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Basic Social Security as an Instrument to Fight Poverty

Guidelines for Our Involvement

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Preface

Currently the Diakonisches Werk (Social Service Agency of the Protestant Churches in Germany) and its campaign “Brot für die Welt” are working intensively with the Church Development Service (EED) in preparation for their merger to form the “Evangelisches Zentrum für Entwicklung und Diakonie” (Protestant Centre for Development and Social Service). This merger of the two agencies is a response to worldwide changes brought on by globalisation. These changes are presenting the church and its social service agencies with new challenges. In view of the global nature of social issues and cross-border interaction of ecological, economic and social problems, humanitarian aid, development aid and social work in Germany must be more closely integrated and coordinated.

The working paper submitted here on basic social security, which evolved during our project “Global poverty – Strategies for social security/basic social security”, must also be viewed within this context. The project is one of the current platforms for the Church’s social services in Germany and the Ecumenical Social Service (OED) to share experience, learn from each other and – where possible – find a common position. It responds to the processes of exclusion through which more and more of the world’s people are being denied access to material resources and social participation.

Against the background of experience to date in this field of work and encouraged by the on-going dialogue with our partner organisations, we hope this paper will provide guidelines for future work on basic social security within the context of development policy. No hard and fast positions will be taken here, and it is not intended to define a final concept for the future involvement in relation to social security of “Brot für die Welt”. This is because a very large number of questions and controversies, which will be clearly stated here, await further clarification. This working paper is to be interpreted as an invitation to discuss these issues further – and also as the beginning of a dialogue on the principles underlying the Church’s involvement in social security

issues. Nowadays these principles can only be understood within the context of world society.

The interdepartmental Global Poverty project group has produced this text under the leadership of Mechthild Schirmer. Many thanks to all those who have been involved in this paper. All readers are warmly invited to contribute by making suggestions and comments on how this working paper is to develop further.

Stuttgart, April 2009

Dr. Klaus Seitz
Head of the Policy Department
“Brot für die Welt”

1. Qualifying the context: How the topic fits into the work of “Brot für die Welt”

1.1 Analysis

1.1.1 Globalisation of the social issue

Economic globalisation has widened the gap between the winners and losers. And it has led

“to the internationalisation and the worldwide spread of numerous development problems which just a few years ago were regarded as typical phenomena of ‘developing countries’, i.e. poverty, hunger and extreme social inequality. Today, the international North-South contrast is crossed by a contrast between rich and poor which can be found in all countries and continents. The concentration of income and assets has increased both between states and within many individual countries. (...) Poverty has become an everyday reality for hundreds of millions of people throughout the world.” (Brot für die Welt, 2008)

Whereas the richest 500 individuals in the world combined have a greater income than the poorest 416 million inhabitants, 2.5 billion people – that is 40% of the world’s population – only have a share of 5% of world-wide income.¹ They have to survive on less than two US dollars a day. According to all forecasts, it will not be possible to reach the first of the so-called millennium development goals – the halving of the number of people with income below one US dollar a day (weighted) – by the year 2015 as planned.

According to figures from the United Nations, the number of starving people alone rose in 2008 by 109

million people from 854 million to 963 million people. This year the number threatens to breach the threshold of one billion.

In the Northern Hemisphere, the threat posed by globalisation of the economy brings increased social risks – for instance, unemployment; worldwide, the groups of the population that are affected or threatened by processes of exclusion are increasing. Here social exclusion frequently goes hand in hand with a threat to economic well-being or impoverishment in material terms and thus exclusion from the opportunity to participate in politics. It is an infringement of the human dignity of those affected. A fatal vicious circle is thus created: exclusion increases poverty and this continues down through the following generations, who in turn are condemned to a life of poverty. For us, this is unacceptable.

