SOCIAL WATCH REPORT 2007

SOCIAL WATCH

R E P O R T 2 0 0 7

in dignity and rights

making the universal right to social security a reality

- CITIZENS´ ORGANIZATIONS AROUND THE WORLD MONITOR GOVERNMENT COMPLIANCE WITH INTERNATIONAL COMMITMENTS
- COUNTRY BY COUNTRY INDICATORS ON PROGRESS AND REGRESSION
- GLOBAL INDEXES ON BASIC CAPABILITIES AND GENDER EQUITY

A CITIZENS´ GLOBAL PROGRESS REPORT ON POVERTY ERADICATION AND GENDER EQUITY

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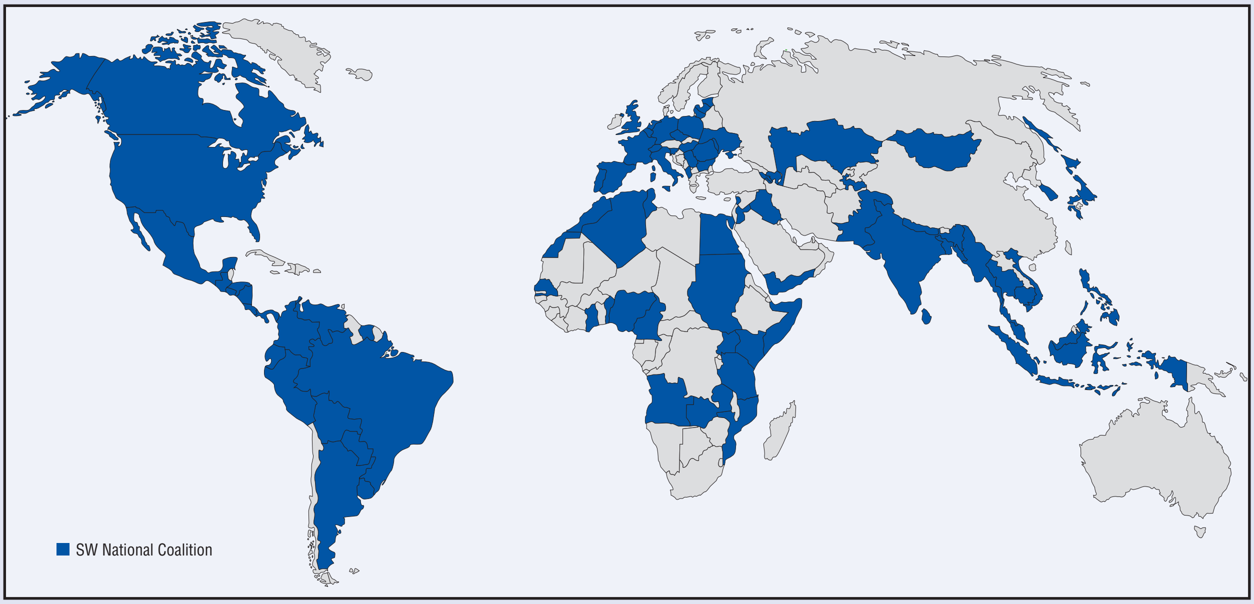

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Social Watch: Monitoring from the grassroots

To promote the political will needed for United Nations promises to become a reality, Social Watch was created in 1995 by a group of civil society organizations, with the aim of reminding governments of their commitments and independently tracking their implementation, country by country and at the international level. Since then, Social Watch has published a yearly report on progress and setbacks in the struggle against poverty and for gender equality, and today the network has members in over 70 countries on every continent.

Daniel Ciganda and Cecilia Alemany
Social Watch Secretariat

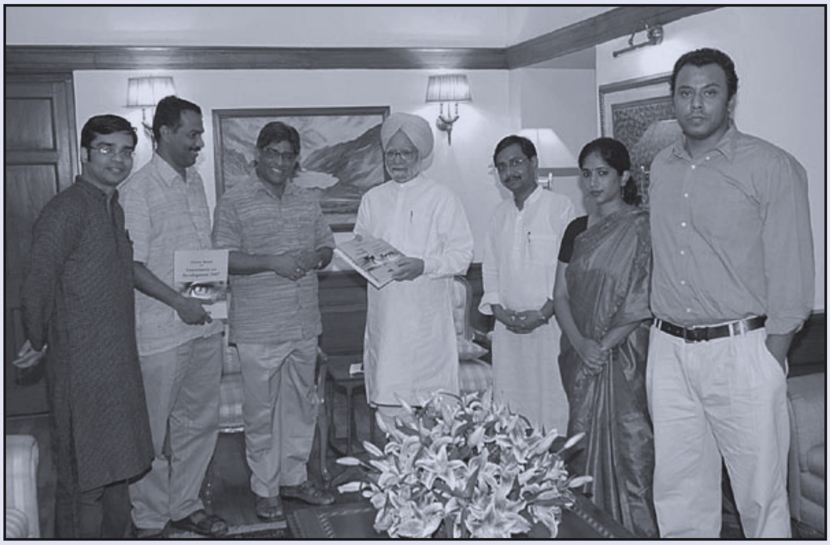
Origins

During the last decade of the 20th century, after the end of the Cold War, a series of high-level United Nations conferences, starting with the 'Children's Summit' in 1990 and ending with the Millennium Summit in 2000,[1] redefined the global social agenda, in parallel with the reformulation of the global economy through the process of reforms usually known as globalization. In 1995, the Social Summit (Copenhagen) and Women's Conference (Beijing) defined the eradication of poverty and gender equality as common universal objectives for the first time, setting concrete targets and timelines to achieve the goal vaguely formulated in 1946 in the UN Charter as "dignity for all", the third common aspiration of humanity – peace and human rights being the other two. To promote the political will needed for those promises to become a reality, Social Watch was created in 1995 by a group of civil society organizations, with the aim of reminding governments of their commitments and independently tracking their implementation, country by country and at the international level.

Since then, Social Watch has published a yearly report on progress and setbacks in the struggle against poverty and for gender equality, two largely overlapping objectives, since the absolute majority of the persons living in poverty are women. The Social Watch network now has members ('watchers') in over 70 countries on every continent. These national Social Watch coalitions regularly remind governments of their commitments and contribute alternative proposals based on an informed analysis of the situation and in close consultation with the grassroots.

The creation of Social Watch was an attempt to rectify the lack of accountability mechanisms to ensure compliance with international commitments around social policies or development goals and reflected

1 World Summit for Children (WSC), New York, 1990; United Nations Conference on Environment and Development (UNCED), Rio de Janeiro, 1992; World Conference on Human Rights, Vienna, 1993; International Conference on Population and Development (ICPD), Cairo, 1994; World Summit for Social Development, Copenhagen, 1995; Fourth World Conference on Women (FWCW), Beijing, 1995; Millennium Summit, New York, 2000.

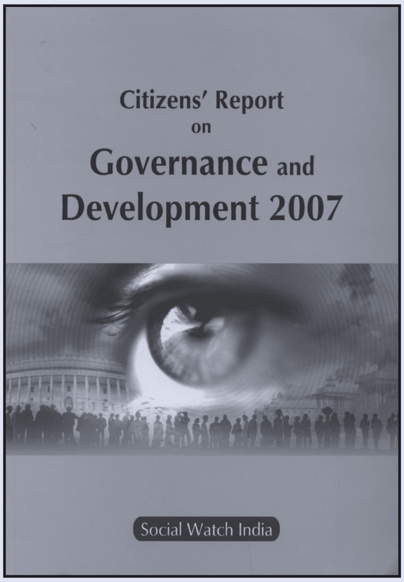


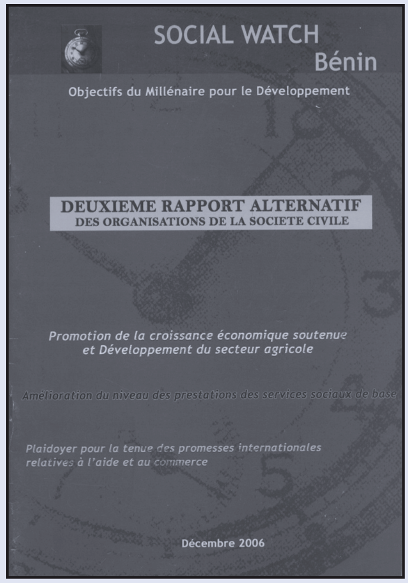
Indian Prime Minister Manmohan Singh, presented with a copy of the Social Watch India report on 4 July 2007, commented that "institutions such as Social Watch are important to monitor governance and provide constructive feedback to the government."

MEMORANDUM OF UNDERSTANDING BETWEEN NATIONAL GROUPS AND THE SOCIAL WATCH NETWORK

1. Coalitions must be based in the country and be active in social development issues in that country (not exclusively as academics or consultants).
2. Their basic commitment to the international network is to provide a national report, with their own conclusions and determination of priorities, to be included in the annual publication.
3. They are expected to use their national report and the global report in lobbying activities at a national level.
4. They must be open to the incorporation of other organizations, work actively to broaden awareness of Social Watch and encourage the participation of other organizations.
5. They are responsible for raising funds for their activities. National coalitions are not dependent for funds on, or financially accountable to, the Secretariat or any other international Social Watch entity.
6. Each coalition determines its own organizational structure.
7. Social Watch membership and the exercise of governmental functions are absolutely incompatible.
8. Cooperation with other national platforms should be encouraged at sub-regional, regional and global levels.

The Memorandum of Understanding was adopted during the 1st General Assembly, Rome, 2000. Available from: <www.socialwatch.org/en/acercaDe/asambleaRoma.htm>.





a period in which civil society organizations were beginning to systematically use the new information technologies to broaden the reach of their advocacy work (Van Reisen, 2001, p. 44).

At that time, international monitoring by independent organizations already existed in several areas, and successful experiences, like that of Amnesty International in the field of human rights, were a source of inspiration for the watchers. The Social Watch yearly reports became the first sustained monitoring initiative on social development and gender equity at a national level, and the first to combine both in one international overview (Batliwala, 2007).

From its beginnings, Social Watch was conceived not as a new institution but as a "meeting place for non-governmental organizations concerned about social development and gender discrimination" (Social Watch No. 0, 1996). Based on the idea that progress towards agreed goals can be measured, a tool was designed for the presentation of internationally available statistical information, while at the same time reporting on qualitative aspects of the issues addressed through analyses undertaken by social organizations working at a national level.

> The Social Watch annual report should become a working system aimed at empowering civil societies and local communities… This will be done by adding an international dimension to the efforts and campaigns they are already engaging in domestically, and by providing opportunities to share their experiences and methodologies with similar groups at an international level. (Social Watch No. 0, 1996)

From its creation in 1996 up to the present day that "meeting place" has grown and several aspects of it have evolved, but its founding ideas and objectives have remained.

A flexible network

In preparing for their participation in the Copenhagen Social Summit, civil society organizations adopted flexible and ad hoc organizational forms. Contrary to the experience in other international processes, no formal governing structure or steering committee was created and no stable coordinating group was established. Instead, non-governmental organizations (NGOs) preferred to inform each other and coordinate activities in horizontal open spaces, an approach that some analysts regard as a forerunner of the organizational format later adopted by the World Social Forum.[2] Many of the NGOs that took part in the Social Summit later formed the backbone of Social Watch. As a result, the structure and functioning of the network they created maintains much of the flexibility and openness of the process that it originated from.

In addition to national coalitions, the network is structured around three bodies: the General Assembly, the Coordinating Committee and the International Secretariat. In recent years, some regional and sub-regional coordination structures have been established, but those are seen as a space for articulation and not a necessary intermediate body to link the national with the global.

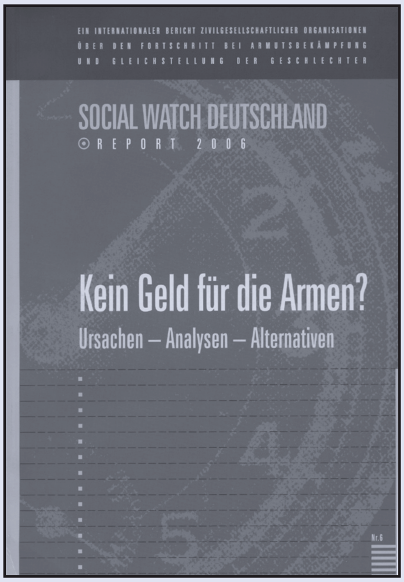
The Social Watch network is not an incorporated entity and it did not start by drafting its governing by-laws. Instead, a short Memorandum of Understanding between national groups and the Social Watch network became the basic framework establishing mutual expectations, with respect for the autonomy of the national coalitions and democratic horizontal decision-making. A key principle that distinguishes Social Watch from other international civil society networks is that no central body provides funds for its members. These operational principles help avoid the tensions associated with donor/recipient relationships within the network – since there aren't any – and also the loss of energy that could result from lengthy discussions about money, budgeting and reporting, as well as procedural matters. It has also resulted in a strong sense of ownership over the network by the members, which has been emphasized by the two external evaluations carried out up to now.

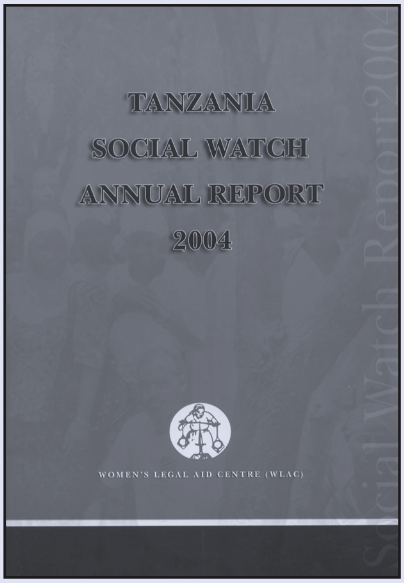
National coalitions organize the way they want – or can – according to the conditions in each country. The membership of Social Watch coalitions is very diverse, including research institutes or centres, NGOs, grassroots organizations, trade unions, women's groups, rural organizations and others. In Brazil, for example, Social Watch functions through a reference group of several social organizations united around various national issues. In Tanzania, the national platform operates through focal points centred on community group leaders and aims to foster grassroots involvement. The case of Thailand is very different, with a central group of five or six organizations working in close collaboration, while in India the network has grown so much that they produce their own detailed national report, brought to the Prime Minister in a publicly broadcast ceremony, plus state-level reports in several units of the federation. Since the international Social Watch report can only devote a couple of pages to each country, and is only available in English and Spanish, more extensive national reports are published by the local coalitions in national languages in Benin, Brazil, Germany, India, Italy and the Philippines. A report for the Arab region is published in Lebanon by the Arab NGO Network for Development.

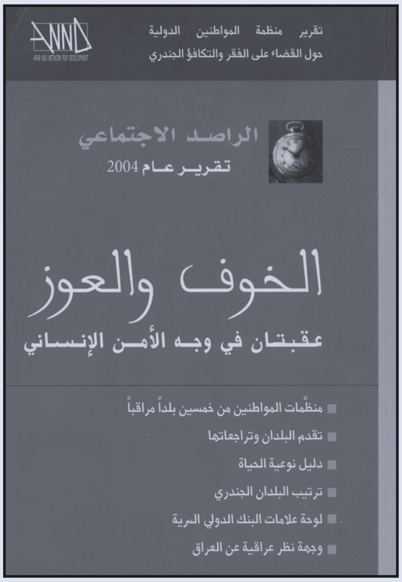
General Assembly

The General Assembly is the Social Watch network's highest directive body. Policy discussion and medium- to long-term strategic planning happens in this space that serves as a decision-making forum. However, it is also a space for recreating the sense of belonging and strengthening the network's identity and unity. It takes place every three years

2 Roberto Bissio (commentary on the case study *The Social Watch Case*, by S. Blatiwala, 2007, soon to be published).







and up to now has been held three times: in Rome in 2000, Beirut in 2003 and Sofia in 2006.[3] Long-term members of the network who have taken part i in all of the assemblies identify these three events as respectively forming, consolidating and maturing the network. In addition to setting medium- and long-term priorities and identifying potential alliances in advocacy strategy, the Assembly elects members of the Coordinating Committee to whom coordination and political leadership between assemblies are delegated.

Coordinating Committee

The Coordinating Committee is the key political body for the 'daily' work of the network, the Secretariat being its main executive body. This organizational structure requires fluid communications, facilitated principally through an email list, plus biannual meetings in person and regular telephone conferences generally arranged to discuss specific issues.

As the Coordinating Committee's task is to "ensure the political visibility and participation of the network in relevant spaces and processes,"[4] its composition endeavours to represent a geographical and gender balance as well as considering the contribution that members can make to the whole network in terms of experience and capabilities. The Coordinating Committee's decisions have always been adopted by consensus so far. All decisions (and discussions) are reported to watchers via the distribution of the minutes for each actual or virtual meeting of the Committee. The permanent participation of two Secretariat members as ad hoc members of the Coordinating Committee ensures coordination between the two bodies, the function of the Secretariat being to support and implement the strategic determinations and decisions made.

International Secretariat

The first external evaluation of Social Watch (1995-2000) noted that, "Of the various roles in the Social Watch network, that of the secretariat has changed the most" (Hessini and Nayar, 2000). Originally the Secretariat's function was limited to responsibility for the production of the Report, but due to the network's growth it has subsequently incorporated a series of new functions, including research, capacity building, promotion of the network and its representation in international forums.

From the local to the global

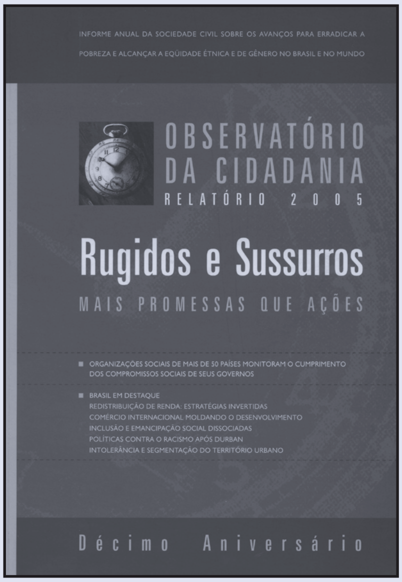
The Social Watch annual report has grown from including contributions from 13 organizations in 1996 to an average of 50 national reports in recent years. There are currently watchers in more than 70 countries and membership continues to grow every year.

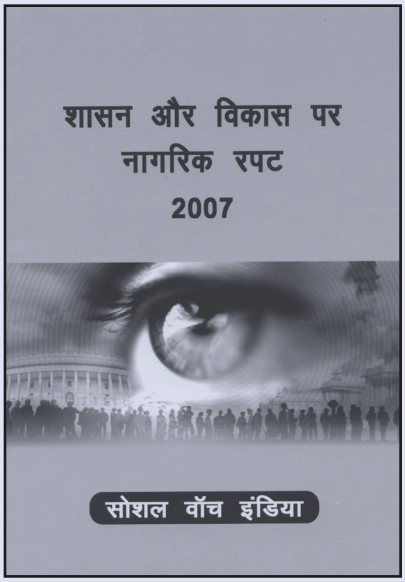
The first stage in the production of the Report is the choice of its central theme. While constantly monitoring anti-poverty and gender policies, every year the Report analyzes a different subject in depth, usually one that is related to issues under discussion on the international agenda. Experts from different origins and disciplines contribute complementary and alternative views on the issues through thematic articles. This international perspective is complemented with the preparation of national and regional reports through which network member organizations contribute a local perspective, reporting on the state of affairs in their countries in relation to each year's specific theme. Consequently, the choice of

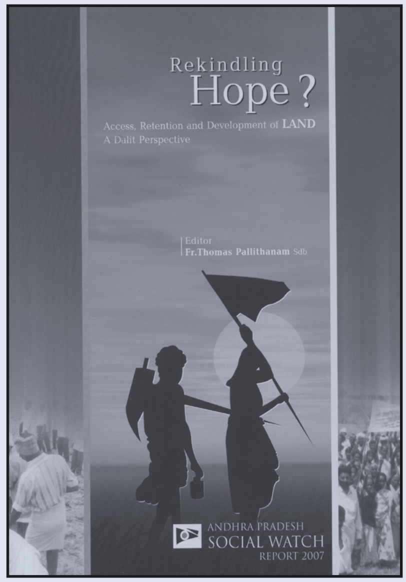
Prof. Leonor Briones, member of the Social Watch Coordinating Committee, addressed the heads of state and government on behalf of civil society at the UN World Summit on 14 September 2005.

3 Final reports, working papers and other materials from these three Assemblies are available from: <www.socialwatch.org>

4 The document describing the nature and mandate of the Coordinating Committee was agreed at the 2nd General Assembly, Beirut 2003. Available from: <www.socialwatch.org/en/acercaDe/beirut/documentos/SW_PrinciplesCC.doc>







theme depends on the possibility of addressing it from a local perspective.

The idea of linking global and national levels also figures strongly in the production of indexes and tables where comparable international information is provided that presents a macro-perspective of the situation in certain dimensions of development while also providing national level readings. Social Watch has developed alternative indicators to measure progress or setbacks in gender equity and the meeting of basic human capacities.

Although members use the report for advocacy work in diverse situations, report launches are key opportunities for dissemination and they take place not only in relevant spaces of international debate but also in each country, where much of the attention is focused on that country's results. Launches are an opportunity for the local coalitions to address the media on national issues and to discuss their findings and alternative proposals with policy-makers.

In addition Occasional Papers are published, mainly to help build the capacity of member coalitions,[5] regional training workshops have been organized, and position papers have been produced. On several occasions, Social Watch spokespersons have addressed the UN General Assembly and other intergovernmental bodies on behalf of the network or wider civil society constituencies. ■

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5 The first Occasional Paper by Mirjam Van Reisen, *The Lion's Teeth*, examines the political context in which Social Watch was created. The second, by Ana María Arteaga, *Control Ciudadano desde la base*, analyzes the democratization of international human rights instruments experience in Chile in 1997. The third of these publications, a compilation by Patricia Garcé and Roberto Bissio, introduces the experience of monitoring Copenhagen goals through the concrete example of Social Watch. Papers 4 and 5, coordinated by the Social Watch Social Sciences Research Team, address poverty and inequality in Latin America and the links between poverty and human rights. Two new Occasional Papers will be published in 2007. One will present experiences and systematizations in advocacy issues and the other will address monitoring and the use of social indicators. Both publications are based on the results of capacity-building and practice exchange workshops organized during 2007 with the support of Oxfam Novib/KIC in countries of Francophone Africa and Asia. Occasional Papers are available from: <www.socialwatch.org/en/informeImpreso/cuadernosOcasionales.htm>.

