for fundamental rights in the informal economy, if labour inspection is not the answer?

#### Moussa OUMAROU

We are feeling our way at the moment. Child labour is visible, but forced labour is not. We are still looking for means to enable labour inspection systems to be active in the informal sector as well, in close cooperation with actors on the ground.

#### Marie-Claire CARRÈRE-GÉE

Cyril Cosme, what is the role of technical aid and that of the international organisations in strengthening employees' rights?

#### Cyril COSME

Before answering that question, I would like to underline that since the opening of this meeting we have had a succession of presentations from a very diverse set of perspectives - from France, from developing countries, from the ILO, from the IMF, etc. This is a perfect illustration of what we are experiencing in the world today - implementing social protection floors reflects a completely new international consensus regarding the handling of social issues. Just a few years ago, it was difficult to raise social issues on a global scale outside the specialized organization (the ILO or the WHO), without it being a real bone of contention between certain groups of countries. When developed nations broached the subject, they would be suspected of trying to introduce protectionism or to limit international exchanges and to hamper progress in developing countries. If it was developing countries that raised it, it was thought that they were pleading for an increase in ODA<sup>9</sup>. The great advantage of the concept of a social

<sup>9</sup> Official development assistance.

protection floor is to have brought social issues back into the international arena and to have enabled arriving at a level of consensus never seen before.

The generally accepted starting point for this consensus is to have considered that access to social protection is one of the fundamental human rights. Another great advantage of social protection floors has been to associate this traditional view, based on fundamental rights, with an economic development model. This shows to what extent social policies, the respect of social rights and access to social protection can help to bolster resilient growth in different regions of the world.

To a certain degree, the terrible recession in 2009 and its social fall-out have helped to raise people's awareness and the cementing of this new consensus. In this respect, it is appropriate to mention the various forms of cooperation that have come out of the G20 in the past three years, in particular with its Development arm. This has seen the respective Development Ministers meeting during each G20 session and the same situation, since 2010, for the Ministers of both Labour and Employment. I should not forget to mention also the G20 task force. All these new international cooperation initiatives have helped with this recent consensus.

Is such consensus on a solid base? I believe so. While listening to our Chinese colleague, I was particularly struck by the close link that exists between employment policy issues and access to social protection. The concepts that we use, for example labour market segmentation, are to be seen in practice in all the various markets around the world. We can share a certain number of things, even with different degrees of development.

What is the current situation in this area? In the industrialised world, we are in the phase of adapting social protection and employment policies to certain structural issues, such as the ageing of the population. There is also the question of adapting financial resources and the funding of social protection in the light of international competitiveness. In emerging countries, we are witnessing the growth of a powerful middle class which, in just a few years' time, will be larger than the middle classes in developed countries such as the United States. This phenomenon is also to be observed in countries in the process of development. The concept of social protection floors has the great virtue of demonstrating how access to social protection is not a result of development but rather can be considered as a factor for that development. This is fully in line with the new approach to human development where one of the prime movers in promoting economic development is the power of the human resources available.

Various participants have referred to the role that France has played in recent years in this area. One can mention in this respect, France's wake-up call during its chairing of the G20, but also at the subsequent meeting in Mexico. At European Union level, France is active in having social protection floors included in the new development thinking for the EU. Then there is important work under way to revise the UN's Millennium Development Goals and the definition of the Objectives for sustainable development. The aim here is to have the concept of decent work appearing in the texts, with all the benefits that this would mean in terms of international development policies, multilateral financing and the consolidation of an international consensus in this area.

And finally, I would like to say a few words about the means of cooperation that are in place at the level of the ministry that I represent here today, the Ministry of Labour. One of the key issues in the next few years is to make the link between, on the one hand, the type of cooperation we can bring to the labour market for structuring the institutions which will help to bring the informal economy under the umbrella of the formal sector

and, on the other hand, the cooperation in terms of access to social protection. On this latter point, the main challenge is to have the necessary information on countries' needs, but also to achieve a technically subtle means of identifying who are the beneficiaries of a social protection system.

France is committed to the ILO by a cooperation agreement, which will be renewed around 2014. In this arrangement, we support a number of cooperation projects, particularly in Togo, covering labour inspectorate training, implementing social protection floors, and facilitating the structuring of the players operating in the employment policy area.