This process is further intensified through a worldwide trend towards privatisation, which is increasingly extending to public goods and services. Frequently, the result of this is that poor people can no longer afford these and they are excluded:

“Neo-liberal globalisation is presenting a challenge to social welfare provision both in the industrialised countries and to the prospects for equitable social development in developing and transition economies.” (Marinakou 2005, 97)

The global financial crisis and its effects in the real economy affect the majority of developing countries particularly hard. In its report “Swimming against the Tide” (World Bank, 2009), the World Bank states that 94 out of 116 developing countries are already suffering considerably as a result of the crisis – through shrinking world trade and economic growth, dramatic collapses in exports, falling prices of raw materials, the withdrawal of foreign capital and forced repatriation of hundreds of thousands of migrant workers, for instance from the mines of Africa or the oil fields of the Middle East. The

¹ These figures relate to income before the financial and economical crisis. However, the scale itself will barely have changed as a result of the financial crisis, even if the income of the super-rich will probably be lower during a time when the prices of stocks and shares are low.

World Bank estimates that within just one year between 130 and 155 million additional people have fallen below the threshold of extreme poverty.

1.1.2 Groups with inadequate self-help capabilities need additional support

Over the past few years a growing number of people in both the Northern and Southern hemispheres have not been able to participate adequately in the global growth in incomes. Often they cannot even be sure of making a living for themselves. It is for individual reasons – on account of their age, illness or disability – that some of them do not have the necessary capacities to help themselves or to take up paid employment, either permanently or temporarily. In this respect, the situation has been magnified by demographic change. By the middle of the century, older people will account for a much larger share of the world population, in particular in developing countries, where the number of those over the age of sixty is expected to be four times higher.

On the other hand, there is also a growing number of people who are not able to earn their own living for structural reasons. For instance, they may not be able to access the labour market, not have any land for cultivation, or no longer be able to sell the goods they produce themselves on the market at prices that will allow them to earn a reliable living. An additional problem in Africa is that more and more people have to care for family members because those who have been the families' traditional breadwinners are sick with or have died of diseases like HIV/AIDS.

The work of "Brot für die Welt" and its partners primarily focuses on the poor and has aimed to obtain justice and provide support that will promote self-help for many years. A series of so-called Hunger Reports in many countries and regions of the world (Wörner, 2005) has demonstrated that programmes to fight poverty need to be diversified further in order to be able to reach the poorest of the poor in times of AIDS and at a time when the number of natural catastrophes and wars is increasing. For these population groups securing a minimum standard of living is increasingly becoming

the necessary prerequisite for income-creating measures and thus a means of strengthening their self-help capacities. For this reason, "Brot für die Welt" and its partners wish to devote more attention to the issue of social security, in particular in the form of basic social security, aimed at the poorest of the poor. Taking human rights as a reference point is an important basis for this.

1.1.3 Social security as an approach to fight poverty

As early as 1995, the World Summit for Social Development in Copenhagen stressed the significance of social security when fighting poverty and expressed the obligation of states in its political declaration:

"Develop and implement policies to ensure that all people have adequate economic and social protection during unemployment, ill health, maternity, child-rearing, widowhood, disability and old age."

These tasks of "conventional" state social policy primarily aim to safeguard a standard of living against potential risks that occur in life and are generally met by social insurance schemes. However, these systems normally apply only to the formal sector or even only to government employees. However, in the countries of the Southern hemisphere the large majority of the "working poor" are active in what is termed the informal sector, in other words, outside areas of the economy subject to formal regulation (e.g. in the manufacture and sale of products at local markets or in simple services). In addition to this, there is the rural population where many people work in the informal sector, in particular farmers without land and farm workers. All these people – and thus the majority of the population – are excluded from these systems of social protection.

According to figures from the ILO, only around 20% of the world's population has adequate access to any kind of social security; more than half of the world's population is excluded from it. However, in terms of human rights it is one of the state's obligations to provide access to social security and safety nets for emergencies.

A state's social policy has to satisfy several functions. It needs to limit the consequences of the risks that occur in life (function of social security) and improve the living conditions of socially disadvantaged population groups (social balancing function). With an eye on the growing number of those who live in extreme poverty, state social policy must also provide basic social security, which aims to ensure that everyone has the resources required to live and covers basic needs.

This is where our thoughts within the context of the project "Global poverty – Strategies for social security/basic social security" are relevant.

1.2 Normative aspects

1.2.1 What is meant by "basic social security"?

Protection of human dignity is at the heart of protection of human rights. In order to protect the dignity of people living in extreme poverty and to improve their situation, the state needs to deploy its maximum available resources. In the opinion of "Brot für die Welt", this should also take the form of systems for basic social security, which need to be created from scratch or expanded considerably.