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NATIONAL REPORTS

Towards a new global social contract

The protection of the weak and the vulnerable, the old, the very young and pregnant women, has been an ethical (and frequently religious) mandate in all human societies throughout history, without which the species would not have survived.

In the 19th century, industrialization and urbanization dramatically changed the composition of families and communities and shattered the traditional forms of organizing that protection. At the same time, industrialization resulted in both an unprecedented generation of wealth and dramatic inequality and poverty, which led to social struggles.

In 1881 conservative German chancellor Otto von Bismarck informed the Reichstag (parliament) of his conviction that "the healing of social wrongs must be sought not solely through the repression of social democratic excesses but just as much by positively advancing the well-being of the workers." Subsequently a law on health insurance for workers was passed in Germany in 1883, providing for the introduction of national compulsory insurance for most manual and white-collar workers, and a law on Old Age Insurance for Workers, Journeymen and Apprentices was passed in 1889.

It was an idea whose time had come, and not just a clever political manoeuvre by a conservative statesman to outwit his political opponents. The formula spread fast across geographical and ideological borders.

In 1885 Norway had passed a decree on coverage of work accidents and a state pool of money was created to assist the sick and to provide for funeral benefits. Ebbe Hertzberg, professor of state economics, used the term 'welfare state' for the first time in 1884. Denmark passed an old age pensions law in 1891 and Sweden developed the first universal national pension scheme shortly afterwards. In Latin America, Argentina, Chile and Uruguay established welfare systems in the early 1920s. In the United States, faced with the dramatic impoverishment brought by the 'Great Depression' of 1929, President Franklin Roosevelt set up a Committee on Economic Security and signed its recommendations into the Social Security Act of 1935. When it came into force in 1940, after a further deep recession in 1937, more than half of the country's workers were covered for benefits.

The notion of universal social services and state-guaranteed protection against social risks achieved unparalleled consensus among workers and their unions, employers, politicians from left to right and religious leaders. Even private insurance companies supported it, since they could not profitably insure the poor or the workers against the multiple risks they faced. In 1948 the "right to social security" and to an "adequate" standard of living were included in the Universal Declaration of Human Rights (Articles 22 and 25); these same rights were subsequently enshrined in other key UN instruments.

The rights to social security and an adequate standard of living

Authority	Social security	Adequate standard of living
Universal Declaration of Human Rights (1948)	Article 22 – Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.	Article 25 (1) – Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.
International Covenant on Economic, Social and Cultural Rights (1966 - came into force in 1976)	Article 9 – The States Parties to the present Covenant recognize the right of everyone to social security, including social insurance.	Article 11 (1) – The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.
Convention on the Rights of the Child (1989)	Article 26 (1) – States Parties shall recognize for every child the right to benefit from social security, including social insurance, and shall take the necessary measures to achieve the full realization of this right in accordance with their national law.	Article 27 (1) – States Parties recognize the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development. Article 27 (3) – … and shall in case of need provide material assistance and support programmes, particularly with regard to nutrition, clothing and housing.

Source: United Nations.

The International Labour Organization (ILO) defines social security as being "a set of institutions, measures, rights, obligations and transfers whose primary goal is to guarantee access to health and social services; and to provide income security to help to cope with important risks of life (inter alia, loss of income due to invalidity, old age or unemployment) and prevent or alleviate poverty."

In each country, the social protection thus described is a certain mix of two opposite modalities. The first links the benefits received by individuals to the contributions they have made, so that their lifelong savings generate a return in the form of individual risk insurance or a pension scheme based on individual capitalization. The second modality is based on collective solidarity and social justice. This is the case of universal social services or social assistance, where individual contributions in the form of taxes have no direct relation with the benefits received and, in fact, most of the beneficiaries are persons living in poverty who have therefore contributed less. Universal services and social assistance are distribution mechanisms that channel resources from those who have more to those who need more. The use of progressive taxes, whether the income tax or inheritance and capital gain taxes, has been an essential component of community-wide redistributive policies.

The analysis of the experience of developed countries usually groups them in three broad categories:

- The 'liberal' or 'residual' model (so called because the state only intervenes as a last resort) of the United States and the United Kingdom, with the lowest taxpayer contributions, but comparatively higher levels of poverty.
- The 'corporatist' model of Germany, Austria and – originally – most of the Catholic world, with emphasis on social cohesion, three-party agreements between workers, employers and the state, and benefits deriving from carefully regulated programmes corresponding to different activity sectors (therefore called 'corporatist').
- The 'Nordic' or 'social democratic' model, originated in Scandinavia, based on solidarity, universal services and social rights to which each citizen is entitled as such, and not as a member of a particular group.

After the Second World War social security expenditure grew rapidly in all three groups of industrialized countries and reached at least 10% of GDP in most member countries of the Organisation for Economic Co-operation and Development (OECD), even surpassing 20% in some of them.[1]

In developing countries the situation is rather different. Most low-income countries commit less than 5% of GDP in total to public social services and benefits, and some of them less than 1% or 2% of GDP. In Kenya and Zambia the total allocation is barely 0.3%. Thus, while France's per capita income is 30 times greater than Zambia's, per capita public expenditure in Zambia is below USD 5 a year, **a thousand times less** than in France.

Typically, social security in developing countries is limited to the 'modern' sector of the economy and to urban formal sector workers, thus excluding the rural population and the informal sector, i.e. the majority of the population. Traditional and informal arrangements of social protection consequently play a vital role. However, on the one hand, families and communities are affected by the same risks as individuals – for instance, in cases of prolonged drought, conflict or pandemics like HIV/AIDS – and thus they cannot supply insurance and socioeconomic protection when it is most needed. On the other hand, traditional forms of family and communal arrangements are disappearing as a consequence of socioeconomic changes and increasing urbanization. With no other form of social organization replacing the old one, women are additionally burdened with expanded responsibilities.

Publicly provided social protection policies are a natural solution. The state can provide the appropriate incentives and exert the necessary pressure for the provision of public goods and, moreover, the state has the legal obligation of protecting and promoting social, economic and political rights. Financial limitations may make this task quite difficult. However, the state does not have to rely solely on income transfers and traditional forms of social security. Policies that promote livelihoods and reinforce informal systems of social protection are equally fundamental in the establishment of efficient forms of social security in developing countries.

The question then is how much the state is willing to intervene in order to provide social protection to vulnerable members of society. Most developing countries have established some form of distributional systems over time, governed by an array of fiscal policies.

1 Townsend, P. (2007). "The right to social security and national development: Lessons from OECD experience for low-income countries". Issues in Social Protection, Discussion Paper 18, January. Geneva: ILO.

However, beginning in the mid-1970s, social expenditure in developing countries came under attack by the structural adjustment policies promoted by the World Bank and the International Monetary Fund (IMF). Social security was portrayed as an enemy of growth, foreign investment and entrepreneurship. As a result, benefits were reduced, pension systems were privatized, and subsidies that functioned as redistribution mechanisms – particularly in rural areas not reached by conventional social security or state-provided essential services– were dismantled. This Report presents numerous examples of these phenomena.

In a recent ILO discussion paper,[2] Peter Townsend, professor of International Social Policy at the London School of Economics, wrote that "the alleged incompatibility between social expenditure and economic growth is not congruent with experience. The influential idea of the last 30 years (…) that high investment in public social services and social security deters growth, and that economic growth alone will automatically lead to a reduction in poverty, has not attracted convincing supporting research evidence. There is more support for the alternative idea, that high public social expenditure has positive effects on growth."

Similarly, research on India undertaken by Patricia Justino for the Poverty Research Unit at the University of Sussex[3] reveals that "expenditure on social services can have a positive effect on both the reduction of poverty and the economic growth of a poor economy. (…) These results question thus previous understandings that social security/protection policies may pose unsustainable financial burdens on poor economies. In the case of India, expenditure on social services has not only contributed towards the decrease of poverty but has also created important conditions for the promotion of economic growth."

Nevertheless, dramatic changes in the governance structure of social security, including total or partial privatization and a reduction of its benefits, have taken place over the last two decades in many developing and transition countries, as the present Social Watch Report demonstrates.

The debate around social security took place worldwide, yet a study by Carlos Ochando Claramunt from the Department of Applied Economics of the University of Valencia (Spain) finds that "so far no [Western] European country has dismantled the welfare state in the search for new ways to fund and manage it with more equity and efficiency."[4]

Analyzing the introduction of public-private partnerships and market-oriented management in the Spanish health system, the study concludes that "it has not been demonstrated so far, either theoretically or empirically, that the introduction of new management systems has improved the efficiency of health services."

The determination of which rights are guaranteed, and to what extent, implies a major debate in each society to determine which risks become a collective responsibility and for which public goods the state is responsible, independently of their provision by public or private institutions.

The provision of services by the state and their funding by the people via taxes are the basic elements in the relationship between a government and its citizens. A broad base of taxpayers supporting universal public services has been found to correlate very highly with functioning democracies, reduced inequalities and poverty eradication.[5] On the other hand, the inverse is also true, and regimes that are authoritarian, non-accountable and prone to corruption are more likely to be found in countries with limited public services and a narrow taxpayer base (when government income derives from other sources, like extractive industries or even aid inflows, for which recipient governments are accountable to donors, but not to their citizens).

It is not by coincidence that the dramatic downsizing of social security benefits has been difficult or impossible in countries with working democracies. In the case of Uruguay, for example, World Bank-induced reforms were defeated in referendums and only watered-down versions of the new model were eventually introduced. This helps explain Uruguay's present status as the country with the lowest levels of poverty and inequality in Latin America – the most inegalitarian region in the world.

By the end of the 20th century there was overwhelming evidence that several decades of development policies oriented almost exclusively to economic growth had not reduced the gap between poor and rich countries, while the process of trade liberalization and financial deregulation known as 'globalization' was actually increasing the inequalities between and within countries.

2 *Ibid.*

3 Justino, P. (2003). "Social security in developing countries: Myth or necessity? Evidence from India". PRUS Working paper No. 20, September. Sussex: University of Sussex.

4 Ochando Claramunt, C. (2005). "Estado del bienestar: Retos y opciones de Reforma", in QPE-Revista Electrónica, Departamento de Economía Aplicada, Universidad de Valencia, No. 9, Enero-Abril.

5 GOVNET (DAC Network on Governance) (2007). "Taxation and Governance". Version 1.2, August (draft).

The hopes for a 'peace dividend' after the end of the Cold War did not materialize, and in a series of world conferences the UN articulated a new social agenda. Gender equality and poverty eradication were set as goals for the international community in 1995 by the Beijing Conference on Women and the Social Summit in Copenhagen. In 2000 the Millennium Summit defined a time-bound set of measurable objectives for essential social services and poverty eradication, known as the Millennium Development Goals (MDGs).

Those goals targets express a commitment by poor and rich governments to attain a minimum level of provision of social services that would make "dignity for all" possible. Yet they are usually not formulated in terms of the rights or entitlements of workers or persons living in poverty.[6] In an attempt to revert the decline of aid flows, emphasis was placed on the achievement of immediately visible results and efficiency in the delivery of services and assistance to the "poorest of the poor."

'Targeted' policies directed to those most in need should allow for a progressive distribution of resources and concentrate efforts and public monies, domestic or internationally provided, on depressed geographic areas or specific groups of persons living in poverty.[7] Beneficiaries of social services who are not in those categories should largely self-finance their social services by paying for them or through individual insurance.

Targeting is essential in emergency situations, and in many cases assistance to the poor can rightly be conceived as an emergency situation. But the UN Economic Commission for Latin America and the Caribbean (ECLAC) argues that prolonged focalization as the predominant or even only social policy strengthens the dependency of beneficiaries on state aid. It creates a 'poverty trap' that erodes the motivation to work or build one's own capacities.[8] It also stimulates political clientelism or corruption and erodes the democratic principle of developing the capacities of citizens to become autonomous actors in society.

Services for the poor end up being poor services, as famously stated by Nobel Prize winner Amartya Sen. Universal service provision has in-built mechanisms through which the demands for quality made by middle-class taxpayers 'pull up' the poor. It also establishes a correlation between social protection and social inclusion, since in order to sustain high quality universal social protection policies, governments must promote employment to receive the taxes and social security contributions derived from it.

Yet it is not enough to simply say that developing countries should follow the same path of redistribution and social protection taken by the now-wealthy industrialized countries a century ago. Bismarck did not even think of capital flight, because capital could not move and he could protect his country's industrialization with tariffs. In the present globalized world, the domestic mobilization of resources for social policies requires an enabling international environment that stops the 'race to the bottom' of reducing taxes and social security contributions from transnational corporations in order to attract investments. Tax havens and offshore banking facilities that stimulate tax evasion and promote corruption must be curbed, and the volatility of financial markets – which forces poor countries to freeze enormous sums as reserves, instead of investing them in infrastructure or human capital – must be controlled. Moreover, international aid must be provided, as requested by the Universal Declaration of Human Rights, and this must be done in a predictable way that creates an entitlement, as opposed to repeating on an international scale the same poverty trap and clientelism of domestic focalized assistance.

The findings by citizens' organizations from around the world published in this Social Watch Report 2007 provide ample direct evidence of how the human right to social security is violated every day, as well as valuable suggestions on how to make it a reality.

A new social pact is badly needed at the national and global levels to balance individual rights and social rights, both of which are universally recognized, and to balance global rules and disciplines with the national 'policy space' in which democratic debate shapes each country's own priorities.

An absolute majority of humanity lives in poverty or is too young or too old or sick or disabled or a member of the 'wrong' gender identity or ethnic or cultural group and suffers a denial of universally acknowledged rights in a moment of history where wealth and knowledge have never been so abundant. Thus, the question is not whether social security is possible under globalization, but rather if global civilized existence is at all possible without implementing the universal human right to social security.

Roberto Bissio
Social Watch International Secretariat

6 Except, of course, the work of the UN High Commission on Human Rights around economic, social and cultural rights, of UNIFEM on women's rights and of the ILO on the right to social security, among other noteworthy exceptions that still have not been 'mainstreamed' by the UN system.

7 Mkandawire, T. (2007). "Targeting and Universalism in Poverty Reduction", in Ocampo, J.A., Jomo, K.S. and Khan, S. (eds.), *Policy Matters*. Penang/London: Third World Network and Zed in association with the United Nations.

8 Economic Commission for Latin America and the Caribbean (ECLAC) (2006). "La protección social de cara al futuro: Acceso, financiamiento y solidaridad". LC/G.2294(SES.31/3)/E, Febrero.

Social security: Different strategies for a global problem

Although social security is enshrined as a universal human right, in practice it is a luxury enjoyed by only a few. A mere one in five people worldwide has appropriate social security coverage, while more than half of the world's population is excluded from any type of social security protection and most of the rest are only partially covered. From a broad perspective, social security encompasses all social services and rights that reduce risks for individuals and communities. Universal coverage could result from policies geared to employment and the reduction of social inequalities, and it is considered crucial for governance and democratic systems. Nevertheless, governments are increasingly transferring their social security responsibilities to the private sector, which is beyond citizen control, or simply abandoning them and dismantling social protection systems and the provision of social services like health care and education.

Cecilia Alemany[1]
Social Watch Secretariat

Social security: a luxury enjoyed by only a few?

The term 'social security' has different meanings in different regions of the world. In this Report, we use 'social security' to refer not only to pensions (that is to say, traditional social security in a restrictive sense of the term) but also to health services, education, employment and housing, taking a broad view of social security as including all social services and rights that reduce social risk for individuals and communities. As expressed in the Social Watch India report, from this perspective social security represents a complex multidimensional issue requiring urgent action.

At the international level, the key actors in the debate on social security have been the International Labour Organization (ILO), the employers or business sector, and the trade unions in negotiation with specific bodies (ministries, secretariats, etc.) of national governments. In 2003, at the 91st ILO International Labour Conference, the World Campaign for Social Security and Coverage for All was launched. This reflected the fact that governments, employers and workers all agreed on the need to widen social security coverage and extend it in particular to workers in the informal economy, and to raise awareness in the world about the role that social security plays in the economic and social development of countries.

When social security was proposed as the theme for the Social Watch 2007 Report, some members of the 'watchers' network (Social Watch members) raised certain doubts, fearing that this issue was relevant only in developed and middle-income countries: more a European concern than one of citizens' groups in developing countries that form the majority of Social Watch national coalitions. The enthusiasm with which watchers in poor countries participated in the preparation of this Report and the quality of their national contributions demonstrate that social security is a global concern. The enormous inequality between the different situations around the world was also made evident. More than half of the world's population is excluded from any type of social security protection and most of the rest are only partially covered; it is estimated that worldwide only one in five people has adequate social security coverage.[2]

There are very marked asymmetries:[3]

- In most European countries that are 'in transition' (former members of the Soviet Union or the Warsaw Pact), coverage is between 50% and 80%, but in most developed countries there is practically 100% coverage.
- In Latin America coverage varies from 10% to 80%, and development is stagnant. The report from Paraguay shows that 78.5% of the population is not covered at all by any kind of insurance and only 30% of the elderly receive a pension.
- In Southeast Asia and East Asia coverage varies from 10% to 100% and is on the rise, but in the less developed countries of Sub-Saharan Africa and East Asia more than 90% of people have no coverage whatsoever.[4]

The watchers identified problems arising from the ageing of societies, as well as increasing child poverty. In some countries, such as Uruguay, both phenomena exist simultaneously.

Although social security is enshrined as a human right, the data presented in the dozens of national reports compiled in this report indicate that in practice it is a luxury enjoyed by only a few.

In the conclusions of the Resolution on Social Security of the 89th ILO International Labour Conference (June 2001) it is established that:

> There is no single ideal model for social security. It grows and evolves over time. There are social assistance regimes, universal regimes, social insurance regimes and public or private systems. Each society has to choose the best way to guarantee security of income and access to medical care. This choice will reflect its social and cultural values, its history, its institutions and its level of economic development. The priority function of the state is to facilitate, promote and extend social security coverage.

These national reports – many of them prepared by citizens' organizations involved in social justice issues who have not traditionally participated in the debate on social security – not only reveal the diversity of situations and histories but also enormous similarities in the formulas applied over recent decades, very often recommended by international financial institutions such as the World Bank.

Social security and democracy

At a time when the debate seems to be focused on how to further reduce the role of the state, the national report from Somalia presents a perspective from the opposite extreme. Where there is no state, "few people can afford school enrolment, medical attention and other social services in the absence of a central government, whose role is to collect taxes and duties and convert the revenue into community development and public welfare."

In many countries the discussion over social security is intrinsically linked to the efforts to construct a democratic state. The report on the Arab region[5] emphasizes that "social security should be perceived as part of a comprehensive system of political, economic, social and cultural strategies aimed at protecting national security, including human security and political stability within the society. The lack of freedom prevents people from establishing unions advocating for their rights to social security. Only democratically elected trade unions, labour organizations and professional associations can claim relevant representation of the different interest groups. They can thus lobby for the establishment of an adequate social security system, and also monitor the implementation of such a system."

In reference to another situation where state authority has collapsed, the Iraq national report concludes that since "violence and humanitarian crisis have become a part of daily life… social security is more essential than ever." And amongst its final recommendations its proposes that the country's

1 With support from Daniel Ciganda and Nicole Bidegain.

2 ILO (2001), Report 4 of the 89th ILO Conference: *Social Security: themes, challenges and perspectives.*

3 Study conducted by the International Social Security Association (ISSA) with the Social Policy Research Centre at the University of Loughborough, the United Kingdom, under the direction of Simon Roberts.

4 ILO/Wouter van Ginneken (2003). *Extending social security: Policies for developing countries.* ESS Paper No. 13. Geneva, International Labour Office.

5 By Ziad Abdel Samad and Diana Zeidan from ANND.

citizenship must be mobilized through a call for national unity among Iraqis by adopting dialogue as the only way to achieve national reconciliation, based on unity within diversity, non-violence, respect for human rights, and national independence, to preserve the country's natural resources from waste and corruption.

The same emphasis is found in the national report from Burma, "a multiethnic society with diverse cultures, religions and traditions. Ultimately, peaceful co-existence and the guarantee of social security for all persons can be ensured only if the people's right to self-determination is respected through an accountable, transparent and decentralized system of governance." In Burma, stress the watchers, "the right to social security will become a reality when the inner dynamics, interconnectedness and interaction between the state, civil society organizations and capable individuals better reflect the dire need of the Burmese people."

The need to strengthen democratic institutions is relevant not only in extreme situations such as these, but also in 'consolidated' democracies like that of India, where it seems that the right to education and health cannot be fulfilled and that, to judge from its actions, the government is trying to evade commitments that were made on the international level.

Both popular support for the democratic system and the very legitimacy of institutions can be endangered if the large-scale problems of inequality and exclusion are not resolved.[6] Transparency and access to information are necessary conditions if citizen participation is to be strengthened, but in some countries dialogue among public, private and civil society actors is still at a low level, and progress is impeded by prejudice at the government level.

In this regard, the Morocco country report shows how the growth of associations has given birth to a new generation of non-governmental stakeholders. The relations between these associations and the state have been evolving: they have gone through a phase of mutual distrust and are now coming to recognize that cooperation and joint action are possible. Nevertheless, some obstacles that prevent civil society organizations from participating in joint efforts for development still have to be overcome. Most importantly, a political and legal framework will have to be consolidated, one that is favourable to granting NGOs greater autonomy and expanding their role in formulating, implementing and evaluating decisions and policies that affect the most disadvantaged sectors of the population.

The report from Argentina attributes problems with social integration to problems with social and political rights, which are linked to the construction and maintenance of citizenship. It follows that social insertion strategies should be designed in such a way as to foster the transfer of economic, social, political and cultural resources to strengthen social networks among people who are excluded, to help them develop socioeconomic and political autonomy. Besides this, strategies should be geared to making the government's policies, institutions and actions accessible and open in the sense of being responsive to society. This essentially amounts to establishing conditions for citizenship that are based on respect and on greater individual and social rights.

A need and a right

In this Report, Fernando Cardim de Carvalho puts forward the notion that a real solution to the problem of inequality and social security would be "to restore the primacy of full employment as a social goal, as it was in the first two decades after World War II, which would obviate many of the financial problems of social security systems. There is also a need to promote a broad debate with all sectors of society as to the perspectives of the social security system, in order to make it socially fair and economically sustainable. Unfortunately, the political climate is still unfavourable to such a debate, since neoliberal ideas about the virtues of the market are still strong, particularly among influential political groups."[7]

Social security can be considered as resulting from policies geared to employment and to reducing inequality, and can be defended as necessary for governance and the very survival of a system that would lack popular support without it. However, social security is also one of the internationally recognized human rights, and therefore is not only advisable but also a legal obligation.