This new consensus on social questions, employment and access to social protection is throwing up new challenges, and we are particularly keen to improve the synergies between all the players in these areas to face up to these challenges.

I would not like to end without raising the potential advantages from which we could all benefit by having triangular exchanges on these subjects. It is no longer a question of the classic North/South dialogue. We can all benefit from sharing experiences whether they be from industrialised nations, emerging markets or countries in the process of development. Finally I would like to congratulate everyone on the quality of the debates we have had today, and to express my fervent wish that they be continued.



## Conclusion

**Pascal CANFIN**, Minister Delegate for Development, attached to the Minister of Foreign Affairs

I accepted with pleasure to close this meeting devoted to the place of social protection in globalisation since it is an important and recurring theme and one which France is firmly behind, whatever the political colour of the day, as a means of giving a more human aspect to globalisation.

It was one of the top priorities of the previous government. And the new government has also placed concrete action and political persuasion concerning social protection as a priority on its development agenda.

Before describing some of the actions we are taking to move this subject forward, I would like to take the opportunity of expressing my warm appreciation to all those who have contributed to the successful exchange of views during this symposium, and in particular to those who have come from afar: the Ministers from South Africa and Togo, the departmental directors from China and Indonesia, and of course, both the Chairperson of the Governing Body of the ILO, Gilles de Robien and Martin Hirsch. And I would also like to thank most warmly the organisers, the Centre d'analyse stratégique, the International Labour Office, the Directorate general for Globalization (French Foreign Office) and the GIP SPSI for way in which they have worked to produce such a high-quality agenda and a forum for these bilateral and multilateral exchanges.

This conference is admirably timed for at least two reasons. As everyone knows, we are working on the post-2015 agenda for the Conference on Development and International Solidarity which opened in France on 5<sup>th</sup> November 2012 and which will be closed by the French President and Prime Minister early in March 2013.

Debates on this scale have not taken place in France for over fifteen years; invitations to participate have been issued to the NGOs, corporations, members of the European and French parliaments, elected members of local authorities, and representatives of 'Southern' countries. These debates are essential for a fundamental discussion on our development policy. In fifteen years, the world has seen great changes. I expect quite a number of changes also in many other areas - the situation analyses that have been made, the likely trends and the practical side of our development policies.

In addition, this post-2015 agenda is both European and international. We are tackling these issues at the same time as the European Union is opening its own discussions on the post-2015 agenda (reform of the Millennium Development Goals and the best way to take into account the objectives on sustainable development). The EU needs to produce a common position as soon as possible, in order to be able to discuss with the other regions. The conference on development and international solidarity is therefore very important for us in establishing the French stance within the European context.

The timetable for this is very clear. The French position will be known during the first quarter 2013 at the latest. As for the European position, the European Development ministers will meet once or twice informally at the beginning of 2013 under the presidency of Ireland, which has decided to make this a priority item during its turn as President of the European Council of Ministers. It is expected that the European Council will ratify the official European Union position in June 2013. We have time to think and discuss, but we need to do all that quickly.

The key question on the table for this conference is the following: in today's world, what is the best way to fight against poverty and extreme poverty? More than 1.3 billion people live with less than 1 dollar a day, around 2 billion live with just 2 dollars a day, and the majority of men and women on our planet do not benefit from any form of social protection.

To fight against poverty today we need to take a different route, complementary to those taken in the past. Apart from the area of social protection, the key question of the environment, and in particular climate change, needs to be tackled first. The World Bank has recently made public a report that I recommend you read<sup>10</sup>. This report uses very strong language concerning the impact of climate change, if no political action is taken, and the ability of the world to tackle poverty effectively. The World Bank talks of cataclysmic effects that would completely wipe out all the progress made to date, for example in the area of infant mortality. According to the report, environmental factors, of which climate is the most important, could render completely untenable many of the answers to poverty, access to fundamental rights or meeting basic human necessities. France's vision supports the report's view that there is an urgent need to bring together the agenda for the traditional fight against poverty and the agenda concerning the social and environmental aspects of sustainability. In addition, another fundamental issue has to be taken into account, that of the emergence of a considerable middle class in several countries, notably China. Today, in our view, the question of social protection is clearly part of the battle against poverty.