We are not alone in taking this stance. An increasing number of voices are being raised from among our partner organisations in favour of such initiatives. Some of them are already involved in such activities. For instance, partners in Namibia and South Africa are active in broad-based civil society networks to promote improved systems for basic social security; partners in India, together with other non-governmental organisations, have started a widespread campaign to achieve a better social security system, especially for people working in the informal sector; partners in Brazil monitor the Brazilian government's social transfer programme with critical interest.

As an expert report commissioned by "Brot für die Welt" has highlighted (Loewe, 2008), systems for basic social security are now advocated by numerous impor-

tant major protagonists in the field of development cooperation as an approach for fighting poverty, although the proposed approaches vary.

"Brot für die Welt" interprets basic social security to be systems of the state (including local authorities) to transfer monetary benefits and benefits in kind to individuals or to households. Practice to date shows that these benefits go to people who only have very limited capacities for self-help; however, it may include those who really might be able to earn their living but whose self-help capability is paralysed by structural conditions. Depending on the underlying conditions in the region and local area, systems for basic social security are primarily required in order to make people survive and reduce extreme poverty (in the Southern hemisphere) or to protect people against life-threatening risks and social exclusion (in the Northern hemisphere).

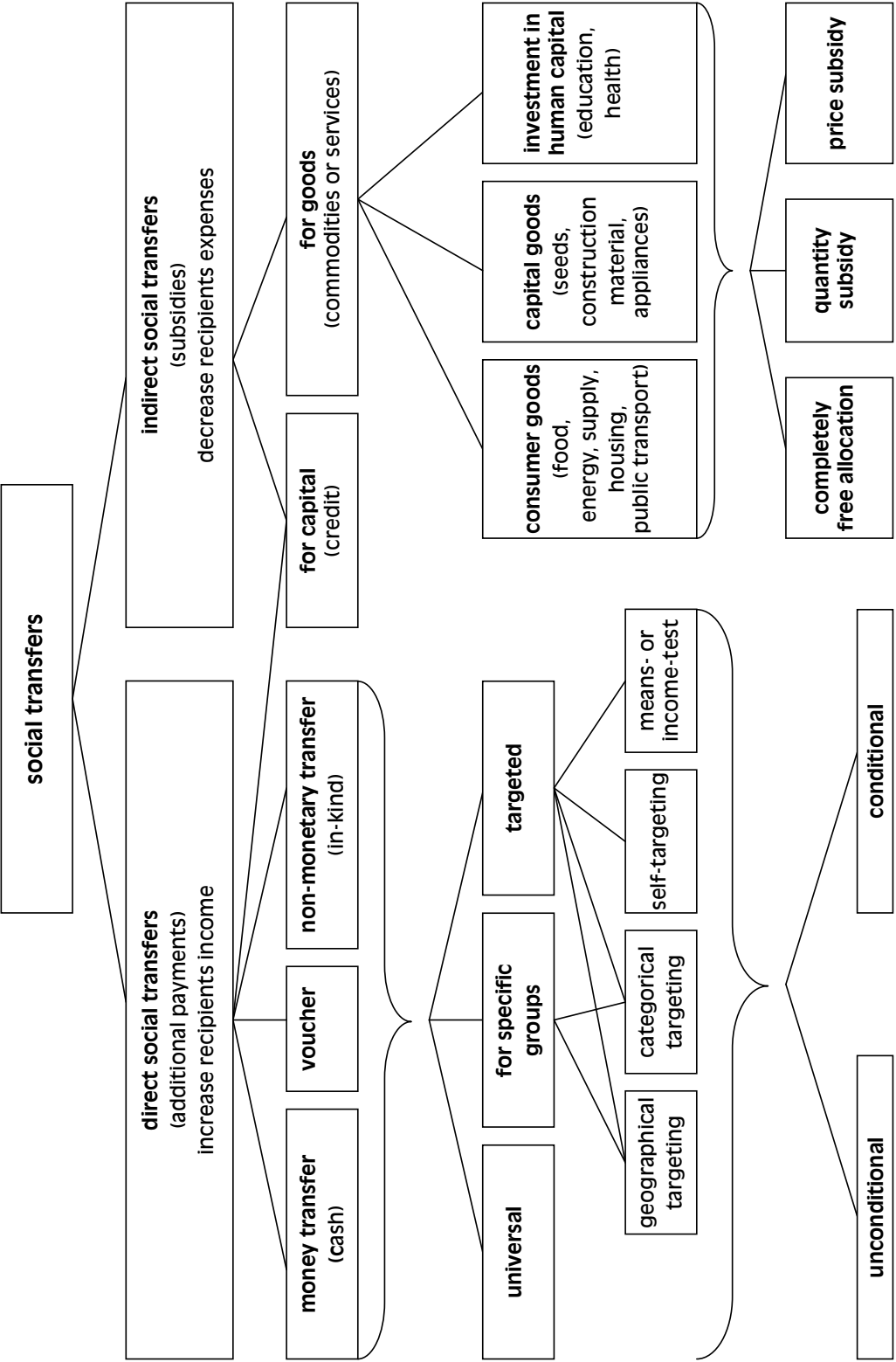
Basic social security systems differ from other forms of assistance in the following characteristics:

- They are not based on contributions, and do not have to be reimbursed;
- The resources are granted to individuals and/or households;
- They are assistance for subsistence (and not primarily given to promote education or employment); and
- They are long-term material grants (Leisering 2006, 94).

The benefits described as social transfers may be granted in the form of money, vouchers (e.g. food coupons or accommodation vouchers) or benefits in kind (such as food parcels, medicines, seed, building materials) (see diagrams).

Basic social security systems, however, do not replace other necessary investments in public goods such as infrastructure, medical care, education, administration or transport – they supplement them. It is only in this context that their positive effect on development will pro-

Overview 1: Categorization of different types of social transfer



Source: Loewe 2008, 11

Overview 2: Typical social transfer programmes

Assessment of requirements	Unconditional	Conditional
Universal	■ General food subsidies ■ (Citizen's dividend)	■ Cash- or food-for-work program ■ Cash- or food-for-education/health program
Universal for all members of a specific social group (categorical or geographical targeting)	■ Non-contributory basic pension ■ Universal child/family allowance ■ Food parcels/rations	■ Cash- or food-for-work program ■ Cash- or food-for-education/health program
Needs-based (income- oder means-test or community-based targeting)	■ Social assistance ■ Food stamps	■ Cash- or food-for-work program ■ Cash- or food-for-education/health program
Needs-based Income or means-testing plus only for members or a specific social group (categorical or geographical testing)	■ Social pension (non-contributory means-tested pension) ■ Means-tested child/family allowance ■ Food stamps	■ Cash- or food-for-work program ■ Cash- or food-for-education/health program
Source: Loewe 2008, 13		

vide its full benefit. This cannot be overemphasised. It is also not acceptable for benefits linked to basic social security to make up for a state's possible shortcomings in other policy fields. Not under any circumstances does the fact that systems for basic social security are being developed remove the requirement for urgent structural changes. In many countries, these are quite rightly demanded by civil society – for instance, in relation to the labour market, land reforms and agricultural reforms. Equally, social benefits must not be used as justification for excluding people and communities from economic participation or denying them access to or the use of productive resources.

Microcredit has proved to be an important means of reducing poverty, and microinsurances – in the health sector, for instance – are a helpful and increasingly common instrument for providing social security. Both approaches are appropriate and unquestionably represent important additions to basic social security, aimed at se-

curing the basis of someone's livelihood. However, they assume that a person has his or her own financial resources to pay contributions – even if these are very small – and they are therefore generally not accessible to the poorest of the poor. For this reason – and in line with the attributes outlined above in respect of basic social security – these approaches will not be considered further in the thoughts expressed below.

Taking the four characteristics of basic social security listed above as a basis, "Brot für die Welt" adopts a very wide interpretation which does not limit itself from the start to a certain system or a certain form of implementation. Irrespective of how the systems for basic social security are designed in detail, it is important that the individuals involved have entitlements and can also claim for these. Furthermore, our approaches to find a solution must focus on the informal sector and, above all, on the poorest of the poor and must benefit groups with inadequate self-help capacities.