In the Philadelphia Declaration of 1944, the ILO Conference recognized the obligation to extend social security measures to guarantee basic income to those who needed it and provide complete medical coverage.[8] It is laid down in Article 22 of the Universal Declaration of Human Rights, approved by the UN General Assembly in 1948, that "Everyone, as a member of society, has the right to social security," and in Article 25 explicit reference is made to medical care, social services, and security in the event of unemployment, sickness, disability, widowhood and old age, as well as special care and assistance for motherhood and childhood.

The right to social security is also laid down in many international and regional human rights agreements. In the second conclusion of the Resolution of the 89th ILO International Labour Conference, it is stated that:

> Social security is very important for the well-being of workers, of their families and of society as a whole. It is a basic human right and an essential instrument to create social cohesion, and thus it contributes to maintaining social peace and social integration. It is an indispensable part of the social policy of governments and an important tool to avoid and alleviate poverty. Through national solidarity and the fair distribution of the burden, it can contribute to human dignity, equity and social justice. It is also important for political integration, the participation of citizens and the development of democracy.

The number of ratifications of the ILO Social Security (Minimum Standards) Convention (C102) is growing,[9] but it is still necessary to further strengthen this process. Some countries have still not ratified essential conventions. For example, in the national report from Tanzania there is a call for the government to ratify the ILO Unemployment Convention (C2) of 1919, which proposes measures for "preventing or providing against unemployment," and the Unemployment Provision Convention (C44) of 1934, which establishes guidelines with regard to unemployment insurance and other forms of relief for the unemployed, and to comply with its obligation to submit periodic reports to treaty monitoring bodies in order to maximize and facilitate the fulfilment and implementation of international treaties guaranteeing the right to social security.

However, even after governments ratify these conventions they tend more and more to transfer their social security responsibilities to the private sector, which is beyond citizen control, or simply abandon them and dismantle social security systems and the provision of social services like health care and education. In the report from Zambia, for example, there is a summary of the commitments the government has made and the social security policy instruments that have been designed, but there is also a warning that there are no mechanisms to ensure that the right to social security is fulfilled, and the result is that most people in that country are not able to exercise this right at all.

In one of this year's thematic reports, Christian Courtis[10] surveys the panorama and identifies places in which various aspects of the right to social security are covered by international human rights tribunals and bodies by virtue of interconnections with other rights and principles. Experiences in different countries show that the right to social security – or rather the rights derived from social security regimes – along with labour rights, constitute areas in which litigation at the local level is firmly established, not just in developed countries but also in developing countries. However, the prospects of using legal systems to directly enforce these rights on an international level are limited.

The informal sector

In the report from Romania we find that "the informal sector has grown significantly. As a result, while the entire work force was formerly covered by public forms of social security and trade union representation, today large numbers of workers are unprotected. Out of an active labour force of roughly

6 See UNDP (2004). *La Democracia en América Latina: Hacia una Democracia de Ciudadanas y Ciudadanos.* 2nd edition, Buenos Aires.

7 See the chapter by Fernando Cardim de Carvalho in this Report.

8 Detailed information from CINTERFOR/ILO (2003-2005) Training Units, the "Social Security in the Southern Cone" Project, 2003-2005, ILO International Training Centre.

9 ILO/Somavía (2007a). Introduction by the Director General of the ILO at the International Labour Conference, *Decent work for sustainable development.* ILO 96-2007/Annual Report I (A). The Convention is available from: <www.ilo.org/ilolex/cgi-lex/convds.pl?C102>.

10 See the chapter by Christian Courtis in this Report.

10 million, 1.2 million workers are estimated to be employed in the informal non-agricultural sector, and the total figure including the agricultural sector is much higher, according to unofficial estimates."

In the report from Brazil we learn that many people who are economically active for most of their lives in the informal labour market, especially in urban areas, are penalized twice over because of the individual contribution requirement. They contribute to the wealth of the country at low cost but they are not covered by the National Social Security Institute nor have they paid unemployment insurance (and for this very reason they cannot exercise their labour rights), and then in their old age they suffer again because they are disqualified from enjoying the right to social security.

Much has been written on the informal or unorganized economy of the disadvantaged sectors of the population, but there is another large-scale unregulated economy sustained by "an enabling infrastructure of banks, legal and accounting businesses, minor legislatures and judiciaries, and related financial intermediaries, which combine to serve as an 'offshore interface' between the illicit and the licit economies." The report by John Christensen points the finger at these parallel economies that are run by the wealthiest groups, and at the game of tax havens and new forms of corruption, and explains how these under-the-table deals and special treatment are threatening democracies. This is usually seen as a problem pertaining to countries in the South, but the countries that are least interested in regulating this sector are the richest ones, particularly Switzerland, the United States and the United Kingdom.

Many decision-makers in developing countries who have an economicist or conservative approach

DIVERSE FACETS OF INFORMALITY

In Africa

Ghana

While the vast majority of workers (especially women) are employed in the informal economy, only a minority of workers, mostly in the formal sector, benefit from the current national social security scheme. The Ghanaian national report calls for a different national social security system that specifically targets women, the informal sector and other disadvantaged groups to ensure a minimum safety net for the poor and marginalized.

Somalia

What has happened in Somalia since January 1991 is a kind of spontaneous privatization of public properties and services which has come about in a most haphazard way. As the nation began to recuperate from the disappearance of central rule in the country, people developed coping mechanisms and private initiatives started to respond to market demands. New schools, colleges, clinics, hospitals, electricity and water supplies and other services have been provided, but consumers have to pay for all of them, usually at exorbitant prices. Currently, 43% of the population lives below the extreme poverty line of USD 1 per day. In Somalia, there has never been a social welfare system or even institutionalized coverage against the effects of unemployment.

Nonetheless, Somalis have always relied on a traditional system of mutual support, especially clan associations. Clan members who find themselves destitute are exempt from contributing to the clan and may even qualify for assistance from a collective fund of resources. This contribution-based welfare is basically voluntary, but it helps community members to survive together, and that is why the impact of the civil war was easily absorbed through clan-based support. This system is rooted in a centuries-old culture of people living in nomadic pastoralism in a relatively harsh environment.

Kenya

It has been estimated that between 30% and 35% of the children who live in informal settlements throughout the country are not yet in the formal education system even though free primary education has been re-established. Civil society efforts to provide alternative education for children in informal settlements have been imitated by the government. These non-formal education initiatives constitute a more flexible and economical system. They are geared to children who live on the street and in settlements who cannot enter the formal education system because they cannot afford the cost or other school expenses, or for some other reason. The triennial programme provides basic instruction in literacy and arithmetic and is followed by a year of exposure to basic technical skills; it runs parallel to formal primary education programmes. The report from Kenya also explains that people who can no longer participate actively in the economy must now depend on traditional networks for social security, and this often means depending entirely on their children who work.

In Asia

India

The national report explains that while there is some kind of social security framework in place for the organized or formal sector in India, there is a serious gap in social security policy for the unorganized sector. Out of 399 million workers in 1999-2000, it is estimated that 371.2 million (nearly 93% of the entire work force) were employed in the unorganized sector, as compared to only 27.8 million (7%) in the organized sector.

The government recently finalized the drafting of a social security bill for workers in the unorganized sector. To supplement existing social security provisions at the national and state level, the bill offers social protection measures for workers in the informal economy like health insurance, maternity benefits and old age benefits. It also addresses the conservation of natural resources on which workers depend for their livelihood. This bill is unique in that it is grounded in a rights-based framework and is legally enforceable.

However, a closer look at the draft bill reveals some glaring gaps. First of all, the bill is not in harmony with the principles of non-discrimination and equity that are enshrined in the country's constitution and in international covenants ratified by India, such as the International Covenant on Economic, Social and Cultural Rights. The bill will cause further fragmentation by excluding people already covered in existing schemes, and it takes a segmented approach to providing social security because it makes a distinction between the organized and unorganized sectors instead of consolidating the two.

Nepal

The report from Nepal states that people working in the informal sectors of transportation (such as rickshaw pullers), porters, hotel services, factory and industry services and agriculture are the least protected against unpredictable circumstances. Women are the most likely to be victimized, as there is no protection mechanism in the informal sector, and they are typically paid lower wages than their male counterparts for the same types of work.

The Philippines

It is estimated that vendors, home workers, and self-employed agricultural, rural, and other informal sector workers make up about 49% of the labour force, or 15.5 million people. Many of these workers have no adequate social protection. Precisely because they are outside the formal economy and operate outside the scope of regulations, the provision of health care and other social protection programmes has remained highly problematic.

claim that there cannot be social security if there is no economic growth. ILO Director General Juan Somavía responds that "the approach that puts growth before distribution creates inequities that are difficult to re-absorb afterwards."[11] Nevertheless, the report on the Arab region makes the realistic point that "if current trends continue there will be less protection and further marginalization of the unemployed, the abject poor, and workers in the informal sector. These negative projections are based on the persistence of existing budgetary constraints on social security systems and on inefficient public expenditure."

In order to influence the concrete definition of priorities within the actual budgetary restrictions of their countries, the Social Watch coalitions in the Philippines and Italy have prepared alternative budgets as an instrument for civil society advocacy in parliamentary debates. Social policies suffer when demands and pressures are diffuse or when government implementation of measures is not coordinated. For example, in Lebanon, despite the implementation of social security programmes, "the inefficiency of social spending is due to the lack of a clear and comprehensive national social strategy. Such a strategy needs to address the current total absence of coordination among the concerned ministries and stakeholders, which leads to the duplication of efforts and waste of resources."[12]

Various national reports reveal a lack of shared national development strategies and of coordination among government bodies and programmes.

In most of the Social Watch national reports from countries in the South, bringing citizens who work in the informal or unorganized economy into the official system is seen as the key to expanding social security to give coverage to the whole population. There are some interesting experiences of attempts to bring sectors of the informal economy into social security systems, and also instances of governments incorporating methods and experiences from informal initiatives into public education and health care services.

ASIA, AFRICA AND LATIN AMERICA: HIV/AIDS AND WHAT REMAINS TO BE DONE

Joyce Haarbrink, from the NGO Marie Stopes International, comments in her report on sexual and reproductive health and rights (SRHR) that in the late 1990s the HIV/AIDS pandemic captured the world's attention, with funding streams being diverted from SRHR to the response against HIV/AIDS. There is much work to do, and it is essential to maximize the effectiveness of resource mobilization and to attain a synergetic complementarity of the two strategies. In addition, donors and governments have to recognize that investing in SRHR has a beneficial impact on the economy and the whole of society.

Burma: Yellow light, time to act

According to Social Watch Burma, the Joint United Nations Programme on HIV/AIDS (UNAIDS) reports that resources made available to combat HIV/AIDS are meagre in comparison with the magnitude of the problem, which is exacerbated by the ruling State Peace and Development Council's reluctance to permit international non-governmental organizations to work in collaboration with community-based organizations.

Permits to visit patients are difficult to obtain and access to high-risk groups and vulnerable groups is restricted. UNAIDS has warned of a growing epidemic in Burma and indicated that the ruling regime has largely been ignoring it.

Tanzania: Actions implemented, but still not enough

The Social Watch Tanzania report states that the country has an HIV/AIDS prevalence of about 7% (6.3% for males and 7.7% for females) among adults aged 15 to 49. Urban residents have considerably higher infection levels (10.9%) than rural residents (5.3%). The estimated number of people living with HIV/AIDS is two million, and the government has registered two million AIDS orphans. However, the number of AIDS orphans doubled from one million in 2003 to two million in 2005, which means the current number is almost certainly considerably higher and increasing.

In order to address this problem, Tanzania has established social security 'safety nets' incorporated into the country's ongoing Economic and Social Action Programme. One of these safety net programmes is the creation of the Mwalimu Nyerere Educational Trust Fund, which is being used to sponsor orphans to attend school.

HIV/AIDS: Fourth leading cause of death in El Salvador

The Social Watch El Salvador report states that HIV/AIDS is the fourth leading cause of death in the country. An average of four people get infected every day and thousands hide their status fearing stigmatization and discrimination.

The rate of HIV/AIDS infection has been rising since 1984. Recent data show that in late 2006 more than 18,500 infection cases had been registered. According to UNAIDS, under-registration is high, so the number of people with HIV/AIDS could be as high as 25,000 to 50,000.

As for assistance, the Instituto Salvadoreño del Seguro Social (ISSS) provides care to more than 1,280 people in the form of antiretroviral therapy, medical attention in case of opportunistic disease and attention during pregnancy to prevent infection at birth. However, there is insufficient compliance with current treatment protocols, a sporadic availability of drugs, sometimes caused by late delivery, and a constant shortage of reagents for the CD4 cell count test, all of which exposes many people to the occurrence, or increased complication, of opportunistic diseases and to death.

Many kinds of discrimination

The problem of informality is exacerbated by many kinds of discrimination that aggravate the situation for certain population groups and make them more vulnerable. The multiplier effect of inequality is rooted in the fact that it generally involves multiple discrimination for reasons of gender, age, ethnicity, geographical origin, religion and sexual orientation, as well as the discrimination faced by people who are differently abled, HIV-positive, or members minority groups.

People suffering from discrimination cannot exercise their rights or live with dignity. They are the most susceptible to poverty and are victims of increasing inequality, a phenomenon that also occurs in the richest countries. For example, in the report from Canada we learn that in polling undertaken by the Canadian Centre for Policy Alternatives (part of Social Watch Canada) the majority of Canadians (65%) indicate that they are not benefiting from economic growth. Many state they are only "one pay cheque away from poverty."

In Nepal, "throughout the country, discriminatory practices rooted in tradition are mainly based on caste, ethnicity, class and gender. As a result, *Dalits* (members of the untouchable caste), *Janajati* (indigenous nationalities), the poor and women are deprived of opportunities to meet their basic needs in terms of food, shelter, education and health services. These discriminatory practices are more prevalent in rural and remote areas where unequal power relations, the unequal distribution of land and income and a lack of basic facilities are common."

In many regions a high proportion of women are still self-employed. In the developing countries, most work of this kind takes place in the informal economy, and typically it is badly paid, is carried out under bad working conditions, and does not involve social protection.[13]

11 ILO/Somavía (2007b). Director General's Report: *Equality at Work: Facing the Challenges.* Global report in coordination with follow-up on the ILO Declaration on basic principles and rights at work. 96th International Labour Conference.

12 See the chapter on the Arab region in this Report.

13 ILO/Somavía (2007b).

The chapter in this Report on the Gender Equity Index (GEI), written by the Social Watch Research Team, makes the point that inequity based on gender is a phenomenon that transcends borders, cultures, religions, nations and levels of income. Achieving gender equity is a challenge for the whole modern world because, although gender inequity is manifested in many different ways, there is still a gap between men and women in all countries.

A recent ILO study[14] confirms the fact that women are proportionally over-represented in informal employment. Nevertheless, when the proportion of men and women who are self-employed is more or less equal, there is a higher concentration of women in jobs of inferior quality.

In the report from Brazil we learn that rural women workers have been struggling in vain for years to be officially recognized as small producers. The work they do cultivating market gardens and medicinal plants and keeping small farm animals is absolutely vital for the maintenance and survival of their families, but on an official level it is undervalued or not taken account of, and consequently their rights as workers are not recognized. The Brazilian report goes on to say that the most serious case is that of nearly six million women, mostly in rural parts of the country, who do not possess any kind of documentation and for this reason are denied their rights as citizens.

The report from Honduras presents a panorama of violence against women. The government has still not ratified the facultative protocol of the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), which is an indispensable resource that would enable women's organizations and the victims of violence to report on this situation to the appropriate international bodies.

Most of the national reports from developing countries show a scenario of discrimination against women from disadvantaged regions whose only possible means of support is to work in the informal economy. But there are also some positive reports, like the news that in Bangladesh "considerable progress has been made in mainstreaming women in the country's development process. Bangladeshi women have played and continue to play an important role in successful experiences like the use of micro-credits, the ready-made garments sector, reducing the overall fertility rate, improving child nutrition, greater participation in education and reducing gender disparity in all spheres of life. Girls and women in Bangladesh have already achieved parity in the primary education gross enrolment rate and in life expectancy at birth."

Policies to gradually bring informal work into the formal economy play a crucial role in accelerating the reduction of poverty, preventing greater inequality of income and overcoming discrimination in general and discrimination against women in particular.[15] It is vitally important, if more rapid economic growth is to be achieved and if jobs are to be generated, that governments should implement education and training strategies to reduce the lack of skills, overcome discrimination and exclusion, and foster greater buying power among low-income population sectors.

The thematic report by Susanne Paul and Alischa Kugel highlights the fact that older women often have important care-provision responsibilities. They may be raising grandchildren or taking care of the sick or middle-aged people in communities hit by the HIV/AIDS pandemic, or they may be supporting grandchildren whose parents have left to work in distant places. As sole breadwinners, these grandparents may find themselves unable to provide adequate nutrition, access to health care or education for their children, grandchildren or themselves.

In the report by Robin Blackburn there is a suggestion that a global pension and youth grant system should be set up. It is also noted that the usual link between pension entitlements and employment contributions is not good for women because women live several years longer than men and therefore constitute a majority among the elderly. And because women's unpaid labour in the home counts for little in public pension systems, and for nothing in private and occupational schemes, over three quarters of the elderly who are poor are female. Moreover, a woman's work of caring for other family members typically continues into old age, as she cares for her spouse, her grandchildren and the sick.

Various national reports address the treatment that immigrants receive in terms of social security. For example, in the report on the Arab countries we learn that a large number of immigrants (mostly from South Asia and other Arab countries) live in the Gulf states with their families but do not enjoy the same social services as citizens of those countries.

CHILDREN LIVING IN POVERTY

Uganda: Half of the children live in poverty

The Social Watch Uganda report highlights a 2005 study by the Chronic Poverty Research Centre (CPRC), which estimated that 50% of the country's approximately 15 million children were living in poverty.

The factors identified by the report as responsible for poverty and vulnerability in Uganda included inadequate social security and protection against shocks, poor health, HIV/AIDS, rapid population growth, limited access to land, and lack of markets. Corruption also contributes by diverting resources necessary for enhancing the well-being of the poor, including the sick.

Nepal: Alarming situation of children

The Nepalese Social Watch report explains that although the government has ratified the UN Convention on the Rights of the Child, the provisions made in the country's laws and the government's policies are inadequate to ensure the rights of children and youth. The situation is particularly alarming with regard to children. In the first six months of 2004 alone, the Nepalese organization CWIN collected 10,247 cases of child labour exploitation, child deaths, missing children, child abuse, child marriage, child sex abuse, child trafficking, forced prostitution, children in conflict and juvenile delinquency, and stressed that the reported cases represent only a very small fraction of the true magnitude of the problems faced by the country's children.

For the first time in history, the newly promulgated Interim Constitution of 2007 has enshrined the rights of the child in the list of fundamental human rights, but no steps have been taken as yet for the operationalization of this commitment.

In 2003, the government pledged to provide 'education for all' as part of its Millennium Development Goals (MDGs) commitments, stating that by 2015, every child between the ages of six and ten would have access to free and good-quality primary education irrespective of gender, ethnicity, religion, disability and geographic location. Until now, however, there is no sign of steps being taken towards developing the necessary infrastructure and systems to ensure that the MDG target can be met in another eight years. Moreover, there are still roughly one million child labourers in Nepal who do not go to school.

Morocco: 600,000 child workers

The Social Watch Morocco report states that several vulnerable groups require support to improve their situation, especially:

- Children: It is estimated that there are 600,000 child workers, many of whom live on the street and are exposed to physical and sexual violence. About half a million children are beggars. All of them are victims of school failure, rural migration and social attitudes that foster child labour.
- Widowed, divorced and single mothers who are heads of households: Women in these categories are more prone to poverty, in part because legal statutes and inheritance laws discriminate against women and make them more vulnerable.

14 Galli, R. and Kucera, D. (2007). "Gender, informality and employment flexibility in Latin America". To be published. Cited in the Director General's Report to the ILO, 2007.

15 ILO/Somavía (2007a).

Benefits have not been extended to the immigrant labour force who carry out most of the low-skilled work but also occupy a significant proportion of skilled jobs.

In the report from the United States we learn that, second only to the war in Iraq, the lack of health care provision is perhaps the most contentious public policy issue in the country. As to the situation of minorities and immigrants, it emerges that certain groups are hit much harder than others when it comes to lack of health care coverage. African Americans, Hispanics, the poor and women suffer disproportionately under the current health care system. Lower income levels among minority groups (at the time of the study, 47% of working adult Hispanics and 44% of working adult African Americans were living below the poverty line) make them less likely to receive employee health care and less likely to be able to afford such services on their own account.

In Europe, the Belgium report notes that on 15 September 2006, the parliament passed legislation that amounted to a far-reaching change in Belgian law with respect to foreign nationals. Civil society organizations and trade unions are unanimous that these reforms cannot guarantee respect for the basic rights of many foreigners residing in the country, and in no way rectify weaknesses in the previous legal arrangements. Meanwhile, the report from Germany states that the rights of refugees to education and even to health care services are being violated in the country. In seven of Germany's sixteen federal states, there is no requirement for refugee children whose deportation has been temporarily suspended to attend school, and the same applies to some extent to the children of asylum seekers.

Conflicting models

There is no single ideal model for social security, but there are certain internationally agreed basic principles[16] that all systems should follow:

- Benefits must be secure and non-discriminatory.
- Regimes must be rigorous and transparent.
- Administration costs must be kept to a minimum.
- Social stakeholders must play an important role.
- The system must enjoy the confidence of the people.
- There must be good administration.

Another principle is that men and women should receive equal treatment. This is the binding force and central core of social security, the element that makes for the optimum development of society. There must be recognition of the enormous unpaid contribution that women make, especially in the care of children, parents and the disabled.[17]

There are two conflicting trends in the implementation of these principles in adapting social security to the new realities imposed by globalization:

16 CINTERFOR/ILO (2003-2005).

17 ILO/De Regil (2001). Report by the President of the Employers Group on the Social Security Committee at the 89th ILO Conference.

HOUSING: NO ONE SHOULD HAVE TO LIVE ON THE STREET OR IN DIRE CONDITIONS

In France more than three million people live in dire conditions or are homeless, and it is estimated that there are 600,000 insalubrious housing units. The report from Belgium tells us that there are serious problems as regards access to housing since the proportion of social housing in this country is among the lowest in Europe.