In the health arena, we are working in two areas. The first concerns the distribution of drugs and medicines for them to be available to those in need, mainly free of charge. The French tax-payer makes a significant contribution in this area since France is the leading provider, measured in proportion to wealth per capita, of funds for global health. This is a strategic choice for France: President Chirac started with the tax on airline tickets; President Sarkozy continued with a large contribution to the world-wide fund for the fight against AIDS and other afflictions; and the present government has decided to continue by allocating a significant part of the financial transaction tax to health.

The second area is that of rights. For a certain number of countries, it is not access to drugs that is the priority, but granting of rights which would make the distribution of those drugs effective. Necessarily, this requires different forms of social protection systems. An exportable model for this does not exist, but the priority needs to be maintained. The same arguments are valid for old-age pensions. For a certain number of countries with whom we are discussing the subject, the demographics mean that constructing a progressive system for retirement pensions is a fundamental question of social stability. Each country will choose the system that best suits its situation, but it is nevertheless necessary to discuss these major issues together.

This level of activity is carried out with all the major international authorities. At the United Nations, France is part of the Foreign Policy and Global Health initiative, with Brazil, South Africa, Indonesia and Senegal among others. Here we are working, despite our differences, to get a common agenda ready for the United Nations. A resolution will soon be ready with a good chance of being adopted. Thus, with this UN activity, we are going one step further in getting the international community on board with this agenda, following the actions taken under the French and Mexican chairmanship of the G20 as well as at the Rio Summit.

<sup>10</sup> <http://climatechange.worldbank.org/content/climate-change-report-warns-dramatically-warmer-world-century>

The agenda is progressing also at the European level. I recently opened a workshop on this issue, co-organized by the ILO and the Ministry of Foreign Affairs, in Brussels during the European Development Conference. We were able to convince our European partners to have this subject on the international agenda.

In conclusion, I would add that it is perfectly legitimate to have different views on globalisation. I have heard it said that social protection is a luxury that fewer and fewer developed nations can afford. I heard on the radio this morning that the European Union represents 10% of the world's population, 20% of the global GDP, and 60% of social protection expenditure. Some people draw the conclusion that Europe is too fat and needs to slim down.

That is not our position. On the contrary, our position is that we shall only have a long-lasting solution to poverty, we shall only have globalisation with a human face that does not provoke internal or external turmoil, we shall only guarantee social stability in emerging countries, if we build suitable social protection systems. This will not be achieved overnight. We in France have taken fifty years or more to have some fairly sophisticated social protection systems. Our desire is not to unravel what has been painstakingly achieved but rather to do all we can to see that the social protection agenda progresses everywhere in the world.

Before finishing, I would like to say a few words concerning the subject of decent work, a current International Labour Office watchword. At the beginning of October 2012, the French government decided that the French Development Agency, the AFD<sup>11</sup>, would systematically insert social and environmental clauses into all its tender documents that were destined for countries wishing to finance their infrastructure projects. These clauses are not yet mandatory. It seems to me legitimate on the social front, that the minimum floor level requirements should be in line with ILO conventions. The procedures should be operational during the first quarter 2013. However, the AFD frequently operates as a co-financier. In these circumstances, if the other financing partners do not wish to commit to such policies and ask the AFD to change the rules of the game or leave the playing area, then nothing will have been achieved. In parallel with this bilateral initiative, we are lobbying the other players to have these clauses become accepted practice. I have personally done this with the European Investment Bank, the European Commissioner for Development, and with the Chairman of the World Bank. France is one of the countries that are pressing for these social and environmental clauses to be accepted. Even if this is only a part of decent work, it is therefore my responsibility to ensure that the AFD is firmly in line with what France is urging other countries and organisations to adopt.

On all of these topics I am not claiming to be taking initiatives because in the majority of cases I am picking up where my predecessors left off. I wish however to accelerate certain of these ideas in order to have responsible globalisation at the top of international agendas, the only way we shall be able to tackle the fundamental question - how can we bring the 1.3 billion people who live on a dollar a day out of poverty? How can we cope with the demands implied by the changing lifestyles of the emerging middle classes and with our own demands for ecological and social change, in a context of finite global resources? In my view this can only happen by building social protection systems. The theme of this symposium reflects what is at stake in the next ten to twenty years. That implies the need for concrete decisions. It is our collective responsibility to ensure we don't take the wrong decisions, so that these agendas get implemented.

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<sup>11</sup> Agence française de Développement.



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