Within the context of human rights, we consider basic social security as primarily the duty of states (“guaranteed obligations”). From the human rights point of view, a certain system of provision is not defined as a fundamental prerequisite. However, it is possible to list a series of criteria which the different forms of provision must meet and which can be used as a helpful benchmark for evaluating different approaches. These are to be presented below.

1.2.2 The importance of human rights criteria

The (1948 and 1966) Declaration and Covenant of social human rights refer to important aspects of basic social security. In particular, Articles 9 and 11 of the International Covenant on Economic, Social and Cultural Rights set out a right to social security and an appropriate standard of living. A general comment adopted at the end of 2007 by the UN Committee for Economic, Social and Cultural Rights on Art. 9 (social security) is intended to provide guidelines for interpretation and implementation. In particular, it contains suggestions on the extension of social security systems to the informal sector, which is urgently required.

State parties always have to omit any action that limits the recognition and realization of human rights. They must prevent third parties from violating people’s human rights and ensure that certain groups of people are not discriminated against. In addition, they must adopt appropriate measures to ensure that rights are fully implemented, if necessary by calling on support from third parties (e.g. as part of development cooperation). Although all rights do not necessarily have to be satisfied immediately, they must be fulfilled gradually (the principle of “progressive realisation”), and here the maximum available resources in the country concerned must be used.

The principle is not arbitrary but places the following requirements on the signatory countries:

- To apply specific and targeted measures;
- To provide proof that they are mobilising and de-

playing the maximum available resources for implementing these rights;

- To implement steps in various areas such as legislation and administration, and

- To introduce appropriate monitoring in order to obtain the specific indicators required for implementation.

Consequently, poor states also bear an appropriate level of responsibility. As can be seen from different cash transfer or food aid programmes, they are also starting to fulfil this obligation.

The following human rights criteria have been formulated with cash transfers in mind (Künnemann/Leonhard 2008) but they can be transferred from above this special form to other forms (e.g. donations in kind, benefits) of basic social security, and can be helpful when these are being designed and evaluated:

- **Completeness:** Every person should be able to rely on a transfer scheme, which guarantees a minimum level of consumption through one or several transfers. The transfer system of a state should be complete in the sense of providing this level either as an individual programme or as combination of several programmes. States should present a national strategy plan on the realisation of these transfers.

- **Sufficiency:** The level of social cash transfers should be sufficient to provide an adequate income securing access to adequate food and the satisfaction of other elements of an adequate standard of living (not provided otherwise) in dignity.

- **Full coverage:** Transfers have to reach each person with an income level below the stipulated minimum (“person in need”). If such a person is not reached by complete transfers, this may constitute a violation of human rights.

- **Justiciability/enforceability:** Each person entitled to transfers according to national strategy plans who

does not receive such transfers should have the right to sue the State and receive immediate redress. Individuals should be made aware of their rights and how and where they can lodge a complaint.

■ **Role of state authorities:** Transfers are often the last resort for a person in need. Transfers can only be guaranteed if provided by authorities of the nation state – with budgetary or technical assistance of the international community of states whenever necessary.

■ **Not compensatory:** Social transfers must never be politically misused as justification for excluding people and communities from their economic participation and from their access to (and use of) productive resources. They do not release governments from their obligations to respect, protect and fulfil people's access to and use of resources so that people and communities can secure a decent standard of living on their own.

■ **Objectivity:** If targeting takes place on the basis of selection, the selection criteria should be objective, non-discriminatory and open to scrutiny.

1.2.3 Role of civil society

When it comes to basic social security, against the background of a human rights approach we want to stress that, according to Bishop Wolfgang Huber, the Chairman of the EKD Council,

“the state is continually challenged to provide instruments for meeting its social responsibilities and to develop new ones. (...) It is equally important that we do not leave it to the state alone to help people on their way through life and encourage them to follow new paths. Apart from all state support, they need networks of redeeming love.” (Diakonisches Werk der EKD, 2008)

In addition to lobbying the governments concerned, the partners of “Brot für die Welt” – as part of civil society – must therefore provide direct support for the poorest of the poor if necessary, and both of these activities should

be integrated in their programmatic work. Furthermore, it might be helpful to check the extent to which traditional support systems and solidarity networks can be revived and strengthened.