The Social Watch organizations in France propose the following:

- Implement a legally enforceable right to housing, to make it an effective right that everyone can accede to.
- Make housing a genuine priority, as is the case with employment.
- Reinforce the social effectiveness of assistance programmes for buying housing, which should continue to be under state administration.
- Guarantee the availability of rental housing that is economically accessible to the whole population.
- Implement a universal system to provide security against the risks of renting.

World Bank criticisms of non-structural reforms*

- They affect the formal labour market.
- They stimulate evasion and are a disincentive to contribute because of payment default, non-declaration and under-declaration.
- They erode the supply of experienced workers.
- They lead to injustices through the establishment of ceilings and privileges.
- They raise labour costs and generate problems of financial unsustainability.
- They put a brake on economic growth and do not generate a capital market or national savings.
- They inflate the implicit debt to workers and retirees.
- They do not correct problems stemming from ageing or demographic evolution.
- They make redistribution more unjust.
- They divert resources away from other social and production policies.

* CINTERFOR/ILO (2003-2005).

- **Structural or 'paradigmatic' reforms.** These are far-reaching reforms that involve individual capitalization and the complete or partial private administration of regimes. These systems are also known as 'Washington Consensus' models, and are part of the World Bank's structural adjustment policies.
- **Non-structural or 'parametric' reforms.** These are changes to national public systems while keeping the basic structure intact. Non-structural reforms are based on the classic principles of solidarity and state organization of social security and are applied in most countries, particularly in developed ones. The classic example is the so-called continental European model of social protection, also known as 'Social Europe'.

The national reports by the Social Watch groups in Europe describe the current situation of the European model. For example, in France social protection refers to all collective benefit mechanisms that give people financial support for social risks. There are three systems: 1) social security for people who contribute, which provides protection against loss of income, unemployment, illness, old age, and work accidents; 2) social assistance (implementing a solidarity-based system known as minimum income for insertion), benefits for disabled adults; and 3) universal protection (family allowances). The French social protection system represents more than 30% of GDP.[18]

Non-structural reforms

In general, non-structural reforms share the following characteristics:[19]

- They are implemented progressively, with a medium and long-term perspective, such as the process towards 2030 in Germany.
- They are widely agreed with the social sectors (as is the case in various European countries).
- They can bring about an improved correlation between contributions and benefits, for example through individual hypothetical accounts that first emerged in Sweden and were then taken up in China and Latvia; or the social assurance factor in Brazil.

Experts from the World Bank and other organizations that favour compulsory individual

18 <www.vie-publique.fr>

19 CINTERFOR/ILO (2003-2005).

PRIVATE PENSION FUND ADMINISTRATION

Taking the 1981 social security reform in Chile as a model, World Bank recipes for structural reforms include individual capitalization schemes and private pension fund administrators (PFAs) as a total or partial replacement for solidarity-based public pension fund management.

Irrespective of implementation differences existing between the 28 countries that have incorporated PFAs up to now, the fundamental intention behind the reforms has been to transfer responsibility for social risk from state institutions to individuals. In these systems each affiliate has an individual account in which his or her pension contributions are deposited and, at the end of their active working life, this capital is returned to them, or their survivors, in the form of some type of pension.

In theory such pension funds would take on responsibility for providing pension income levels that public schemes were no longer able to maintain. But according to Fernando Cardim de Carvalho, the funds were basically conceived as a way of increasing household savings and channelling them into public and private securities markets, rapidly converting them into another form of investment fund.

For Aldo Caliari, the use of pension savings for speculative activities such as investment in venture capital funds and hedge funds is a cause for concern, both because of the instability of financial markets and the high risk and lack of regulation associated with these types of fund. Additionally, in PFA schemes affiliates do not participate in the decision-making that determines how and where their savings are invested or in the daily management of PFAs. The configuration of quadruple entities where the state, employers, workers and pensioners all participate has no place in PFA logic.

Several national reports from Social Watch coalitions highlight some of the more visible characteristics of PFAs. We will look at some specific cases.

TABLE 1. Countries where some form of PFA has been introduced

Latin America	Europe and Central Asia
Argentina	Lithuania
Bolivia	Macedonia
Chile	Poland
Colombia	Russian Federation
Costa Rica	Slovakia
Dominican Republic	Sweden
El Salvador	Ukraine
Mexico	**Asia**
Panama	Hong Kong
Paraguay	India
Peru	**Africa**
Uruguay	Nigeria

Mexico

The report from Mexico describes that country's social security system as being based on an occupational model that benefits salaried workers and their families, providing health care services, pensions and some contributory social and economic benefits. But this model does not cover the unemployed or those working in the informal sector.

A 2006 Alternative Report alerted the UN Economic, Social and Cultural Rights Committee to the performance of the Pension Fund Administrators (AFORES) and the precarious situation of the Mexican Social Security Institute (IMSS) and the Public Employees Social Security and Services Institute (ISSSTE). In response, the Committee recommended a series of measures to the government, such as "a thorough evaluation of the proposed modifications to the current pension system involved in the new law governing ISSSTE, as well as future modifications to other social security systems, in order to guarantee that such modifications do not generate employment insecurity for future pensioners or reduce the value of future pensions, thus endangering an appropriate standard of living."

An analysis of the 28 March 2007 ISSSTE Law reform concludes that it is a regressive measure when compared with the previous legislation and that it contravenes the Political Constitution of the United Mexican States and specific provisions of ILO Convention 102 that the state has an obligation to comply with. Furthermore, this Law is based on an individual contribution system administered by private institutions, in contravention of the obligation that the social security system be collectively financed, as prescribed by ILO Convention 102. Hundreds of thousands of public employees have politically mobilized and taken legal action against this reform.

El Salvador

The pension system in El Salvador was privatized 10 years ago. The government transferred money that had been paid in by workers to PFAs, while maintaining responsibility for the pensions of workers who were over 35 in 1996 and who remained in the old pension system. Six years after this privatization a reform was introduced to raise the retirement age.

One of the main pension system problems highlighted by the El Salvador Report is the wrongful retention of payment instalments by employers who fail to remit them to the Salvadoran Social Security Institute (ISSS). In 2007 the government has to pay out approximately USD 345 million to retirees but does not have that money and the state's debt is three times greater than the proceeds from tax collection.

The government created a Pensions Trust Fund to pay pensions and PFAs have authorized the Multisector Investment Bank (BMI) to use money paid in by their current affiliates to pay the pensions of retirees. The amount lent for 2007 was USD 345 million. Because the government has such a high level of debt it is likely to have problems with repaying the PFA, so the entire system is at risk and the future pensions of affiliates are endangered.

Paraguay

According to the national report from Paraguay, only 30% of senior citizens there are eligible for pension benefits. In 2005 there were only 93,000 pensioners. There are at least eight contributory funds operating simultaneously in Paraguay, the largest two being the Fiscal Fund for central administration public employees and the Social Security Institute (IPS) for private sector and decentralized administration employees.

One indication of inequity is the required contribution period for pension eligibility, which ranges from 10 years in the case of the Parliamentary Fund to 30 years in the general scheme of IPS. The retirement age also varies, being 40 for female public school teachers and 60 for men and women in the general IPS scheme.

Colombia

Private pension funds based on individual capitalization have been established but at the same time the previous system based on a 'pay as you go' (PAYG) scheme and public resource administration was maintained. Fourteen years after the implementation of social security reform (Law 100 of 1993) with the objective of promoting universal protection, the Colombia national report emphasizes that health care coverage only reaches 62% of the population and in the area of pensions the situation is similar to that in 1993 with a coverage of 28%.

Bolivia

According to the Bolivia national report, pension system reform there was presented as a social necessity – an argument supported by the clearly dysfunctional state of the existing pension system that had been in force for several decades – but was in fact designed as a potential source of profit for private investment. One of the favourite arguments of government officials and PFAs in defence of the reform is that the new system has resulted in an enormous increase in coverage. However,

(Continued on next page)

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enthusiasm about the unprecedented growth in the number of affiliates, more than double when compared with the previous system, ignores the fact that at present the number of workers actually contributing to PFA-managed funds is substantially less than the number of affiliates.

Available information refutes the theoretical assumption that the new system's operations would be subject to market efficiency. It is not free market forces that determine investment decisions in PFA fund management. Current regulations require such bodies to maintain a certain structure in their investment portfolio with a predominance of state-issued securities. While the regulations limit investment in foreign-issued securities to 10%, investment in public securities, either of the National Treasury (TGN) or the Central Bank of Bolivia, has no limit. As much as 90% may consist of this type of investment which explains the unusual concentrations in PFA portfolios.

It can consequently be inferred that the objective of an efficient administration based on transparency in decision-making and investment has not been achieved, as the affiliates who contribute to the system, the true owners of the accumulated funds, have no influence in decision-making over the destiny and profitability of their savings. Instead, it is public officials and political authorities whose interests are met through authoritarian impositions on PFAs.

Hungary

According to the Hungary national report, the obligatory public pension regime has rested on two 'pillars' since 1998, the first being the social security pension scheme, a PAYG system that is financed by contributions from employers and workers. The second pillar comprises private pension funds that respond to market laws.

People beginning their working life are obliged to participate in the mixed regime (the two pillars) and a considerable part of their individual pension contribution (8% out of 8.5%) goes to the private pension fund of their choice. This mixed regime currently covers over 60% of the insured population. Private pension funds will begin to administer their own services from 2013 and will not constitute a 'typical' pension payment regime until 2020, a situation that leaves the social security pension regime as the exclusive or predominant actor over the coming decades.

Ghana

The three-tier approach which the Pensions' Commission has recommended to the government is basically the World Bank's template for managing pensions through scaling down public schemes. The privatization of pensions will create an opportunity for a very few private individuals to access cheap funds at the expense of the majority of citizens. Already a number of US firms are advertising their private pension schemes in Ghana. This approach has failed in Latin America and is unlikely to work in Ghana.

capitalization systems have made a series of criticisms of non-structural reforms and public systems in general.

Many of the arguments against public systems or Social Europe turn on the claim that the model is unsustainable, either for financial reasons or because of the implications of the fact that the population is ageing. For example, as is pointed out in the report from Italy, one of the most critical aspects lies in the fact that as an ageing country, Italians are now increasingly paying more for their elderly without a sufficient generational exchange that can produce enough revenue to cover all social security costs. However, the Italian report argues that it is not only the ageing population that should be taken into account, but also those who are currently unemployed, especially since the unemployment rate is not decreasing. Finally, when the 'baby boom' generation retires there will be an expenditure peak 20 or more years from now, while the reforms introduced are supposed to reach full application in 2010.

Structural reforms

Antonio Tricarico, in the report on the World Bank perspective on social security, argues that since the 1980s World Bank-driven structural reforms have systematically shifted the balance of social risk away from state institutions and onto the shoulders of the individual. For example, the World Bank's policy objective of prioritizing financial system restructuring and development has increasingly targeted the reform of public social security institutions, and involves the privatization of old age pension systems.

In addition to providing rhetorical support for the ideological and financial interests that promote privatization, the World Bank has also provided loans and technical assistance to nations that have privatized their social security systems, in particular in Latin America and the Caribbean, and later in Eastern European countries.[20]

The national report from Nepal explains how industrialization in the country was initially state-led, but in an attempt to globalize the national economy, the trade, investment, foreign exchange, financial and industrial sectors were deregulated, de-licensed and subsequently privatized. Although the Bretton Woods institutions (the IMF and the World Bank) imposed structural adjustment policies in the 1980s, economic liberalization actually began in 1992. The privatization of basic services such as water, education and health care has further increased inequality by decreasing both the quantity and quality of public health and education services.

All structural reforms involve basic changes to the structure of pension and retirement pension regimes with the introduction of compulsory individual capitalization schemes administered by private sector enterprises, and they differ from each other only in the extent to which they replace the benefits regime with individual accounts, and in the definition of benefits.[21]

The national report from Bulgaria explains that under the financial direction of the international financial institutions (enforced through the

THE WORLD BANK PROPOSES A MODEL WITH THREE PILLARS*

The first is a **public pillar**, which has the limited objective of alleviating poverty in old age and providing co-insurance against many risks. It must be a small pillar to leave space for the other pillars, and it should be financed from the normal budget to avoid the problems of social security funds administered by the public sector. There are three possible modalities: it could be part of a benefits programme geared to the needs of poor people of all ages with benefits that depend on needs according to age; it could be a guaranteed minimum pension through a compulsory savings pillar; or it could provide a universal uniform benefit or one linked to employment.

The second is a **compulsory individual capitalization pillar under private administration**. This could take two forms, personal savings plans and occupational plans. The total finance generated is supposed to contribute to capital formation and the development of financial markets, and the stimulation of economic growth through this means would facilitate the financing of the public pillar (the real trend has been to promote personal savings plans, making this pillar more important and characteristic of the model).

The third is a **voluntary individual capitalization pillar under private administration**, which could take the form of either of the two modalities above as a voluntary supplementary system.

* CINTERFOR/ILO (2003-2005).

20 The situation in the East European countries is dealt with in the report by BGRF/Bulgaria in this Report.

21 CINTERFOR/ILO (2003-2005).

conditioning of loans) and following the policies implemented in Central and Eastern Europe and Latin America, a whole new pension system architecture was set up, based on three pillars. The new architecture combines government and private involvement as well as compulsory and voluntary elements.

In 1999, criticism started emerging within the World Bank itself about its ideological approach to the structural reform of pension systems. The World Bank conceptualized its new approach as Social Risk Management (SRM). In 2000, in the World Bank's World Development Report, a policy framework for *Attacking Poverty* was presented. Significantly, at the time the Millennium Development Goals were defined in the UN Millennium Declaration, the Bank clearly stated its intent to re-conceptualize social policy as social risk management.

The World Bank suggests that the state should provide "social safety nets for risk coping." There is a premise that state institutions in developing countries will never be in a position to provide anything other than the most limited forms of social protection. This view is problematic as it appears to deny the possibility of social progress. The social risk management framework appears to have been built on the premise that developing countries should actively seek to implement social protection strategies which limit state action to the delivery of targeted social expenditure only.

These new formulations of World Bank prescriptions have also come in for criticism. Both Tricarico and the report on the role of the World Bank in the countries of Eastern Europe give an account of the different criticisms that have been made of the World Bank model from all over the world. The ILO has also systematized these criticisms, and recently an independent audit of World Bank research, which examined over 4,000 World Bank activities in the period 1998-2005, found that rather than policy being formulated on the basis of a balanced analysis of a wide range of research, policies were often formulated on the basis of historical preference, and then backed up by selective research and biased analysis.[22] The independent panel made telling criticisms of the way that World Bank research was used to proselytize on behalf of World Bank policy, often without taking a balanced view of the evidence, to the point that "the degree of self-reference rises almost to the level of parody."

On the question of the impact of structural reforms, the report from India explains that the retreat of the state under the impact of the neoliberal framework and the forces of globalization have created a policy dilemma in which the concerns of the welfare state have been left behind. In spite of constitutional stipulations regarding the provision of social security, the current system leaves wide gaps, especially in terms of covering vulnerable sectors of the population like the elderly, women, children, and the millions of paid and unpaid workers employed in the unorganized sector.

22 Banerjee, A. *et al* (2006). *An Evaluation of World Bank Research, 1998-2005.* Cited in the report by Antonio Tricarico in this Report.

TABLE 2. The World Bank model: the pillars for economic security for the elderly

Objective	Redistribution and co-insurance	Savings and co-insurance	Savings and co-insurance
Modality	Depending on need – guaranteed or uniform minimum	Personal or occupational savings plan	Personal or occupational savings plan
Financing	Financed from taxes	Totally financed, regulated	Totally financed
Pillars	Compulsory pillar administered by the public sector	Compulsory pillar administered by the private sector	Voluntary pillar

Source: CINTERFOR/ILO, 2003-2005. Taken from *Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth.* World Bank, 1994.

CRITICISMS OF THE WORLD BANK MODEL*

- It diminishes national and intergenerational solidarity.
- Policies are often formulated on the basis of historical preference, and then backed up by selective research and biased analysis.
- Its coverage is limited, and private regimes favour the more prosperous sectors of the population.
- It is geared to profits, and sometimes administrative costs are high.
- There is the risk of bankruptcy and financial volatility.
- It does not provide complete security unless the state takes the necessary measures.
- The social actors do not participate in the management or definition of policies.
- It is more difficult to adjust pensions to economic fluctuations than in public regimes.
- Complex problems about guaranteeing pension rights arise in cases of occupational mobility.

* Based on 'Inconvenientes del modelo Banco Mundial desde la perspectiva de la OIT', cited in CINTERFOR/ILO (2003-2005).

In the thematic report by the Bulgarian Gender Research Foundation (BGRF) on the role of the Bretton Woods institutions in Eastern Europe, the point is made that there have been two kinds of social security reforms. On the one hand there is the kind that was applied in Poland, Hungary and Bulgaria (similar to those in Argentina), and on the other hand there is the system implemented in countries like the Czech Republic, Romania and Slovenia, which is more along the lines of the European social model in that it has not followed World Bank recommendations and seems to have been designed taking account of the lessons learned in Latin America.

In the national report from Latvia there is an outline of the main characteristics of the structural reforms in that country and how these have affected the quality of life of older people. In the report from Hungary it is stated that practically all areas of social policy have been affected by the transition and the neoliberal policies dictated by the international financial institutions in accordance with the Washington Consensus, in other words, the strengthening of individual responsibility and the weakening of public responsibility. Meanwhile, labour rights have been weakened and joblessness has increased, so labour security has been seriously undermined.

Fernando Cardim de Carvalho points out some other risks involved in the role that private equity funds and hedge funds play. Pensions are not similar to other classes of financial investment where investors select part of their surplus income to make a bet. The function of pensions is to guarantee a minimum income level that allows the retiree to maintain a certain quality of life. The middle classes and, in the more developed countries, the workers are the final investors in pension funds, and their future incomes should not be dependent on market games such as those played by private equity funds and hedge funds.

Aldo Caliari notes that the G8 Summit at Heiligendamm in June 2007 failed to take any meaningful action. The German finance minister's attempts to push for an agreement on tightening regulation of hedge funds were quickly opposed, mainly by the US and UK governments, and were soon watered down to mere calls for disclosure in the interest of greater transparency. As the G8 Summit drew closer, it seemed that even modest transparency requirements of a mandatory nature were too much to enforce on hedge funds.

The role of the international community

In the fight against poverty as one of the 'banners' of international cooperation there is less and less emphasis on social justice. Although emergencies certainly require urgent attention, the approach to poverty solely as assistance to people who are affected is leading to increasing inequality and is not tackling the root causes of the problem. Poverty is a problem for all societies; it is not a 'disaster' that affects a small group of the poorest countries (even though these countries do deserve priority treatment and special attention).[23]

The international community recognizes the problem of inequality and its multiplier effects as being as serious as the problem of poverty. Nevertheless, international organizations continue to rank countries by income – in terms of per capita GDP – which is an average indicator that conceals

23 Social Watch (2007). Guidelines for national reports.

inequalities, because it takes a country's annual income and simply divides it by total population.

The Human Development Index (HDI) of the United Nations Development Programme (UNDP) incorporates health and education as well as income, and it is clear that countries with similar levels of per capita income may rate very differently on the HDI. The Basic Capabilities Index (BCI) developed by Social Watch[24] dispenses with income and compares countries according to their progress in a number of basic capabilities that are indispensable for a decent life.

The European Commission recently made an effort to develop a governance index, but this is criticized by Mirjam Van Reisen and Simon Stocker in their report on the European Union. While issues are hanging over the democratic scrutiny of the country programmes for Africa, the European Commission is placing strong emphasis on a governance facility for Africa. The instrument has come in for serious criticism. Out of a total of 23 indicators, only one is related to the Millennium Development Goals. Other indicators focus on issues such as migration, trade liberalization and counter-terrorism, and are aimed at negotiating a response to European interests in exchange for EU aid. It is unclear if the signing of European Partnership Agreements arranging new trade cooperation agreements between the ACP countries and the EU also has an impact on the assessment of 'governance' in the partner country.

The unions organized through the International Trade Union Confederation have a clear understanding that local and national problems require international solidarity, and that the challenges facing the world make it necessary to organize on a global scale. But the major international campaigns against poverty, or the massive solidarity expressed by the public worldwide when there is a disaster like the tsunami in December 2005, have not served to rectify the basic inequities in the world economic system. There is a lack of international solidarity, and this is clear from the fact that development assistance is so paltry, that developing countries' trade is often impeded, that world opinion is indifferent to the double standards of transnational corporations from the North in their dealings with the South, and in how the problem of foreign debt is being handled.

This reality contradicts the promises made by the international community. In the report by Rebecca Carter and Stephen Lister, it is argued that by signing up for the Millennium Development Goals (MDGs), the international development community made a commitment to fulfil the right to social security for all. This right could become actionable in international courts, as demonstrated in the report by Christian Courtis, and its implementation worldwide would be perfectly viable if there were the necessary political will to achieve it. ■

HEALTH REFORMS: THE WORLD BANK MODEL

Pro-private health providers

Tricarico explains that the World Bank deliberately reduces the role of the state and public intervention on the basis of the unproven ideological assumption that private health providers are more accountable, of higher quality and more efficient than public providers. Public sector workers are presented as corrupt, but there is no analysis of why corruption thus defined occurs among this group, and no comparative analysis of how and why massive corruption also occurs in private provider contracts. The strategy ignores the evidence of successful reforms to strengthen the training, recruitment and retention of more highly motivated and better-remunerated public sector health care workers, and proposes bypassing the public sector in favour of a falsely overvalued private sector.

The Philippines

The PhilHealth programme (also known as Medicare) exemplifies wide inequities: poor workers subsidizing well-off employees (who have a higher incidence of serious illnesses requiring more expensive treatment), and poor regions subsidizing metropolitan Manila. Local-level life insurance and health insurance are thriving in some urban and rural places, despite actuarial weaknesses, and they do help mitigate risks and reduce the vulnerability of poor households. The Filipino report identified cooperatives, NGOs and mutual benefit associations as vehicles of micro-insurance programmes in the country.

Hungary

The current Hungarian health care system faces serious structural problems. Prevention and screening systems in health services are not reliable from either an organizational or a professional point of view, and the capacity of rehabilitation centres is insufficient as well. Structural problems are made more severe by overlaps between certain services (e.g. health and the social system), and the lack of advanced communications, which further obstructs the efficient operation of the health service. Under the slogan of 'reforms', the ruling social-liberal government is closing down hospitals, and this is causing a significant decrease in the number of hospital beds. Another objective of this 'reform policy' is to open the way for private health insurance companies.

Romania

The national report explains that in 1990 Romania's medical system was exclusively public, highly centralized and financed from the state budget; services were offered to the population officially free of charge. During these last 17 years of transition, statistics and research have shown deterioration in the population's health, including a drop in life expectancy and the reappearance or aggravation of poverty-related diseases. In this context, political decision makers decided to switch to a system based on health insurance. In general, experts consider that the whole reform process has led to increased costs, confusion among medical personnel, delays in the creation of the legislative framework defining the responsibilities of different actors in the system, and errors in the disbursement of funds. Many decisions have been taken without a prior evaluation of their social impact.

The public health system's problems have been heightened in recent years by a growing inability to provide free or subsidized medicines for those who need them. The liberalization of the pharmaceutical market and a decrease in domestic production have led to a steep rise in prices for pharmaceutical products, further limiting the poor population's access even to vital, obligatory treatments.

24 See the section on the Basic Capabilities Index 2007 in this Report.

THEMATIC REPORTS

Betting on the risks of the poor: The World Bank's approach to social security

The World Bank has demonstrated peculiar persistence in promoting privatized social security systems. Even when studies carried out by the Bank itself indicate that it is not possible to prove the success of these reforms, privatization policies for old age pension systems have been consistently implemented since the 1980s. This approach, currently labelled 'social risk management', claims to complement existing social protection systems. However the role of governments is limited to compensating for the market's failings.

Antonio Tricarico
Campaign to Reform the World Bank

Since the 1980s, World Bank-driven structural reforms have systematically shifted the balance of social risk away from state institutions and onto the shoulders of the individual. For example, the World Bank's policy objective of prioritizing financial system restructuring and development has increasingly targeted the reform of public social security institutions, involving the privatization of old age pension systems. This significantly heightens the longevity risks faced by individuals, in particular by reducing the role of risk pooling and by making individuals increasingly responsible for having sufficient personal savings to cover consumption needs for the duration of retirement.

In 12 Latin American countries, beginning with Chile in 1981, purely defined-benefit, 'pay as you go' public pension systems – in which the pensions paid to the elderly are financed by contributions paid by current workers – have been substantially downsized, and mandatory individual savings accounts and voluntary pension plans have been added in a process known as the 'multi-pillar approach' to pension reform.

The single-mindedness of the World Bank in promoting privatized systems has been peculiar, since the evidence – including data in World Bank publications – has indicated that well-run public sector systems, like the social security system in the United States, are far more efficient than privatized systems. As a matter of fact, the extra administrative expenses of privatized systems comes directly out of the money that retirees would otherwise receive, lowering their retirement benefits by as much as one third, compared with a well-run public social security system.

The administrative expenses that are drained out of workers' savings in a privatized system are the fees and commissions of the financial industry, which explains its interest in promoting privatization in the United States and elsewhere. For instance, US firms like Merrill Lynch have been some of the biggest beneficiaries of social security privatization in developing nations such as Chile.

The World Bank has been quite successful in promoting this neoliberal approach in the field of social policy, thus entering a field of public action largely dominated until the mid-1990s by a UN specialized agency, the International Labour Organization (ILO). The opportunity was offered by the critical evaluation of the continuing universal appropriateness of ILO Convention 102 on minimum standards in social security, signed in 1952.

Specifically, conventional contributory approaches to social security provision, as defined by this Convention, are inherently unsatisfactory mechanisms for the financing and delivery of social protection to the large majority in the least-developed countries. In particular, low levels of population coverage – around 10% against 80% in industrialized countries – continue to undermine the legitimacy of mandatory contributory schemes. It is estimated that the problems of chronic poverty, and the insecurity which this brings, affect more than three quarters of the world's population who have no access to formal social security programmes, including more than one third of the world's population who currently remain without any form of social protection at all.

The attack on public social security

The World Bank's rapid displacement of the ILO from its traditional role as the institutional repository of knowledge in the field of social protection policy, and in particular old age pension provision, is actually rather ironic. It should not be overlooked that a contributory factor in the failure of conventional social security mechanisms to provide more adequate levels of coverage in the developing world has been the detrimental impact that the neoliberal-inspired, anti-state policy agendas of World Bank structural adjustment programmes (SAPs) have had upon levels of formal sector employment in adjusting and transition economies.

The World Bank's attack on public sector social security systems around the world has been both direct and indirect. The indirect attacks have been most important for industrialized countries like the United States. The World Bank has vigorously promoted the notion that social security systems, such as the one in the United States, are unsustainable. This was done most clearly in a decisive World Bank book on pension reform published in 1994, *Averting the Old Age Crisis*.[1] The title implies that longer life spans, due to increasing wealth and improved medical technology, are going to impose an unbearable burden on nations, unless their social security systems are radically altered.

This basic premise of the book has been widely criticized.[2] Life spans have been increasing rapidly in the industrialized nations for more than a century. In most industrialized countries – including the United States – the increase in spending on social security programs in the past 30 to 40 years was actually larger (measured relative to the size of the economy) than it is projected to be in the next 30 to 40 years. In other words, the World Bank could have more appropriately written *Averting the Old Age Crisis* in 1960 than in 1994.

The lack of evidence to support its basic premise has not prevented *Averting the Old Age Crisis* from being extremely useful to political groups with an interest in privatizing social security systems around the world. It is worth noting that Estelle James, who led the research team that authored *Averting the Old Age Crisis*, is now a member of George W. Bush's presidential commission for privatizing social security, although not in her capacity as a World Bank employee.

The World Bank's role in promoting the privatization and structural reforms of social security systems in the developing world has been far more direct. In addition to providing rhetorical support to the ideological and financial interests who advocate privatization, the World Bank has also provided loans and technical assistance to nations that have privatized their social security systems, particularly in Latin America and the Caribbean, and also later in Eastern European countries.[3]

However, in 1999 the first critical voices started emerging within the Bank concerning its ideological approach to structural reform of pension systems. In particular, the World Bank chief economist at the time, Joseph Stiglitz, sought to alter the Bank's single-minded support for privatized social security systems, co-authoring a paper which pointed out that many of the reasons given for preferring privatized social security systems are not supported by evidence. He openly encouraged the institution to rethink its approach on the subject

1 World Bank (1994). *Averting the Old Age Crisis: Policies to Protect the Old and Promote Growth.* Washington DC: Oxford University Press.

2 Baker, D. (2001). *The World Bank's Attack on Social Security.* Washington DC: Center for Economic and Policy Research.

3 See chapter about World Bank policies in Central-Eastern Europe developed by the BGRF and BEPA in this Report.

by critically dismantling ten myths about social security systems.[4]

While acknowledging that the problems that had motivated pension reforms across the globe were real, Stiglitz noted that the arguments most frequently used to promote individual retirement accounts are often not substantiated in either theory or practice. The study therefore concluded that "policymakers must adopt a much more nuanced approach to pension reform than that offered by the common interpretation of *Averting the Old Age Crisis*." Furthermore, Stiglitz made it clear that the one-size-fits-all approach promoted by the Bank until then could not fit the very different contexts and situations in so many countries around the world.

The new 'social risk management'

In order to react to these criticisms and address concerns about the coverage limitations of formal and semi-formal contributory social protection systems, the World Bank conceptualized its new approach to social protection, the so-called social risk management (SRM) approach. In 2000, the World Bank's World Development Report presented its new policy framework for "attacking poverty" (which was also the title of the report). Significantly, at the time of the definition of the Millennium Development Goals[5] in the UN Millennium Declaration, the Bank clearly stated its intent to reconceptualize social policy as social risk management.

Framed conceptually using the common shared terminology of risk management and commercial insurance, and drawing upon assets-based approaches to welfare, the stated core policy goal of SRM is the alleviation of hard-core poverty through the better management of risks, defined in an inclusive sense to cover social, economic, political, environmental, labour market and non-labour market hazards or risk events.

Social risk management has been presented as having dual roles: protecting basic livelihood and promoting risk taking. As such, the SRM approach to social protection clearly differs from conventional social policy approaches, under which the rationale for social policy intervention is explained by issues as varied as market failure, solidarity and mutual obligation. In short, through emphasizing the double role of risk management instruments, SRM aims to empower the chronic poor with a greater ability to mitigate predicted labour market and non-labour market risks through increased access to a diversified range of assets, while simultaneously encouraging greater (entrepreneurial) risk-taking behaviour.

Once again, SRM aims at reducing the role of risk-pooling state provision while encouraging a greater role for private sector delivery of individual risk mitigating instruments. The significance of this element of the SRM approach is that, by prioritizing the private sector delivery of individual risk mitigating instruments, those individuals without sufficient financial means to purchase commercial insurance products are more likely to have to tolerate greater degrees of risk. Therefore the overall aim of the new approach is the lessening of risk, not the meeting of needs.

In general, the concern with the SRM approach, and in particular its explicit desire to further limit the scope of formal social security, is that a greater number of individuals are likely to become increasingly reliant upon public 'safety net' coping mechanisms, albeit complemented by additional informal, and potentially illegal, coping strategies. Surely, an effective system of social risk management should reduce the need for coping strategies, and not enhance it. Such a situation is clearly undesirable, and in fact runs contrary to the neoliberal mantra of increasing individual empowerment by reducing dependence on state institutions.

A similar degree of uncertainty remains with regards to the SRM expectation that asset ownership will encourage successful risk taking. Within the SRM framework, the assumption is made that if the poor could engage in riskier and thus potentially higher-return activities, then this would enable these individuals to graduate out of chronic poverty. Suggesting that the poorest, for lack of assets and social capital, shy away from "engaging in riskier but also higher return activities"[6] seems rather inappropriate and overgeneralized.

What is the state's role in fighting poverty then?

A key problem encountered in analyzing SRM lies with the difficulty in delimiting the parameters of state action. In general, and despite the stated intent of SRM to complement existing social protection systems, the 'repositioned' social protection role of government is presented in a somewhat prescriptive and limited fashion as a means only to compensate for market failure. For instance, Holzmann and Jørgensen[7] refer to the role of government as "providing risk management instruments where the private sector fails" or as "enacting income redistribution if market outcomes are considered unacceptable from a societal welfare point of view." However, the Bank's limited expectations regarding the desired role for governments in social protection provision is presented most clearly when they suggest that the state should provide "social safety nets for risk coping."

The emphasis placed by the Bank on coping strategies suggests that the SRM framework is built upon two premises. First, there is a premise that state institutions in developing countries will never be in a position to provide anything other than the most limited forms of social protection. Problematically, this perspective appears to deny the possibility of social progress. Second, the SRM framework appears to have been built upon the premise that developing countries should actively seek to implement social protection strategies which limit state action to the delivery of targeted social expenditure only.

These assumptions have serious implications for the most vulnerable groups in society. For the elderly poor, SRM may prove to be doubly problematic. On the one hand, poor elderly people, especially in the least-developed countries (LDCs), are progressively more likely to become marginal players in labour markets and household economies as they age. On the other hand, they are also progressively less likely to have access to 'assets' which can be used to mitigate against predicted or unpredicted risks. Accordingly, part of the solution to the problem of poor levels of social protection coverage for older people in the LDCs in particular must lie with the universal provision of tax-financed cash benefits – something which has been highly criticized by the Bank.

Providing for the elderly in developing countries should be seen as something of strategic importance within social and economic development programmes. It is increasingly recognized that older people have an important role to play within extended family groups in helping to reduce the destabilizing outcomes of increasing urbanization, labour force migration and, in Southern Africa in particular, the debilitating impacts of HIV/AIDS. This is because the family has traditionally been the most important, and sometimes only, social protection mechanism available to many people in the developing world. Therefore, providing older people with 'assets' in the form of cash benefits will guarantee that they have a continuing value as caregivers for family and community members.

Finally, it remains to be seen whether SRM approaches to social protection can provide a framework to lift people out of poverty in the longer term. From a conceptual perspective, the SRM framework relies too heavily upon the need for coping strategies for it to satisfactorily fulfil its self-proclaimed role in the management of social risk. For marginalized,

4 Orszag, P. (Sebago Associates, Inc.) and Stiglitz, J. (World Bank) (1999). "Rethinking Pension Reform: Ten Myths About Social Security Systems". Presented at the conference on "New Ideas about Old Age Security", 14-15 September. Washington DC: World Bank.

5 See details of the MDGs in Joyce Haarbrink's article in this Report.

6 Holzmann R. and Jørgensen S. (2000). "Social risk management: a new conceptual framework for social protection, and beyond". Social Protection Discussion Paper No. 0006. Washington DC: World Bank.

7 *Ibid.*

poor older people, with no access to either labour market opportunities or alternative risk mitigating assets, the only feasible institutional mechanism for social protection remains the state. Therefore, the development of policies prioritizing a strategic role for tax-financed universal pension provision in LDCs would provide a more immediate mechanism to help mitigate life-cycle risks and to help lift older people out of poverty.[8]

The facts speak: the failure to extend pension coverage

Ten years after theorizing its extreme approach to pension reform in *Averting the Old Age Crisis*, the World Bank carried out a preliminary review of its experience in pension reform in Latin America, with some surprising findings.[9]

According to the Bank, Latin American governments that had undertaken structural overhauls to their national pension systems had improved their budget position, made public pensions more equitable, and encouraged savings and investment. But Guillermo Perry, World Bank chief economist for Latin America and the Caribbean, openly admitted that "...the failure to extend coverage to a broader segment of society makes it premature to call the reforms a success. Old age poverty remains a significant risk for the region's citizens."[10] Furthermore, the World Bank study pointed out that "more than half of all workers [are excluded] from even a semblance of a safety net during their old age."

In the specific case of Chile,[11] it was found that the investment accounts of retirees were much smaller than originally predicted – so low that 41% of those eligible to collect pensions continued to work. Voracious commissions and other administrative costs had swallowed up large shares of those accounts (up to 50%), and the transition costs of shifting to a privatized system were far higher than originally projected, in part because the government was obligated to provide subsidies for workers failing to accumulate enough money in their accounts to earn a minimum pension.

PRIVATIZING SOUTHERN EXTERNAL DEBT

Andrea Baranes (Fondazione Culturale Responsabilità Etica, Social Watch Italy)

The external debt of many countries in the South, and notably some of the poorest in the world, has held back development, the fight against poverty and the financing of social security in those nations for more than 30 years.

Northern governments and international financial institutions like the World Bank and the International Monetary Fund (IMF), which are primarily responsible for this unsustainable situation, have repeatedly declared their willingness to free the poorest countries from the burden of this debt and the need to find a proper solution. Up until now, however, the declarations made and initiatives formulated, such as those arising from the G8 Summit in Gleneagles in 2005, have yielded poor results, if any.

Now the poor and highly indebted countries are facing a new threat, as they are obliged to deal with new creditors that pay even less attention to their needs and requests: private financial institutions.

In the last few years, an increasing part of the external debt owned by export credit agencies (ECAs), private banks and in some cases even Northern countries has been sold onto secondary financial markets, and is now controlled by highly speculative institutions such as private equity funds and hedge funds.

The mechanism by which this debt has flown from publicly controlled institutions like ECAs to speculative markets is called securitization, an instrument by which one financial institution sells risky credits at a discounted price to another financial company or to the secondary financial market.

After this process has taken place, it is now very difficult, and in some cases almost impossible, to know who controls a significant part of some of the poorest countries' external debt. As a result, any future initiatives undertaken at the international level to eliminate a part of this debt could be seriously thwarted by these new financial mechanisms.

Many countries in the South must now contend with this new threat to the fulfilment of fundamental social and human rights. The securitization and privatization of debt is just one of the financial mechanisms generating severely adverse impacts on the poorest inhabitants of the planet. There is an urgent need to draw up and enforce adequate national and international rules to regulate and control financial and economic powers, in order to bring them back to their original role: helping people to improve their lives, instead of seriously threatening them. ■

However, the Bank limited its self-criticism to the need to improve market-based mechanisms in order to fix outstanding problems in a privatized system, and in particular to pay more attention to ensuring that privately administered pension plans are efficient by offering affiliated workers and their families the best possible coverage at competitive prices. By doing this, the Bank avoided answering the original question which drove it into the social security reform business in the first place: the question of how to extend coverage to the elderly poor. Nevertheless, it finally recognized after a decade that governments should be paying much more attention to the poverty-prevention function of national pension systems.

The World Bank's controversial new health strategy

The SRM framework and its flawed assumptions are also at the heart of the World Bank's approach in the case of the 10-year Health, Nutrition and Population Strategy elaborated in 2006, which consequently presents an incorrect diagnosis and therefore an incorrect prescription for reform.[12]

Once again – as in the case of social security policy and the ILO – the Bank cooperated very little with the World Health Organization (WHO) and neglected most of the research, policy advice and technical assistance already offered by this institution to developing countries' governments. The biased selection of research and analysis that underpins the proposed new health strategy is moving the Bank to further exacerbate existing shortages of health workers, to further undermine public health systems, particularly in low-income countries, and to entrench two-tiered systems where the poor will continue to be denied access.

8 McKinnon, R. (2004). "Social risk management and the World Bank: resetting the 'standards' for social security?", Journal of Risk Research 7 (3), April. Carfax Publishing.

9 Gill, I., Packard, T. and Yermo, J. (2004). *Keeping the Promise of Social Security in Latin America*. World Bank and Stanford University Press.

10 World Bank (2004). "Keeping the Promise of Old Age Income Security in Latin America". Press release, 13 December. Available from: <wbln1018.worldbank.org/LAC/LAC.nsf/PrintView2ndLanguage/146EBBA3371508E785256CBB005C29B4?Opendocument>.

11 Anrig Jr., G. and Wasow, B. (2004). "Twelve Reasons Why Privatising Social Security is a Bad Idea". The Century Foundation.

12 Oxfam Great Britain (2007). "World Bank Health Strategy and the Need for More Balanced Research and Analysis Across the Bank". Briefing prepared by Oxfam for Civil Society Organizations. EU World Bank Executive Directors meeting, Brussels, 6 February.

The analysis that has been done by Bank staff for the new health strategy assumes that existing levels of out-of-pocket payment are an indication of ability and willingness to pay for services. This is despite research quoted in the very same document which demonstrates that these existing payments have driven millions of marginalized people into deep poverty.

The analysis further proposes an increase in the contracting-out of health services to the private sector and the promotion of social insurance systems. This diagnosis takes the current situation as a given for the future and does not look for ways to improve public system capacity. For example, it does not address the acute shortage of health workers overall – according to WHO, 4.2 million more physicians, nurses and support workers are needed around the world. Nor does it address public sector capacity to coordinate, regulate, and harmonize sustainable and robust health care systems. By doing this, the Bank approach ignores a large, if not overwhelming, body of evidence that low-income countries with weak state capacity are not able to effectively regulate and incentivize private health providers to offer equitable access to services for all. Instead, they need precisely the opposite approach: increased investment in public institutions which provide services directly, financed from national revenue. This is in fact the only way that countries – including developed countries – have succeeded in providing health services based on need rather than ability to pay.

Apparently, such ideological bias in World Bank research is not the exception. A recent independent audit of World Bank research, which examined over 4,000 World Bank activities between 1998 and 2005, found that rather than policy being formulated on the basis of a balanced analysis of a wide range of research, policies were often formulated on the basis of historical preference, and then backed up by selective research and biased analysis.[13]

The panel that carried out the evaluation, made up of distinguished academic figures, had substantial criticisms of the way that World Bank research was used to proselytize on behalf of World Bank policy, often without taking a balanced view of the evidence, to the point that "the degree of self-reference rises almost to the level of parody." These conclusions are also supported by recent research commissioned by the Norwegian government regarding World Bank and International Monetary Fund (IMF) economic policy conditionality: "The most serious weakness of the IFI [international financial institution] reports is their quite narrow methodological and disciplinary starting points."[14]

The assumptions behind the SRM approach are also at the core of the market-based solutions advanced by the Bank to extend access to social protection in the health sector. In particular, the Bank proposes systematizing existing levels of payments into formal, insurance-based systems. In low-income countries where the majority of the population lives on less than USD 2 a day, there is no evidence that this approach helps to build equitable health systems. On the contrary, there is evidence that publicly financed systems are better able to provide universal, equitable access to services in low-income situations.

By choosing this questionable solution, the Bank once again deliberately reduces the role of the state and public intervention on the basis of the ideological and unproven assumption that private health providers are more accountable, of higher quality and more efficient than public providers. Public sector workers are presented as corrupt, with no analysis of why corruption thus defined occurs among this group, and no comparative analysis of how and why massive corruption also occurs in private provider contracts. The Bank's strategy ignores the evidence of successful reforms to strengthen the training, recruitment and retention of more highly motivated and better-compensated public sector health care workers, and proposes only to bypass the public sector in favour of a falsely valorized private sector. In promoting private service provision, the strategy is practically promoting internal migration from the public to the private sector and therefore further fragmentation of public health systems.

Undue constraints on fiscal space for health and social policies

It should be noted that the new health strategy aims only to advise low-income countries on reforms within their fiscal and absorptive capacity constraints. The World Bank should, instead, aim to assist recipient countries to overcome those constraints, rather than viewing them as a given. In particular, the Bank should not push low-income countries to be "selective and realistic" about which results they can achieve in this field, but should, on the contrary, help these countries to deliver a comprehensive package of health services to the whole population. In this regard, the strategy fails to acknowledge the impact of IMF policies on countries' ability to adequately address their human resource crisis and provide universal access to quality health care for all.

In July 2007 the Centre for Global Development's working group examining the IMF and health spending – which was chaired by ex-IMF staffer David Goldsbrough and included officials, academics and representatives of civil society – found that the Fund has unduly constrained countries' policy choices. The group analysed in detail the specific cases of Mozambique, Rwanda and Zambia and concluded that "IMF-supported fiscal programs have often been too conservative or risk-averse. In many cases, they have unduly narrowed policy space by not investigating sufficiently more ambitious, but still potentially feasible, fiscal options for higher spending and aid."[15] The working group advanced a series of recommendations to international financial institutions, including the need to help countries explore a broader range of options for the fiscal deficit and public spending and to drop wage bill ceilings from nearly all social programmes.

An individual fight against poverty?

The element of the SRM framework aimed at refocusing social policy towards encouraging individual risk taking is potentially problematic in a more general sense. On the one hand, the failure of conventional approaches to public social policy to satisfactorily reduce poverty in developing countries and, on the other hand, their much debated contribution, predominantly through labour-market distortions, to the creation of a welfare-dependent underclass in developed economies, are often portrayed as being indicative of 'state failure'. Following this approach to the problem, it must be assumed, therefore, that the stress placed by SRM upon the need for an increasingly proactive and inherently risky role for the individual in a personalized fight against poverty will permit poverty to be increasingly defined, from a neoliberal perspective at least, as 'individual failure'.