Such networks used to exist in many places, especially in rural areas. They disappeared as a result of factors such as economic development and migration from rural areas or demographic change. As studies – for instance, in Kenya – found out, younger generations are often no longer aware of such systems.

In acute emergency and disaster situations, social transfers – e.g. in the form of cash transfers – are part of humanitarian aid in the work of aid agencies. However, they cannot and should not be provided by private aid organisations in the long term. It is the task of the state to guarantee fundamental human rights such as the right to be free from hunger.

If governments fail to operate properly, one of the tasks of civil society is to get involved and to strengthen direct help for people in need. This support should be provided in such a way that it does not make people dependent on aid in the long term. The combination of direct aid and a rights-based approach will help people to understand which tasks civil social involvement should fulfil and where to demand that the sovereign state authorities should take responsibility. For this reason, it cannot and should not be the task of civil society to take over state functions in the long term or release it from its responsibility. Instead, civil society should be enabled to claim that the state fulfils its obligations.

This means for the work of the partners of “Brot für die Welt”, for instance, making information known in a systematic and targeted manner and explaining about rights that already exist, especially among poor members of the population. Together with other organisations of civil society, they should demand state-operated initiatives for basic social security and support these, whilst also scrutinising them. This includes monitoring the extent to which governments meet their human rights obligations and provide basic social security for the poorest of the poor.

2 Debate

2.1 Basic social security programmes – targeted, means-tested?

At first glance, it may sound plausible when a plea is made to deploy limited resources in a targeted manner, which means in favour of the most needy. One of the findings of the “Hunger Studies” of “Brot für die Welt” (Wörner, 2005) is that future projects should even further limit and differentiate the target groups to a greater extent than in the past.

However, the exact realisation of means-testing and targeting of systems for basic social security will raise some difficulties. They start with the question of who selects the target groups and which criteria are used. There is obviously a risk that envy and malevolence will be a factor, thus stoking social unrest. Also, false selection criteria or processes quickly become a question of survival.

If the power to decide what is “need” is in the hand of individuals, it can be misused for manipulation. In this respect, it is important to have a process that is transparent and allows participation (see below), and to have a legal basis for lodging appeals against decisions.

According to human rights criteria, the aspects used for targeting and means-testing must be transparent, objective and verifiable. This is more likely to be possible with what is termed geographical targeting or category-based targeting, but it is more difficult to achieve when testing means (answering the question “which indicators of income or assets can be used?”). The stigmatising or discriminating aspects that often go hand in hand with targeting methods contradict the stated human rights criteria.

Furthermore, with targeting there is a risk of exclusion errors, which means that those who are actually needy are not reached by the benefits at all. The reason might be a lack of information, unclear procedural methods, implementation errors or similar problems. This contra-

dicts the criterion of having the highest level of coverage possible.

Means-testing may also have counterproductive effects. For example, if it stunts initiatives to find work, it acts against the wider social policy objective of eliminating poverty and encouraging independence. Or it may cause medical treatment to be discontinued or interrupted. This may happen if the benefits are only paid after an illness reaches a certain threshold (e.g.: financial support of those suffering from HIV/AIDS).

The actual effectiveness of targeting is also unclear. For example, the World Bank conducted a study of 85 transfer programmes in 48 countries, where the effectiveness of 21 programmes was so slight that they might just as well have proceeded on the basis of random selection (Schubert 2005, 26). Regardless of the methods selected, the report stated that in poorer countries targeting is, on average, less effective than in newly industrialised countries.

In terms of concepts, the targeting approach contrasts with a so-called universal programme that is applied across-the-board to the whole population or to certain subgroups, irrespective of need.

One of the aspects pointed out in the debate is that the more successful countries are those that operate a universal social policy and apply needs-related benefits only as a supplementary measure.

It is our opinion that, particularly for countries and areas with especially high levels of poverty, the effort required for targeting methods must be called into question. Where extreme poverty is widespread, it is difficult to differentiate on the basis of need.

In view of the scarcity of funds, the administrative outlay required for targeting methods is out of proportion and must itself be scrutinised critically. Although the administrative costs of transfers of money are considerably lower than, e.g., aid in the form of food or public works programmes, they still mount up to 30% of the funds transferred, which is a relatively high proportion.

2.2 How should the imposition of conditions be assessed from a human rights perspective?

Many who favour the imposition of conditions as the prerequisite for the payment of basic social benefits see it as a central element for promoting development *per se*. They argue that, over and above material support, conditions are the only way to bring about a change in attitudes.

In addition to this, they claim that the setting of conditions is consistent with the widely held principle of the reciprocity of benefits – in other words, that when help is provided, one can also make demands (see discussion of social reform in Germany).

Opponents of this idea claim that programmes where conditions are imposed have a patronising element and impute that recipients of benefits do not act in their own interests and on their own motivation when, e.g. sending children to school or making them go for regular medical checks. From the human rights point of view, the imposition of conditions is at the very least an extremely contentious subject and has to be seen from many different viewpoints.

With regard to the shortage of public funds it is understandable that the state expects a certain amount of willingness to cooperate on the part of those receiving benefits. The only remaining question is whether it is more appropriate to achieve this through motivation and incentives instead of making it a mandatory condition. When considering conditions, the extent to which social transfers can obtain the same results without the imposition of conditions should always be examined.

Human rights impose limits where basic social security transfers are required to implement the right to food. Here it is not permissible to set any conditions on the recipients' behaviour. In other cases, conditions must be judged on a context-specific basis. Important criteria, for example, might be: Are the conditions reasonable, appropriate/realistic, objective, verifiable (i.e., are there clear indicators)?

For instance, there is no point in asking the recipients of benefits to furnish proof that their children go to school regularly or attend medical checkups if there are no schools or health centres in the area that can be reached. There is also no point if there are high hidden costs (cost of learning materials, transport, school uniforms), which are far in excess of what the family can afford.

2.3 Should cash transfers take precedence over donations in-kind transfers?

From the human rights point of view, both approaches – money and donations in kind – are valid. It is not possible to prescribe to the state the form in which it meets its obligations to fulfil.

However, experience over the last years has shown that cash transfers are in many cases easier to organise and can be executed considerably more cost-efficiently than in-kind transfers. In addition to this, they can definitely have an important positive effect on local markets. Cash transfers are not patronising: they view the recipients as responsible citizens who can decide for themselves what they wish to spend the funds on. We think this is an additional aspect which in many cases might give preference to cash transfers compared with in-kind transfers. Necessary supplementary donations in kind, such as the development of local infrastructure, are naturally not affected by this.

2.4 The responsibility of government donors

Which costs are approximately estimated for basic social security? According to calculations made by the International Labour Organization (ILO) it would take around two percent of worldwide gross domestic product (GDP) to supply all the poor people in the world with a minimum package of social benefits and services (access to basic health care, basic education and a basic transfer of income if needed; ILO, 2006, 7).

For basic pensions not based on contributions, costs amounting to between one and two percent of GDP or five to ten percent of the national budget are calculated for the majority of countries (ILO 2006, 8). According to the ILO's calculations, universal basic pensions in Botswana, Brazil, Lesotho, Mauritius, Namibia, Nepal and South Africa would cost between 0.2 and two percent of GDP (Cichon, 2007), and the figure for Senegal and Tanzania would be one percent (Schubert, 2005).

In the short term, in particular the low-income countries will not be in a position to find the necessary financial resources from their own national funds alone to cover the cost of systems for basic social security. They will require additional support as part of bilateral or international cooperation.

The majority of members of the German Federal Parliament backed a resolution in favour of the German government strengthening its commitment to development work in the field of social security. The German Federal Ministry for Economic Cooperation and Development (BMZ) is asked to implement social security as an important field of action and to make the appropriate financial resources available for this work (Deutscher Bundestag, 2008). We welcome this in principle.

Funds should not only be allocated for technical cooperation and consultancy on how to establish systems for basic social security as one part of social security systems. In addition, it should be possible also to use these funds to finance social transfers.