Consequently, in some cases the SRM approach to social protection may actually contribute further to the social and economic exclusion of the poor, and those individuals who remain in poverty, for whatever reason, are likely to face a greater degree of stigmatization to the point of being seen as living in a "pathological condition."[16] Accordingly, with the possible exception of the truly indigent, the chronic poor may come to be regarded as not only undeserving but beyond help. Such an unacceptable view structurally undermines the belief that social protection is a fundamental right of all citizens.

Given that riskier activities, by definition, promise the potential of higher returns when successful and also the likelihood of severe, and potentially catastrophic, losses when they fail, in principle it may be deemed inappropriate for an international organization such as the World Bank to encourage individuals to engage in activities which hold the inherent potential for encountering such losses.[17] ■

13 Banerjee, A. *et al* (2006). "An Evaluation of World Bank Research, 1998-2005".

14 Norwegian Ministry of Foreign Affairs (2006). "The World Bank's and the IMF's use of Conditionality to Encourage Privatization and Liberalization: Current Issues and Practices".

15 Center for Global Development (2007). "Does the IMF Constrain Health Spending in Poor Countries? Evidence and an Agenda for Action". Report of the Working Group on IMF Programs and Health Spending.

16 Vilas, C. (1996). "Neoliberal social policy: managing poverty (somehow)". *NACLA Report on the Americas*, Vol. 29, No. 6.

17 See footnote 10.

The right to social security: Can it be brought to court?

The right to social security has been successfully brought before international and regional courts and bodies that are empowered to receive applications or complaints and consider alleged violations of rights categorized a priori as civil or political. This became possible when the interconnection between the right to social security and other rights and principles was demonstrated. Although this type of indirect protection has proved to be significant, there are still aspects of social security that are poorly served by it or excluded from it. The development of direct justiciability mechanisms would rectify this situation.

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1. Introduction

The right to social security[2] has been included in the catalogue of human rights since the adoption of the Universal Declaration of Human Rights itself in 1948 (see Article 22).[3] It is also enshrined in a significant number of global and regional human rights treaties and in instruments adopted by the International Labour Organization (ILO).[4]

Nothing of what is said here is intended to deny the conceptual possibility of regarding the right to social security as an actionable right.[5] National experiences demonstrate that the right to social security, including rights derived from social security regimes, together with employment rights, are areas in which litigation precedence is firmly established at a local level, both in developed and developing countries. However, at an international level, the scope of direct justiciability on this right has been limited, due particularly to the persistence of various restrictions that limit justiciability on economic, social and cultural rights. Nevertheless, adjudication on the right to social security falls within the judicial or quasi-judicial brief of global and regional human rights courts and bodies that are empowered to receive applications, petitions and complaints.

This report will endeavour to present several different ways in which various aspects of the right to social security – through its interconnection with other rights – have been addressed by courts and bodies empowered to consider alleged violations of rights categorized *a priori* as civil or political.

Without pretension to being exhaustive we will consider below three principal means of indirect protection for aspects of the right to social security: a) aspects of social security as a component of interests protected under the right to property; b) procedural aspects relating to due process guarantees and effective judicial tutelage of the right to social security; and c) the prohibition of discrimination and the equality principle as applicable to the right to social security.

2. The protection of the right to social security through the right to property

One of the indirect forms of protection for the right to social security has been the inclusion of rights and expectations relating to social security benefits among the interests protected by the right to property. We will now examine how this protection functions in two regional human rights systems, the European and the Inter-American.

2.1. European human rights system

In the European system of human rights, this form of protection has manifested through the application of Article 1 of Protocol No. 1 to the European Convention for the Protection of Human Rights and Fundamental Freedoms. The central issue is the scope of the terms "property" or "possessions" in the article's text. A narrow consideration of these terms could limit the scope of the article, for example, to property understood only in the sense of physical property or property already incorporated in a person's total assets. But a wider interpretation of interests that can be included in the terms "property" or "possessions" would allow for a looser notion of "property" that, given the fulfilment of certain conditions, incorporates the expectation of receiving a pension, or other form of money transfer, and of its maintenance, updating or adjustment, among other possibilities.

The old European Commission of Human Rights and the current European Court of Human Rights have clearly leaned towards this second possibility and have considered in many cases that social security benefits

PETITION MECHANISMS IN INTERNATIONAL AND REGIONAL HUMAN RIGHTS BODIES

- At an international level, there is still no mechanism for applications and petitions that facilitates the presentation of complaints about violations of rights embodied in the International Covenant of Economic, Social and Cultural Rights (ICESCR). However, Article 24 of the ILO Constitution entitles unions and employers' organizations to present 'claims' in the case of inadequate compliance by the state with a convention that it is party to. This includes conventions relating to social security such as Conventions 102, 121, 128, 130, 168, 103 revised, 118 and 157, among others.
- In Europe the Additional Protocol to the European Social Charter, which establishes a system of collective complaints, allows legitimate stakeholders to present complaints alleging an unsatisfactory implementation of obligations arising from the European Social Charter of 1961, or its revised version of 1996, by a state that is party to it.
- The Inter-American human rights system allows for the presentation of individual petitions to the Inter-American Commission on Human Rights alleging violations of the right to social security as established by Article 16 of the American Declaration of the Rights and Duties of Man. Additionally, arguments have been made supporting the possibility of taking questions relating to direct violations of the right to social security to the Inter-American Court of Human Rights, but the practical application of this has thus far been disappointing.

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2 References to "the right to social security" in this article include both contributory social security and non-contributory or welfare assistance; this differentiation is omitted as jurisprudence indicates its irrelevance in the light of protection offered by rights incorporated in civil and political rights instruments.

3 See for example, Andreassen, B.A. (1999). "Article 22", in Alfredsson, G. and Eide, A. (comps.), *The Universal Declaration of Human Rights: A Common Standard of Achievement*. The Hague: Martinus Nijhoff Publishers, p. 453-488.

4 See Courtis, C. (2003). "El derecho a la seguridad social en el derecho internacional", in Abramovich, V., Añón, M.J. and Courtis, C. (comps.), *Derechos sociales: instrucciones de uso*. Mexico: Fontamara, p. 257-270; Scheinin, M. (2001). "The right to social security", in Eide, A. Krause, C. and Rosas, A. (comps.), *Economic, Social and Cultural Rights. A textbook*. Dordrecht/Boston/London: Martinus Nijhoff Publishers, 2nd Ed., p. 213-220.

5 Our general position on this can be found in Abramovich, V. and Courtis, C. (2004). *Los derechos sociales como derechos exigibles*. Madrid: Trotta, 2nd Ed.

– including both contributory and non-contributory benefits – constitute "property" or "possessions", as referred to in Article 1 quoted above, and that they therefore deserve protection against state actions that prejudice their peaceful enjoyment.

So, for example, even in 1971 the now inexistent European Commission of Human Rights held that "while it is clear that no right to a pension is as such included in the Convention (European Convention on Human Rights), the making of compulsory contributions to a pension fund may, in certain circumstances, create a property right in a portion of such fund and that such right may be affected by the manner in which the fund is distributed."[6] The European Court of Human Rights has upheld this interpretation in many cases. The Court has also held that rights deriving from the payment of contributions to social security systems are pecuniary rights as defined in Article 1 of Protocol No. 1 to the European Convention.[7] For example in the case of *Willis v. United Kingdom*, the European Court considered that the right to receive a widow's payment and a widowed mother's allowance from a contributory regime constituted a pecuniary right as defined in Article 1 of Protocol No. 1 to the European Convention.[8] The Court has repeated this criterion in many other cases.[9]

Once the protection of social security benefit rights through the right to property is established, it is necessary to examine the criteria used by European human rights system bodies to determine the existence of a violation of such right in relation to pensions and other social security benefits.

It should be remembered that in regard to economic and social policy, the European Court has developed the notion of "margin of appreciation", which implies a certain deference in court deliberations towards state decisions on questions of public policy, both in regard to its ends and the means chosen to achieve them. In social security, with its need for complex system management, this notion has been reflected in the opinion of the Commission, subsequently adopted by the European Court, that the acknowledgement of the possible extension of property right protection to social security benefits does not imply the guaranteeing of the right to a particular amount. Neither does it signify the right to the establishment of specific types of benefit, given that the state has a wide discretional margin to create and design social security schemes and their mode of finance. And even in the case of public policy objectives that need to be prioritized, the state has a certain margin to choose the means and timetable for their accomplishment. Finally, in order to establish the existence of a pecuniary right, the Court requires that the person alleging a violation meets the conditions prescribed by the relevant national law for obtaining the claimed benefit.

Having said that, however, it is necessary to emphasize that the state's margin of appreciation is not unlimited, and that, in several cases, the European Court determined that measures adopted by the state in question constituted an unjustified interference in the applicant's enjoyment of the right to property. We will therefore examine which criteria have been employed by European system bodies to determine an infringement of the duty of respect for the right to property in relation to social security.

Reductions that affect the substance of a right

In its final report on the *Müller v. Austria* case,[10] the European Commission held that "a substantial reduction of the amount of the pension could be regarded as affecting the very substance of the right to retain the benefit of the old age insurance." It could then be asked what degree of reduction would affect the very substance of the right. Although European jurisprudence does not provide mathematical formulas, it does at least provide some useful guidelines to categorize the degree of effect. In this case, the European Commission decided that a reduction of approximately 3% in the pension – the difference claimed by the applicant in this case – did not affect the substance of the right. At the opposite extreme, in the case of *Kjartan Asmundsson v. Iceland*, the European Court held that the cessation of a social security disability benefit resulting from a work-related injury represents an unjustified interference in the right to property of the victim.[11] And in the case of *Wessels-Bergervoet v. The Netherlands*, which is not directly related to a reduction in the amount of a social security benefit, the Court provides a guideline that, by analogy, can be significant in determining the effect on the substance of the right. In this case, the Court considered that a difference of 38% between the pension received by the woman applicant and the one she would have received in the same conditions had she been a man, constituted an unjustified and discriminatory difference in treatment.[12] It could be argued that this percentage represents at least a guideline for what constitutes an intolerable difference in the area of social security.

Discrimination and violations of the equality principle

In a series of cases, the European Court has considered allegations of discrimination or violations of the equality principle in relation to protection derived from the right to property as applied to social security rights. These cases will be examined in section 4, which is exclusively devoted to the issues of discrimination and violation of the equality principle in relation to this matter.

Res judicata violation and non-compliance with judgments

Another criterion used to determine an unjustified effect on the right to property is the lack of respect by a state for final judgments that fix the amount of the benefits. So, for example, in the case of *Pravednaya v. Russia*, the European Court determined that the retroactive application of a regulation and the reopening of a case in order to modify a final judgment constituted unjustified interference with the applicant's right to property.[13] In another series of cases relating to compensation for work-related sickness and accident,[14] pension readjustment[15] and maternity benefits,[16] the Court held that the state's non-compliance with judgments that required it to pay such benefits also constituted violations of the right to property.

In summary, in all these cases the Court considered that the validity and amount of a social security benefit determined in a final judgment formed part of the beneficiary's assets.

2.2. Inter-American human rights system

Although the experience of the inter-American system of human rights in this area is less, there are precedents for such cases. In this system, protection of the right to property is based on Article 21 of the American Convention on Human Rights.

6 See European Commission of Human Rights, case *X v. The Netherlands*, Application No. 4130/69, Decision of 20 July 1971, Collection 38, p. 9. On the same subject, case *Mrs. X v. The Netherlands*, Application No. 5763/72, Decision on admissibility of 18 December 1973, Collection 45 p. 76.

7 See European Court of Human Rights, case *Gaygusuz v. Austria*, Application No. 17371/90, Judgment of 16 September 1996, paras. 39-41. See also case *Skorkiewicz v. Poland,* Application No. 39860/98, Decision on admissibility of 1 June 1999, para. 1; case *Domalewski v. Poland*, Application No. 34610/97, Decision on admissibility of 15 June 1999, para. 2.

8 See European Court of Human Rights, case *Willis v. United Kingdom*, Application No. 36042/97, Judgment of 11 June 2002, paras. 32-36.

9 See for example European Court of Human Rights, cases *Aunola v. Finland*, Application No. 30517/96, Decision on admissibility of 15 March 2001, para. 2; *Buchen v. Czech Republic*, Application No. 36541/97, Judgment of 26 November 2002, para. 46; *Van den Bouwhuijsen and Schuring v. The Netherlands,* Application No. 44658/98, Decision on admissibility of 16 December 2003; *Kjartan Asmundsson v. Iceland*, Application No. 60669/00, Judgment of 12 October 2004, para. 39; *Pravednaya v. Russia*, Application No. 69529/01, Judgment of 18 November 2004, para. 38; *Macovei and others v. Moldova*, Application No. 19253/03, 17667/03, 31960/03, 19263/03, 17695/03 and 31761/03, Judgment of 25 April 2006, para. 49; *Pearson v. United Kingdom*, Application No. 8374/03, Judgment of 22 August 2006, para. 21.

10 See European Commission of Human Rights, case *Müller v. Austria*, Application No. 5849/72, Final Report of 1 October 1975, DR 1, para. 32

11 See European Court of Human Rights, case *Kjartan Asmundsson v. Iceland*, Application No. 60669/00, Judgment of 12 October 2004, para. 45. See also case *Azinas v. Cyprus*, Application No. 56679/00, Judgment of 20 June 2002, paras. 44 and 45, in which the Court held that complete denial of a contributory pension as a form of punishment for committing a crime is a disproportionate measure that violates Article 1 of Protocol No. 1 to the European Convention.

12 See European Court of Human Rights, case *Wessels-Bergervoet v. The Netherlands*, Application No. 34462/97, Judgment of 4 June 2002, para. 52.

13 See European Court of Human Rights, case *Pravednaya v. Russia*, Application No. 69529/01, Judgment of 18 November 2004, paras. 39-41.

14 See European Court of Human Rights, case *Burdov v. Russia*, Application No. 59498/00, Judgment of 7 May 2002, paras. 40-41.

15 See European Court of Human Rights, case *Makarova and others v. Russia*, Application No. 7023/03, Judgment of 24 February 2005, paras. 31-33; case *Plotnikovy v. Russia*, Application No. 43883/02, Judgement of 24 February 2005, paras. 27-29.

16 See European Court of Human Rights, case *Poznakhirina v. Russia*, Application No. 25964/02, Judgment of 24 February 2005, paras. 27-29.

In an early case the Inter-American Commission on Human Rights erred but fortunately this was corrected in later proceedings. In its Final Report on the *Marzioni* case, the Inter-American Commission adopted a very narrow notion of property, rejecting the possible inclusion in such a concept of work-related injury compensation[17] – which, incidentally, is included among the social security "branches" stipulated in ILO Convention No. 102.[18]

However, the Commission reviewed its position on this in the case of *Five Pensioners v. Peru*, which was finally submitted for consideration by the Inter-American Court of Human Rights. The case involved the modification of pension amounts established by law, and the non-compliance by the Peruvian state with court judgments that held the reduction of the petitioners' pensions to be illicit and determined the amount to be paid. The Inter-American Court considered that, once the conditions established by law were fulfilled, the pension constituted an acquired right of the victims and in consequence had been incorporated in their total assets and was thus subject to protection through the right to property.[19] Consequently, the Court determined that the arbitrary modification of the pensions' amount (as high as 78%) constituted a violation of the right to property.[20] The Court, in a similar conclusion to that of European Court jurisprudence, also determined that the refusal of the state to fully pay pensions, the amount of which was determined by final judgment, constituted a violation of the right to property enshrined in Article 21 of the American Convention.[21]

FAIR TRIAL GUARANTEES ENSHRINED IN REGIONAL HUMAN RIGHTS INSTRUMENTS

- **European Convention on Human Rights and Fundamental Freedoms**
  Article 6: Right to a fair trial
  1. In the determination of his civil rights and obligations or of any criminal charge against him, everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law. Judgment shall be pronounced publicly but the press and public may be excluded from all or part of the trial in the interests of morals, public order or national security in a democratic society, where the interests of juveniles or the protection of the private life of the parties so require, or to the extent strictly necessary in the opinion of the court in special circumstances where publicity would prejudice the interests of justice.

- **American Convention on Human Rights**
  Article 25: Judicial protection
  1. Everyone has the right to simple and prompt recourse, or any other effective recourse, to a competent court or tribunal for protection against acts that violate his fundamental rights recognized by the constitution or laws of the state or by this Convention, even though such violation may have been committed by persons acting in the course of their official duties.
  2. The States Parties undertake: a) to ensure that any person claiming such remedy shall have his rights determined by the competent authority provided for by the legal system of the state; b) to develop the possibilities of judicial remedy, and c) to ensure that the competent authorities shall enforce such remedies when granted.

  Article 8: Right to a fair trial
  The text of Article 8.1 of the American Convention on Human Rights avoids the discussions that arose in the European Court of Human Rights about the "civil nature" of a dispute, as it explicitly acknowledges its application to the "determination of […]rights and obligations of a civil, labor, fiscal, or any other nature."

In relation to this, and looking only at social rights issues, the Court has applied Article 8.1 to employment-related cases (*Baena and others v. Panama*, *Acevedo Jaramillo v. Peru* and *Dismissed Congressional Employees v. Peru*), and to proceedings for independent legal status acknowledgement and the award of collectively owned land titles for indigenous communities (in the cases *Awas Tingni v. Nicaragua*, *Yakye Axa v. Paraguay* and *Sawhoyamaxa v. Paraguay*).

3. Protection of the right to social security through the right to fair trial guarantees and effective judicial recourse

Both the European Court of Human Rights and the Inter-American Court of Human Rights have considered cases of social security benefits being affected by violations of due process and the obligation to provide effective judicial tutelage in the event of violations of fundamental rights.

3.1. European human rights system

The European Court has an extensive jurisprudence covering the application of Article 6.1 of the European Convention on Human Rights, with a series of cases referring to rights related to social security, including welfare assistance. Part of the initial discussion on this subject related to the need to interpret the scope of the text of Article 6.1 on the "determination of his *civil* rights and obligations."

In the case of *Feldbrugge*, the Court discussed the applicability of Article 6.1 to a payment continuity dispute in regard to an unemployment sickness allowance derived from public health insurance. The Court, taking into account a series of factors – among them the economic and personal nature of the right, its link with the work contract and its affinity with private insurance schemes – determined that, under Article 6.1, it could be considered a civil dispute.[22] In the case of *Deumeland*, the applicant was claiming the payment of a supplementary widow's pension, as her husband had died in a work accident. Based on the criteria employed in the previous case, the Court concluded that the dispute could be considered civil and thus Article 6.1 was applicable to the case.[23]

In the case of *Salesi*, the Court had to consider the applicability of Article 6.1 to determination of legitimacy proceedings for a monthly disability benefit. Unlike the *Feldbrugge* and *Deumeland* cases, in which the type of benefit was directly or indirectly linked to an employment relationship and to a contributory scheme, here the benefit was entirely financed by public funds and therefore the case did not strictly speaking fall within the sphere of "social security" but rather in the sphere of "welfare assistance".[24] The Court held that:

> Certainly there are differences between the two [welfare assistance and social security], but they cannot be regarded as fundamental at the present stage of development of social security law. This justifies following, in relation to the entitlement to welfare allowances, the opinion which emerges from the aforementioned judgments as regards the classification of the right to social insurance benefits, namely that State intervention is not sufficient to establish that Article 6 para. 1 is inapplicable.
> As in the two cases previously referred to, other considerations argue in favour of the applicability of Article 6 para. 1 in the instant case. The most important of these lies in the fact that despite the public law features pointed out by the

17 See Inter-American Commission of Human Rights, case *Marzioni v. Argentina*, case 11673, Report 39/96, 11 October 1996, particularly para. 29.

18 See ILO Convention 102, part 6, articles 31-38.

19 See Inter-American Court of Human Rights, case *Five Pensioners v. Peru*, Judgment of 28 February 2003, paras. 102 and 103.

20 *Ibid*, paras. 109, 111, 112, 116-118 and 121.

21 *Ibid*, paras. 113-115, 117, 118 and 121.

22 See European Court of Human Rights, case *Feldbrugge v. The Netherlands*, Application No. 8562/79, Judgment of 29 May 1986, paras. 26-40, particularly paras. 36-40.

23 See European Court of Human Rights, case *Deumeland v. Germany*, Application No. 9384/81, Judgement of 29 May 1986, paras. 60-74, particularly paras. 71-74.

24 See European Court of Human Rights, case *Salesi v. Italy*, Application No. 13023/87, Judgement of 26 February 1993, paras. 17-19.

Government, Mrs Salesi was not affected in her relations with the administrative authorities as such, acting in the exercise of discretionary powers; she suffered an interference with her means of subsistence and was claiming an individual, economic right flowing from specific rules laid down in a statute giving effect to the Constitution.[25]

The Court therefore determined that there were no reasons for a conclusion different to those in the cases of *Feldbrugge* and *Deumeland*, and considered that Article 6.1 was applicable to the circumstances under examination.

Given these and other precedents, in subsequent cases disputes over the applicability of Article 6.1 to social security issues became practically inexistent. The Court applied Article 6.1 to proceedings for work-related injury and sickness compensation,[26] pension readjustment,[27] maternity benefits[28] and income for life from a retirement fund.[29]

Having dealt with the question of the applicability of Article 6.1 to proceedings relating to social security benefits and contributions, we will now examine which components of the right to a fair trial and to due process guarantees were applied by the European Court to cases of interest here, without prejudice to the applicability of other component elements of such guarantees developed in the Court's jurisprudence.[30]

Equality of arms[31] and the public and oral nature of proceedings

Some of the cases referred to involved disputes about respect for the principle of equality of arms that is inherent to the notion of due process, particularly during the administrative process that commonly takes place in many social security systems before recourse to judicial proceedings.

In the previously cited *Feldbrugge* case, the Court held that the process that determined the discontinuation of an unemployment sickness allowance failed to guarantee the petitioner's rights to be heard, to present written arguments or to consult and object to evidence in the case file.[32] The Court also considered that the process seriously limited the applicant's right to question the decision of the medical board that decided her case.[33] In consequence the Court ruled that the state had violated Article 6.1 of the European Convention.

Reasonable timescale

One of the components of the notion of a fair trial and due process invoked in the context of proceedings relating to social security is the right of the applicant to obtain a ruling that ends the dispute in a reasonable time. This principle is particularly important in the area of social security, given the life-sustaining nature of its benefits.

In the case of *Deumeland*, for example, the Court ruled that the duration of the determination process for the claimed benefit (ten years, seven months and three weeks) violated the principle of reasonable timescale enshrined in Article 6.1 of the European Convention.[34] The Court emphasized that social security cases require "particular diligence."[35]

Respect for *res judicata* and judgment compliance

The Court has also applied the requirement of respect for *res judicata,* as an obligation of the state, to cases relating to social security benefits, and has held in a significant number of cases that the state violated Article 6.1 through non-compliance with judgments obliging it to pay benefits of an amount judicially determined, or through an absence of respect for final judgments as in the establishment of means to reopen and examine cases that had already been decided.

In several cases the European Court has expressly emphasized that a state's claim to having insufficient resources does not constitute a valid excuse for non-payment of a judicially established debt.[36]

3.2. Inter-American human rights system

The Inter-American Court has in turn applied American Convention on Human Rights Article 25 (the right to judicial protection) in proceedings on a claim for pension readjustment by the petitioners in the case of *Five Pensioners v. Peru.*[37] Although the representatives of the victims invoked Article 8.1 of the American Convention (equivalent to Article 6.1 of the European Convention), the Court refused to consider this due to insufficient evidence in the case file. In this case, the Court considered the state's non-compliance with a judgment that obliged it to pay pensions in accordance with the petitioners' claim. Similarly to its European equivalent, but on the basis of a different juridical categorization, the Inter-American Court determined that the Peruvian state's non-compliance, over a period of eight years, with judgments requiring it to pay pensions in accordance with the petitioners' claim constituted a violation of the right to effective judicial tutelage.[38]

4. Protection of the right to social security through the principle of equality and the prohibition of discrimination

A third way of protecting the right to social security through human rights instruments that allow the presentation of applications or petitions, is its articulation with arguments based on the violation of the principle of equality and the prohibition of discrimination. The strategy in such cases is to denounce the existence of unjustified or discriminatory distinctions relating to social security, for example in terms of the conditions of access to certain benefits or the amount of the benefits. This strategy has also been accepted in national courts of different jurisdictions around the world.[39]

In some international human rights instruments – such as the International Covenant on Civil and Political Rights (ICCPR)[40] and the American Convention on Human Rights[41] – the clauses enshrining the right to equal protection from the law and the prohibition of discrimination are general and therefore are also applicable to rights and regulations that are not included in the list of rights established in the instruments themselves. Consequently, these provisions can be directly invoked where social security legislation, or the practice of entities in charge of applying it, violates the principle of equality and the prohibition of discrimination.

Other instruments, such as the European Convention on Human Rights, limit the application of the provision that enshrines the principle of equality and the prohibition of discrimination to rights established in the instrument itself.[42] Here, therefore, in bringing actions relating to social security it is necessary to relate the clause with the alleged violation of a

25 *Ibid*, para. 19.

26 See European Court of Human Rights, case *Burdov v. Russia,* Application No. 59498/00, Judgement of 7 May 2002, paras. 34-38.

27 See European Court of Human Rights, case Pravednaya v. Russia, Application No. 69529/01, Judgment of 18 November 2004, paras. 24-34; case Makarova and others v. Russia, Application No. 7023/03, Judgment of 24 February 2005, paras. 26-30; case Plotnikovy v. Russia, Application No. 43883/02, 24 February 2005, paras. 22-26.

28 See European Court of Human Rights, case *Poznakhirina v. Russia*, Application No. 25964/02, Judgment of 24 February 2005, paras. 22-26

29 See European Court of Human Rights, case *Macovei and others v. Moldova*, Applications No. 19253/03, 17667/03, 31960/03, 19263/03, 17695/03 and 31761/03, Judgment of 25 April 2006, paras. 39-46.

30 See Abramovich and Courtis, *op. cit.*, p. 184-192.

31 The equality of arms principle requires that all parties to a process receive the same treatment from judicial bodies.

32 See European Court of Human Rights, case *Feldbrugge v. The Netherlands*, Application No. 8562/79, Judgment of 29 May 1986, para. 44.

33 *Ibid*, para. 45-46.

34 See European Court of Human Rights, case *Deumeland v. Germany*, Application No. 9384/81, Judgement of 29 May 1986, paras. 76-90.

35 *Ibid*, para. 90.

36 See European Court of Human Rights, case *Burdov v. Russia*, Application No. 59498/00, Judgement of 7 May 2002, para. 35; case *Makarova and others v. Russia*, Application No. 7023/03, Judgement of 24 February 2005, para. 27; case *Poznakhirina v. Russia*, Application No. 25964/02, Judgement of 24 February 2005, para. 23; case *Plotnikovy v. Russia*, Application No. 43883/02, 24 February 2005, para. 23.

37 See Inter-American Court of Human Rights, case *Five Pensioners v. Peru*, Judgment of 28 February 2003, paras. 127-141.

38 *Ibid*, particularly paras. 133-138 and 141.

39 See for example, Constitutional Court of South Africa, case *Khosa and others v. Minister of Social Development and others*, 2004 (6) SA 505 (CC), 4 March 2004 (discrimination in access to social security benefits due to national origin); Spanish Constitutional Tribunal, Judgments 103/83, of 22 November 1983 (discrimination against men in relation to women in widower/widow pensions) and 116/87 of 9 July 1987 (unjustified distinctions between categories of workers for social security purposes); Italian Constitutional Court, Judgment No. 184 of 1983 (unjustified distinctions between beneficiaries of disability pensions and old age pensions in regard to health expenditure exemptions).

40 See International Covenant on Civil and Political Rights, art. 26.

41 See American Convention on Human Rights, art. 24.

42 See European Convention on Human Rights and Fundamental Freedoms, Art. 14. It has to be specified that Protocol No. 12 to the European Convention on Human Rights extends the application of the prohibition of discrimination to all rights established by law (see Art. 1, Protocol No. 12 to the European Convention of Human Rights). However, by August 2007 there had been only 15 ratifications of this Protocol.

right protected by the European Convention or by its additional Protocols.

We will now examine how the principle of equality and the prohibition of discrimination are dealt with in different human rights protection systems in relation to social security.

4.1. Universal system of human rights

Within the framework of the universal system for the protection of human rights, the Human Rights Committee – a body that monitors compliance with the ICCPR – has had several opportunities to consider alleged violations of the principle of equality and the prohibition of discrimination.

In two already classic cases in its jurisprudence, *Zwaan de Vries v. The Netherlands*[43] and *Broeks v. The Netherlands*,[44] the Committee determined that Dutch unemployment compensation legislation discriminated against married women by imposing access conditions on them that were not required in the case of married men in the same situation. The Committee held that this different treatment on the basis of gender constituted a violation of ICCPR Article 26.

In a recent case the Committee reached a similar conclusion, this time with regard to distinctions established by Colombian legislation in relation to pension transfer. The Committee considered that the distinction made on the basis of the sexual orientation of the petitioner – the partner of the dead beneficiary – was discriminatory, because the law provided protection to common law partners of different gender but not to partners of the same gender.[45]

4.2. European human rights system

The European Court of Human Rights has considered a series of cases involving alleged discrimination, or violation of the principle of equality, in terms of the protection derived from the right to property as applied to social security rights. The Court held that the protection of the right to property established in Article 1 of Additional Protocol No. 1 to the European Convention on Human Rights does not imply a right to acquire property, nor does it prescribe any restriction on the state's freedom to establish any type of social security scheme or to set the type and amount of the benefits in such a scheme. However, if the state creates a benefits or pensions system, it should do so in a way that is compatible with Article 14 of the European Convention, that is, in a way that respects the principle of equality and the prohibition of discrimination.[46]

In the case of *Stec and others v. United Kingdom*, the applicants alleged that the establishment of the retirement age as the limit for the payment of a work-related accident compensation allowance was discriminatory, as in the United Kingdom there is a different retirement age for men and women (65 for men and 60 for women).[47] The Court considered two questions separately. First, it concluded that linking the payment of the work accident compensation allowance with the normal employment period, and establishing its limit as the retirement age, had a legitimate purpose and was therefore reasonable. It then considered the gender-related difference in retirement age. On this point the Court found that a different retirement age for men and women was originally justified as a measure aimed at correcting existing inequalities between men and women and therefore could be considered reasonable, but that the difference in treatment should cease when social and economic changes remove the need for special treatment for women.

However, the Court indicated that as this social change has been gradual it is not possible to determine an exact moment in time when the differential measure becomes disproportionate. The Court also pointed out that, after a national consultation process, the state has adopted measures to correct this differentiated treatment by establishing a gradual gap reduction scheme in stages. The Court concluded that, given the original justification of the differentiated treatment and the gradual change in the social and economic position of women, the measures and timescale chosen by the state to equalize retirement ages were not so manifestly unreasonable as to exceed the wide margin of appreciation that it has in these matters. In consequence it considered that there was no violation of Article 14 of the Convention, in relation to Article 1 of Protocol 1.

In two other cases, involving access to social security benefits, the European Court considered legal distinctions based on the national origin of the victims (which, it should be remembered, is one of the bases for discrimination that is prohibited by Article 14 of the European Convention on Human Rights).

In the case of *Gaygusuz v. Austria*, the Court had the opportunity to consider the compatibility of the prohibition of discrimination with the Austrian regulation for the granting of emergency social benefits in cases of unemployment benefit cessation.[48] The applicant had met all of the benefit access conditions – among them having contributed to the unemployment insurance fund – except the one of having Austrian nationality. The Court rejected the government's arguments and ruled that the distinction based on nationality lacked objective and reasonable justification and was therefore discriminatory. In the case of *Koua Poirrez v. France*, the applicant – a disabled person originally from Côte d'Ivoire – contested the denial of a disability benefit on the grounds of nationality. Again the Court decided that the distinction on the basis of nationality lacked objective and reasonable justification and was therefore discriminatory, violating Article 14 of the European Convention in relation to Article 1 of Protocol No. 1.[49]

5. Final considerations

This outline jurisprudence survey has demonstrated that an appreciable proportion of right to social security aspects have been taken up by international courts and human rights bodies through their interconnection with other rights and principles.

It is relevant here to evaluate the degree of coverage offered by these indirect forms of protection in order to determine what would be added by direct justiciability for the right to social security at an international level.[50]

The forms of indirect protection of the right to social security presented in this paper include both substantive and procedural aspects.

On the substantive side, protection through the right to property has proved useful in protecting access to social security benefits already established by law, ensuring their payment and maintaining their integrity. This type of protection functions particularly well in states with a broad-based social security regime that is sufficiently disciplined from a regulatory point of view. Here, even in the case of non-contributory benefits, the degree of tutelage will be greater the more that conditions of access to the benefit are clearly established by law and, conversely, it will be lesser to the extent that access is left to the discretion of the authorities – a state of affairs that regrettably continues to be the norm in regard to social assistance in many countries, including those of Latin America.

The protection of the integrity of benefits is not absolute but relative and leaves the state with a margin of appreciation to implement modifications provided that they have legitimate ends and the measures adopted are proportionate to them. However, this tutelage establishes some limits to the margin of appreciation, basically in the form of requiring respect for the substance of the right – in other words, the reasonability of the restriction or limitation – and respect for court judgments that end a dispute.

The substantive aspect of protection is complemented by the principle of equality and the prohibition of discrimination. The use of these principles allows some degree of control over regulations that establish benefits, particularly in those cases where the state has made distinctions based on the so-called 'suspicious categories', such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or

43 See Human Rights Committee, case *Zwaan de Vries v. The Netherlands*, Application No. 182/1984, view adopted on 9 April 1987.

44 See Human Rights Committee, case *Broeks v. The Netherlands*, Application No. 172/1984, view adopted on 9 April 1987.

45 See Human Rights Committee, case *X v.Colombia*, Application No. 1361/2005, view adopted on 14 May 2007.

46 See European Court of Human Rights, case *Stec and others v. United Kingdom*, Applications No. 65731/01 and 65900/01, decision on admissibility of 6 July 2005, paras. 54 and 55 and Judgment of 12 April 2006, para. 53.

47 See European Court of Human Rights, case *Stec and others v. United Kingdom*, Judgment of 12 April 2006, Applications No. 65731/01 and 65900/01, paras. 54-56.

48 See European Court of Human Rights, case *Gaygusuz v. Austria*, Application No. 17371/90, Judgment of 16 September 1996, paras. 33-51.

49 See European Court of Human Rights, case *Koua Poirrez v. France*, Application No. 40892/98, Judgment of 30 September 2003, paras. 46-49.

50 In addition to the mechanisms mentioned in section 2, negotiations are currently taking place in UN bodies for the adoption of a Facultative Protocol to the ICESCR. The ICESCR includes the right to social security in its Article 9. For more details on this process, the following websites can be consulted: <www.ohchr.org/english/issues/escr/intro.htm> and <www.opicescr-coalition.org>.

other status, to quote those expressly established in Article 2.1 of the ICCPR, in Article 3 of the ICESCR and in Article 1.1 of the American Convention on Human Rights, although it should be mentioned that this list is not exhaustive.[51]

Protection through the principle of equality and the prohibition of discrimination can have an 'additive effect', that is, to extend an existent benefit to a category of beneficiaries who were excluded from it. But it should be emphasized that for this type of protection to be set in motion, it is necessary that the benefit already exists to some degree. Although a more vigorous interpretation of the prohibition of discrimination could be imagined – one that demands, for example, the creation of benefits as a necessary affirmative measure to prevent or eliminate discrimination – the abovementioned jurisprudence has still not moved in that direction.

The procedural aspects of protection – which encompass different aspects of due process guarantees and the right to effective judicial tutelage, as we have seen – also involve as a prerequisite the existence of legally established benefits, or procedures oriented to their creation, that constitute the object of the dispute.

By contrast, some aspects of the right to social security can be identified that are poorly covered by, or excluded from, these types of indirect protection and that would benefit from the establishment and implementation of direct justiciability mechanisms for this right.

In brief it could be said that direct justiciability of the right to social security at an international level could provide some supplementary substantive criteria for considering actions, and particularly omissions, on the part of a state in the establishment of social security benefits. To this end, *a clear determination of the eventualities that should be covered* would provide an important parameter for the detection of non-compliance and deficiencies.

A second aspect that could be considered is the *establishment of parameters for the appropriateness or sufficiency of benefits,* a notion that is partly reflected in the concepts of "minimum content", "core content", "vital or existential minimum" and "core obligations."[52] The challenge of this notion is to link relevant action taken by the state in this matter with measurable parameters in relation, as a minimum, to the cost of living or the meeting of basic or life-sustaining needs.

A direct justiciability of the right to social security could add a third aspect aimed at reinforcing the protection provided by the right to property, specifically in the social area, in the form of the so-called *prohibition against regressiveness* or prohibition of regression in terms of social rights.[53] In accordance with this principle, derived from the obligation to deliver a progressive development of social rights,[54] a state cannot diminish the content of those rights that it has already acknowledged. Although the prohibition is not absolute, it inverts the burden of justification, placing it on the state, and augments the required standard of justification for deliberately regressive measures. The prohibition against regressiveness could, for example, narrow the margin that the state has for justifying restrictions on the right to property in the case of restrictions or limitations to already existent social rights.

Having said this, and with the aim of not generating unfounded expectations, it is also necessary to remember that substantive state obligations in regard to social security are mitigated by the notion of "margin of appreciation" applicable to the state in the field of economic and social policies. Consequently, the more serious and visible the violation, the greater the impact will be of the suggested supplementary protection, particularly in the case of protection at an international level. ■

51 The enumeration in Art. 14 of the European Convention of Human Rights is similar: "…or any ground such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with national minority, property, birth," in addition to the residual formula "or other status."

52 On this notion see, in general: Eide, A. (1989). "Realization of Economic, Social and Cultural Rights. Minimum Threshold Approach", in the International Commission of Jurists Journal, No. 43, p. 46-60; Chapman, A. and Russell, S. (2002). "Introduction", in Chapman, A. and Russell, S. (eds.), *Core Obligations: Building a Framework for Economic, Social and Cultural Rights.* Amaberes: Intersentia, p. 1-19. In particular on its application to the right to social security, see Lamarche, L. (2002). "The Right to Social Security in the International Covenant on Economic, Social and Cultural Rights", in Chapman and Russell (eds.), *ibid*, p. 87-114.

53 For more details on the prohibition against regressiveness, see works compiled in Courtis, C. (2006). *Ni un paso atrás. La prohibición de regresividad en material de derechos sociales.* Buenos Aires: Ed. del Puerto/CEDAL-CELS.

54 Enshrined in Art.2.1 of ICESCR, in Art. 26 of the American Convention on Human Rights and in Art. 1 of the San Salvador Protocol, among other instruments.

Sexual and reproductive health: A right of women and men

Every minute one woman dies of pregnancy-related causes, while 125 to 200 million people would like to be able to control their fertility, but are not using contraceptives. If contraceptives were sufficiently available, 1.5 million lives would be saved per year. Although in 1994 the heads of state adopted the International Conference on Population and Development Programme of Action, funding for sexual and reproductive health and rights still lags behind at both the national and international level. Different policies have been adopted around the world but many governments still need to be convinced of the important economic impact that a good sexual and reproductive health care system can have.

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The conception of social security is not limited to pensions, but also encompasses education, health, employment, and other spheres of life. There is serious concern over the dramatic situation created by the HIV/AIDS pandemic in Africa. Sexual and reproductive health and rights form part of the conception of social security from a rights-based perspective.

In accordance with the Global Policy Committee of the World Health Organization (WHO), reproductive health "implies that people are able to have a responsible, satisfying and safe sex life and that they have the capability to reproduce and the freedom to decide if, when and how often to do so. Implicit in this is the right of men and women to be informed of and to have access to safe, effective, affordable and acceptable methods of fertility regulation of their choice, and the right of access to appropriate health care services that will enable women to go safely through pregnancy and childbirth and provide couples with the best chance of having a healthy infant."[1]

Each man and woman is entitled to a whole range of fundamental human rights including the rights to life and health, the right to equality and non-discrimination, the right to be free from torture and cruel, degrading treatment, the right to dignity and the right to information. However, women in many parts of the world are not granted these rights. They are maltreated, raped, stigmatized, left to their own devices and politically ignored. Their sexual and reproductive health rights are often not recognized, let alone acted upon at the governmental, regional or community level. Yet, if women have the freedom to decide the number and spacing of their children and have access to the means of living a healthy and satisfying sex life, a country's economy and social structure will only benefit.

From population control to the right to sexual and reproductive health

In the 1980s and early 1990s sexual and reproductive health were closely related to the impact of population growth. This changed in 1994 when 179 heads of state and government came together in Cairo for the International Conference on Population and Development (ICPD) and adopted the ICPD Programme of Action (PoA). The signatories agreed that governments should "meet the family planning needs of their populations as soon as possible and should, in all cases by the year 2015, seek to provide universal access to a full range of safe and reliable family planning methods…"[2] They also acknowledged that men and women have the right to be informed and to have access to safe, effective, affordable and acceptable comprehensive methods of family planning of their choice, as long as they are not against the law.[3]

This decision was a watershed for population issues, as the policy evolved from 'population control' to recognizing the *right* of men and women to a healthy and satisfying sex life.[4]

In 1999 the 21st special session of the UN General Assembly revisited the ICPD PoA and adopted the Key Actions for the Further Implementation of the Programme of Action of the International Conference on Population and Development, stressing the linkages between sexual and reproductive health and rights and economic growth, the environment, education, equity and equality. Governments were invited to urgently accelerate the implementation of the ICPD PoA and mobilize the agreed estimated financial resources for its implementation.

In 2007, 13 years after the 1994 ICPD PoA granted women the right to be informed on sexual and reproductive health and rights (SRHR) and to have access to safe, effective, affordable and acceptable comprehensive methods of family planning of their choice, women in many parts of the world can still not exercise these rights and suffer from the consequences:

- Every minute one woman dies of pregnancy-related causes; this means 529,000 deaths every year, of which 68,000 are the result of unsafe abortions.
- 300 million women in the developing world currently suffer from short- or long-term illness brought about by pregnancies and childbirth.[5]
- 125 to 200 million people would like to be able to control their fertility, but are not using contraceptives[6] ('unmet needs'). If contraceptives were sufficiently available, 1.5 million lives would be saved per year.[7]
- More than half of women in the developing world aged 15 to 49 – around 705 million women in all – are at risk of unintended pregnancy.
- One third of women give birth by the age of 20; their babies are 1.5 times more likely to die within the first year of life compared to babies born to older mothers.
- Each year an estimated 2.2 million pregnant women infected with HIV/AIDS give birth. Around 700,000 neonates contract HIV/AIDS from their mothers either during pregnancy, labour, delivery or breastfeeding.[8]

In addition, one of the reasons for this situation is that there is hardly any funding available to support SRHR. In 1999 the ICPD PoA calculated that the implementation of the PoA would cost USD 17.0 billion in 2000, USD 18.5 billion in 2005 and USD 21.7 billion in 2015. Donors were invited to contribute one third of this amount, while the developing countries would allocate the remaining two thirds from domestic sources.[9] However, the funding targets indicated by the PoA have so far not been reached and funding for SRHR has actually gone down. In the late 1990s the HIV/AIDS pandemic captured the world's attention, with funding streams being diverted from SRHR to the response against HIV/AIDS.[10]

In 2000 189 heads of state and government committed themselves to the Millennium Development Goals (MDGs). Although the MDGs include promoting gender equality and empowering women, reducing child mortality, improving maternal health

1 Global Policy Committee of the WHO, 2 May 1994.

2 ICPD PoA, para. 7.16.

3 *Ibid*, Chapter VII.

4 *Ibid*, para. 13.15.

5 WHO (2005). *The World Health Report 2005. Make every Mother and Child Count.*

6 Report of hearings by the All Party Parliamentary Group on Population, Development and Reproductive Health: "Return of the Population Growth Factor: Its Impact upon the Millennium Development Goals". London, January 2007.

7 UNFPA and Alan Guttmacher Institute (2003). "Adding It Up: The Benefits of Investing in Sexual and Reproductive Health Care".