With regard to the many urgent tasks to fight poverty, consideration should be given to demanding that the recipient countries spend a certain minimum proportion of their GDP on social security. In turn, the donor countries should allocate a certain proportion of their GDP in support. This was the position adopted by the Social Service Agency of the Protestant churches in Germany prior to Germany's Presidency of the EU Council of Ministers in 2007.

"There is a need for donors and international and regional financial institutions to contribute

to the development of national social protection systems in developing countries (...). Achieving progress in this area will clearly require an increase in international solidarity. This is a key issue for the global community, as it is for any community. Basic security is a recognized human right, and a global responsibility. All industrialised countries devote substantial resources to social protection and social transfers but such policies are extremely limited at the global level. (...) A certain minimum level of social protection needs to be accepted and undisputed as part of the socio-economic floor of the global economy. As long as countries – however poor – are able to collect some taxes and contributions, they can afford some levels of social protection. If they do so, they deserve international support as well. A global commitment to deal with insecurity is critical to provide legitimacy to globalization." (World Commission for the Social Dimension of Globalization, 2004)

The idea of dealing with contributions via an international social fund (still to be established) rather than within bilateral development cooperation should be given careful consideration.

Another point in favour of such a fund is that the flow of money into the fund is likely to be more consistent, as it will not be constrained by the short time periods of budgeting that characterise bilateral aid. In addition to this, it may also be possible to reduce the level of administrative costs if the fund is used by different donors.

The ILO has, for instance, been promoting the concept of a Global Social Trust for a number of years. This would be fed by voluntary contributions from individuals, primarily from OECD countries. The intention is to use this money to supplement public funds in the receiving country for the purpose of establishing basic social security. Provided that such initiatives are seen as supplementary and do not relieve the receiving states and official development channels of their obligation to take action, these voluntary contributions can be welcomed as an expression of solidarity.

However, some framework conditions should be satisfied so that a positive assessment can be made. For instance, individual donations should all be paid into one fund which is managed and controlled at the national level in the recipient country, with involvement by civil society. The arrangements for awarding the funds must be transparent (selection criteria, method of making the award), and a legal basis must be created which states the legal requirements, defines the appeal mechanisms and gives access to the jurisdiction of the courts. To ensure that the payments are calculable and reliable, the voluntary benefits must be linked to medium-term financial commitments, and exit strategies must be developed for replacing the solidarity fund with budgeted or ODA funds.

3 Outlook

With its project “Global Poverty: Strategies for social security/basic social security”, “Brot für die Welt” wishes to use its many years of experience – and the experience of the work of the Social Agency of the Protestant Churches in Germany as well –, to seek for solutions to overcome poverty and fight inequality and exclusion brought on by neo-liberal globalisation. The focus is on establishing and developing systems of basic social security, in particular for the majority of the population in the Southern hemisphere employed in the informal sector.

Selected country studies in different regions of the world will provide the basic information on this and identify suitable points with which to approach both lobbying work and programme work by the partners of “Brot für die Welt”. Special weight must be given to the discussion with partner organisations of open fundamental issues, which are all tied in with the key question of social policies which are suitable for encouraging human development rather than impeding it. This means that we will have to discuss with critics who view processes such as social transfers in an extremely critical light because they feel these are a distraction from more important policy-fields or are only used as an instrument for allaying potential social unrest. The critics claim that such measures tend to become an obstacle, preventing the self-help that is necessary and destroying or undermining traditional social systems. Even in the evaluation of targeting approaches or conditions, controversial views are becoming apparent within the ranks of our partners.

We are only at the beginning of the opinion-forming process; this working paper is therefore only an initial step. It needs to be elaborated and developed further in a dialogue and consultation with our partners.

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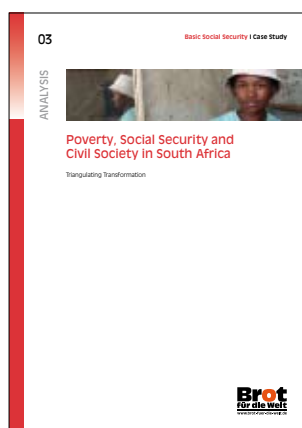
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