8 WHO (2004). *The World Health Report 2004. HIV/AIDS: Changing History.*

9 ICPD PoA, Chapter XIII, para. 13.15.

10 Report of hearings by the All Party Parliamentary Group, *op. cit.*

and combating HIV/AIDS, malaria and other diseases, sexual and reproductive health and rights were not mentioned at all. Yet sexual and reproductive health and rights have an impact on practically all the MDGs.[11]

It is therefore clear that sexual and reproductive health and rights have an important role to play in achieving the ultimate goal of the MDGs: eradicating poverty. This was recognized at the World Summit in 2005, when the participants committed themselves to achieve universal access to reproductive health by 2015. They proposed a new target on reproductive health under MDG 5. However, this new target has not yet been finalized, due to the ongoing discussions around identifying appropriate indicators. This suggests that sexual and reproductive health and rights are still a controversial issue.

The African Union: a continental effort for sexual and reproductive health and rights

In view of the above it is heartening to see that countries of the African Union have recognized the need to move forward and take steps on guaranteeing their citizens' access to sexual and reproductive health care, a tacit acknowledgement that the African Union understands that poverty cannot be eradicated if sexual and reproductive health and rights are not addressed.

In September 2006 the ministers coming together in Maputo for a special session of the African Union adopted the Maputo Plan of Action for the Operationalization of the Continental Policy Framework for Sexual and Reproductive Health and Rights 2007-2010. In the Programme of Action the ministers agreed to take the continent forward to the goal of universal access to comprehensive sexual and reproductive health services in Africa by 2015. As key strategies they identified:

- Repositioning family planning as an essential part of the attainment of health MDGs.
- Addressing the sexual and reproductive health needs of adolescents and youth as a key sexual and reproductive health component.
- Addressing unsafe abortion.
- Delivering quality and affordable services in order to promote safe motherhood, child survival, and maternal, newborn and child health.
- Promoting African and South-South cooperation for the attainment of ICPD and MDG goals in Africa.[12]

For the financing of this ambitious Programme of Action the health ministers stated that the initiatives involved will be mainly financed through domestic resources.[13] These resources will be needed to strengthen health systems and improve basic public health functions, including community action and other necessary support functions.[14] Health workers need to be trained and the links between sexual and reproductive health care, the response to HIV/AIDS, malaria and other diseases need to be integrated in all health services. Gender-based violence, including sexual abuse, emergency contraception, HIV/AIDS post-exposure prophylaxis and STI treatment also need to be addressed in an integrated and coordinated manner. The ministers recognized the need to pay extra attention to youth, who are extremely vulnerable to HIV/AIDS infection and unwanted pregnancies, by putting youth-friendly services in place. The total amount of funding needed to implement this Programme of Action would be USD 3.5 billion by 2007 and USD 16 billion by 2010. So even though the ministers of health in the African Union acknowledge the importance of SRHR for their citizens, the ministers of finance still need to be convinced that investing in SRHR will have a beneficial impact on their economy.

Donors and governments: resources and political will

Donors, too, have not recognized the importance of funding for SRHR. The US still maintains the Mexico City Policy, also known as the Global Gag Rule.[15]

MILLENNIUM DEVELOPMENT GOALS

- MDG 1: **Eradicate extreme poverty and hunger:** High fertility levels contribute directly to poverty, reducing women's capacity to contribute to a household's income, diluting expenditure on children's education (and girls' in particular) and health, and increasing malnutrition as there are more mouths to feed.
- MDG 2: **Achieve universal primary education:** Families with fewer children and further spaced apart can invest more in their children's education.
- MDG 3: **Promote gender equality and empower women:** Women who plan the timing and number of their children have more opportunities to develop themselves socially, find job opportunities, get education and training and contribute to the economy.
- MDG 4: **Reduce child mortality:** Where modern contraception is below 10%, the average infant mortality rate is 100 deaths per 1000 live births. However where it is over 30%, the rate is 52 per 1000 live births. Moreover, children born too closely together have an increased risk of ill health.
- MDG 5: **Improve maternal health:** Preventing unplanned and high-risk pregnancies and providing care in pregnancy, childbirth and the postpartum period saves women's lives. Preventing unplanned pregnancies also prevents the need for (often unsafe) abortions.
- MDG 6: **Combat HIV/AIDS, malaria and other diseases:** Ensuring universal access to sexual and reproductive health would help combat HIV and AIDS. Preventing mother-to-child transmission can save the lives of thousands of children.
- MDG 7: **Ensure environmental sustainability:** reducing population growth will ensure less pressure on natural resources, including safe water.
- MDG 8: **Develop a global partnership for development.**

11 See also UN website on MDGs "Key Facts and Figures on Sexual and Reproductive Health" and UNFPA, "Reducing Poverty and Achieving the Millennium Development Goals".

12 African Union Conference of Ministers of Health (2006). Maputo Plan of Action for the Operationalization of the Continental Policy Framework for Sexual and Reproductive Health and Rights 2007-2010. Maputo, 18–22 September, art. 17.

13 *Ibid*, art. 19.

14 *Ibid*, art. 25.

15 In 2001, US President George W. Bush re-imposed restrictions known as the 'Global Gag Rule' (or the 'Mexico City Policy'). This policy mandates that no US family planning assistance can be provided to foreign NGOs that use funding from any other source to perform abortions in cases other than a threat to the woman's life, rape or incest; provide counselling and referral for abortion; or lobby to make abortion legal or more available in their country. This policy forces a cruel choice on foreign NGOs: accept US assistance to provide essential health services – but with restrictions that may jeopardize the health of many patients – or reject the policy and lose vital US funds, contraceptive supplies and technical assistance. For more information visit: <www.globalgagrule.org>.

The challenge of quality health care

The availability and quality of essential health services represent major challenges for many countries of the South. Throughout this report there are countless examples similar to Kenya: health care providers in Kenya encounter a number of serious challenges to providing quality care. These obstacles include understaffing, lack of institutional support, and inadequate supplies and equipment, which invariably lead to lower-quality services for women and their babies. Hospitals often lack the most basic supplies, such as anaesthesia, gloves, syringes, surgical blades, soap and disinfectant, speculums and bed linens.

While, for instance, the European Union (EU), the biggest donor of development aid, had a separate budget line for Aid for Policies and Actions on Reproductive and Sexual Health and Rights in Developing Countries with a financial envelope of EUR 73.95 million for the period 2003-2006,[16] it has now, in 2007, incorporated this budget line in the health sector of a newly created financial instrument for the period 2007-2013 called 'Investing in People', meant to fund thematic programmes in the developing world. However, funding for SRHR will have to compete with many other issues which are to be funded through this thematic programme.

The EU also funds the developing countries through geographic programmes which are based on the so-called Country Strategy Papers, jointly drawn up with the recipient countries. However, here too SRHR are not identified as a separate focal area which means that funding will be very uncertain. It is ironic that this is happening in 2007, the halfway point of the MDGs, particularly since at the global level the introduction of a new target on MDG 5 acknowledges the pivotal role of SRHR in achieving MDG 1 on poverty eradication.

Conclusion

Although the ICPD Programme of Action was a first major step to raise awareness of the importance of sexual and reproductive health and rights and recognize them as a basic human right, the MDGs still need to fully incorporate universal access to sexual and reproductive health as a target under MDG 5. Funding for sexual and reproductive health and rights still lags behind at both the national and international level, although policies have been adopted. Many governments still need to be convinced of the important economic impact that a good sexual and reproductive health care system can have, as has been proven by examples from Mexico, Thailand and Egypt, for instance, where investing in family planning has meant extensive savings in public expenditure.[17]

It needs to be made clear that not only is universal access to sexual and reproductive health care services one of the most cost-effective ways of reducing infant and maternal mortality (medical gains), but it also has a huge impact on a woman's personal life and her social and economic empowerment. Ultimately it also benefits a country's economy, but most importantly, it is a human being's fundamental right to live a healthy and satisfying sexual and reproductive life. ■

16 European Commission (2003). Regulation (EC) No. 1567/2003, 15 July.

17 Mexico: MXN 1 spent saved MXN 9; Thailand: USD 1 saved USD 16; Egypt: USD 1 saved USD 31. From: UNFPA and Alan Guttmacher Institute, *op. cit.*

Population trends in the 21st century: Demographic bonus or demographic anchor?

Predictions of an acceleration in the ageing of the population over coming years have supported arguments for social security reforms in many countries, in general under a cloud of pessimistic forecasts about the future impact of ageing on pension systems. However, changes in the age structure of the population produce quite complex effects that entail not only problems but also opportunities. The utilization of these opportunities will not be automatic but will depend on the adoption of appropriate policies.

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Just as urbanization and the accelerated decline in fertility were the demographic processes which characterized the 20th century, the 21st century faces challenges posed by two demographic phenomena to which analysts and those responsible for designing policy are devoting a large part of their attention: population ageing and migration.

As a result of migratory movements during the 20th century, there are now 191 million people (3% of the world's population) living outside their country of origin. In the first few years of this century alone, between 2000 and 2005, the more developed regions received 13.1 million immigrants from the less developed regions.[1] The political, social and economic consequences of these movements have become one of the central issues on the agendas of the governments of the countries affected, either by the exodus or by the massive influx of migrants.

Although it is perhaps more silent, the other demographic process with profound present and future consequences for the possibilities of development of contemporary societies is population ageing. United Nations projections predict that by 2050 the number of people in the world over the age of 60 – which is currently approximately 700 million – will reach two billion. When that happens, the older adult population will exceed the population of children under 14 for the first time in the history of humankind.[2]

Although at present ageing is more marked in developed countries, the less developed regions are also undergoing accelerated changes. While it took the countries of the Organisation for Economic Co-operation and Development 75 years to double the percentage of persons aged 65 and over (from 7% to 14%), it is predicted that in countries with medium and low incomes, the transition will be effected in 30 years.[3]

It is fairly obvious that such transformations will have profound effects on social institutions in general and on social security in particular. However, the way in which these effects will make themselves felt is less clear.[4]

Transitions and opportunities

The changes in the age structure of the population resulting from the first demographic transition and their potential effects on economic growth have been widely analyzed. Basically, this process may be described as follows: the passage from conditions of high mortality and high fertility to those of low mortality and low fertility brings about a series of changes which may be classified in three stages. At first, the population is 'rejuvenated' through an increase in the proportion of children, since it is infants and children who most benefit from the decline in mortality rates. During the second stage, the proportion of children begins to diminish and that of adults and older adults increases as fertility continues to decline. After a period of low fertility and low mortality, the proportion of both children and of economically active adults diminishes and the process of population ageing begins.

The possibilities for development which emerge in the second stage – when the proportion of active adults is significantly greater than that of children and the elderly – have been labelled a 'demographic bonus' or 'demographic window of opportunity'. The increase in the working-age population should have positive consequences for the economy, not only due to the growth of per capita GDP but also to a greater collection of taxes. Essentially, this stage in demographic transition is a period of opportunities; it does not automatically lead to greater growth or development, but it could if the necessary measures and policies are implemented.

Although this window of opportunity is already closed in regions where development is more advanced, Latin America and the Caribbean and Asia are at a stage of the transition where they could still take advantage of these favourable conditions. In several African countries the situation is somewhat more complex, since the transition to lower mortality rates has been interrupted by the incidence of HIV/AIDS.[5] However, as several of this year's Social Watch national reports show, the majority of these countries do not enjoy the necessary conditions with regard to education and employment to allow them to take advantage of the opportunities offered by the current active/passive population ratio.

Those responsible for designing public policies are rarely heard stressing the need to create the employment conditions necessary to benefit from this window of opportunity. Far more common are the pessimistic predictions of the future effects of population ageing. The prospect (or concrete experience) of demographic ageing processes has sparked concerns over the viability of health care and social security systems. In many countries, these concerns have been used to justify reforms of systems based on intergenerational solidarity and their replacement with systems based on personal savings.[6]

According to the Social Watch Italy report, for example: "The need for drastic reform of the public and compulsory pension system due to its financial unsustainability is an issue that began to have major public resonance at the beginning of the 1990s. There are basically three factors used as 'proof' of this necessity: serious accounting imbalances in the Italian Institute of Social Security (INPS), population ageing, and the forthcoming retirement of the so-called 'baby boom' generation."[7]

However, the arguments behind most social security system reforms disregard the fact that any kind of system requires economic growth to make it sustainable. Moreover, to consider the effects of ageing exclusively as a 'burden' is to forget that the increase in life expectancy goes hand in hand with an increase in years of a healthy and active life. Nor are there valid arguments to back

1 *International Migration 2006* (poster). United Nations Department of Economic and Social Affairs (DESA), Population Division.

2 *World population prospects: the 2004 revision.* United Nations, DESA, Population Division, 2005.

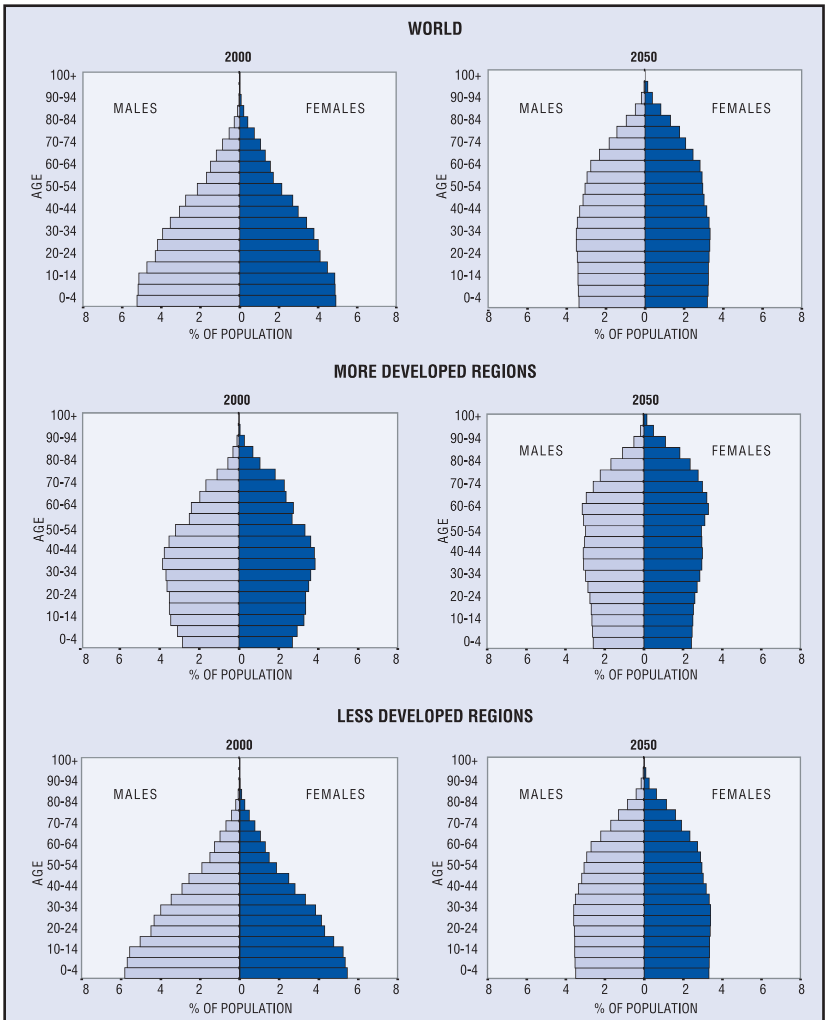
3 Sigg, R. (2007). "A Global Overview on Social Security in the Age of Longevity". In *United Nations Expert Group Meeting on Social and Economic Implications of Changing Population Age Structure.* United Nations, New York.

4 In order to shed light on these issues and adopt measures to address the current and future situation of older adults, some voices have begun to call for a UN Convention on Ageing, taking into account the results of the Second World Assembly on Ageing. See the chapter by Susanne Paul and Alischa Kugel in this Report.

5 See the box on HIV/AIDS in Asia, Africa and Latin America in this Report.

6 For a detailed analysis on the role played by the World Bank as principal promoter of these reforms, see the chapter by Antonio Tricarico in this Report.

7 Similar situations are described in other national reports, such as those from Malta, Spain and Germany, where the effects of ageing have been clearly perceptible for a number of years.



Source: Prepared by the author based on data from the UN Department of Economic and Social Affairs, Population Division: <http://esa.un.org/unpp/>

the claim that an increase in productivity cannot compensate for the greater cost of the pension system – especially since this has been the case until now in the developed countries. As underlined by the Social Watch Spain report: "In spite of the frequent predictions that the pension system is headed for collapse, the fact is that since 1998, the Spanish social security system has actually accumulated a surplus."

Furthermore, some researchers have suggested the possibility of a 'second demographic bonus' linked to the process of ageing. The basic idea is that, provided that the increase of the retirement age entails greater savings on the part of individuals, the state and/or companies, subsequent investment of that capital in order to finance consumption during the non-active years will cause the economy to grow faster than if those savings did not exist.[8]

Although this is an interesting idea inasmuch as it shows a possible positive effect of ageing, in current conditions the saving possibilities of most of the world's population are more than limited. In fact, more realistic projections regarding private saving capacity have served to back the call for implementing other solutions, such as a global old-age pension. "There is still significant pensioner poverty today but matters will become much worse by 2030 and 2040 as already enacted reductions in entitlement come into effect. Supposedly private savings, and new efforts by the financial services industry, will make up for this shortfall, but exorbitant charges and tempting information gaps between supplier and customer virtually rule this out, as official projections themselves reveal. If private financing of pensions fails in the rich countries because of cost rations and unequal information, its contribution in poor countries will be even more disappointing."[9]

However, the limitations of private savings do not appear to be the only difficulty with regard to mitigating the effects of decreased income after retirement. The way in which reforms have been undertaken is also problematic, as pointed out by the Social Watch Malta report: "The longevity risk is shifted squarely to the shoulders of individual contributors of the same generation and not borne by the state, since the move to a direct contribution scheme shifts the financial risk of changing economic and demographic factors from the state to the individual. Taken together, all these measures tend to disadvantage those with low lifetime earnings..."

None of these arguments attempt to deny the need to reform the health care or social security systems, but rather to challenge the arguments that focus exclusively on predicted shortages and their purported effect on financial sustainability. In other words, the ability to forecast future scenarios should not lead to the adoption of desperate measures based on the most pessimistic predictions, but to a search for viable and solidly grounded alternatives that create the conditions to take advantage of the opportunities offered by the first or second 'demographic bonus'.

The most effective measures for achieving this aim will depend not only on the particular stage of the demographic transition in which individual countries or regions find themselves, but also on a series of contextual factors. Therefore, any proposals must be based on detailed analyses of specific national and regional conditions, such as those presented in the national reports in this year's Social Watch report. In short, while the prediction of medium and long-term population trends is a fundamental input for planning, whether these trends are translated into development opportunities or obstacles ultimately depends on the policies adopted. ■

8 Mason, A. (2007). "Demographic transition and demographic dividends in Developed and Developing countries". In *United Nations Expert Group Meeting on Social and Economic Implications of Changing Population Age Structure*. United Nations, New York.

9 Blackburn, R. (2007). *Building Equality from the Ground Up: An Outline Proposal for a Global Pension (and Youth Grant).* In Lawrence & Wishart, <www.lwbooks.co.uk/journals/articles/blackburn207.html>.

Social protection for older people: A plan of action

In 2002 the UN World Assembly on Ageing adopted a Plan of Action aimed at guaranteeing senior citizens a decent livelihood. At the time, the governments of 159 countries agreed on policy objectives but failed to make binding commitments. Even so, countries such as Bolivia, Tanzania and Bangladesh have made great progress on this issue. There is still a long way to go and the next step seems to be a UN convention on senior citizens.

Susanne Paul
Alischa Kugel [1]
Global Action on Aging

The revolution of long life is now upon us. In most countries of the world, until very recently, half of all human beings died before the age of 20. Only a handful lived to see the birth of their grandchildren. But today, more and more people are living very long lives.

According to United Nations (UN) projections, persons aged 60 years or older will number almost two billion by 2050. Older people will exceed the population of children, marking an unprecedented event in human history. Developing countries will experience the most rapid growth of the world's older population.[2]

The ageing of populations is a human milestone that reflects better public health and nutrition, but the shift brings new policy issues to the fore. Particularly, there is the question of how older persons sustain themselves as they live past the period of active work. The UN estimates that today 140 million older persons, particularly older women, are living on the equivalent of less than USD 2 per day.[3]

Older people are among the poorest of the poor for several reasons. Traditional family support is declining in virtually every country. Having worked for subsistence or very low wages, few elderly people have savings or other resources of their own for old age. Nor do they have access to job-based social protection benefits. Also, they may suffer from disabilities such as sight or hearing loss that restrict their ability to work. Elderly widows may face particular disfavour and discrimination in their communities.

Paradoxically, older women often have important care-giving responsibilities. They may be raising grandchildren or taking care of sick, middle-aged children in communities hit by the crisis of HIV/AIDS. Or they may be supporting grandchildren whose parents have left for jobs in distant places. As sole breadwinners, these grandparents may find themselves unable to provide adequate nutrition, access to health care or education for their children, grandchildren or themselves.

One grandmother in a village in Africa described her situation this way:

> When we don't have food, I put a pot with water on the fire. When my grandson asks for dinner, I say it's cooking, hoping that he will fall asleep fast enough so he doesn't find out.

The Madrid International Plan of Action on Ageing

In April 2002, the UN World Assembly on Ageing in Madrid took up the question of how older people can be assured a decent livelihood. Governments of 159 countries adopted the Madrid International Plan of Action on Ageing (MIPAA), a policy document that offered many suggestions including income security, social protection and poverty prevention.[4]

In the MIPAA negotiations, governments supported policy 'objectives,' but they refused to accept binding commitments. As a result, the agreement has little legal force, even though it sets norms and offers important original policy ideas.

The MIPAA spoke about social protection and gender issues. The Plan addressed informal sector work and called for 'innovative' programmes of income support. It urged a minimum income for all older persons, in the form of non-contributory, government-funded pensions.

The concept of a 'social pension' was one of the most innovative and influential parts of the Madrid Plan. Since the adoption of the Plan in 2002, an increasing number of countries have set up social pensions.

Activists and NGOs involved in the worldwide campaign Grow Up Free From Poverty[5] seized on social pensions as a new policy tool. Advocates focused on social pensions for several reasons:

- A minimum income can lift older persons out of poverty and increase their access to social services, such as health care.
- Older persons, who often live with their families, share their income with the household. Social pensions raise the overall family standard of living, and improve nutrition and access to education for children.
- Social pensions support older persons who act as care-givers of orphans in the AIDS crisis.
- Social pensions help break the intergenerational poverty cycle.

In addition, social pensions are comparatively affordable for governments to implement. Along with the 72 high- and middle-income countries that have implemented social pensions, there are also several poor countries, such as Bangladesh, Bolivia, Lesotho and Nepal. In 2006, 13 African nations met in Zambia to draw up and adopt the Livingston Agreement to institute social pensions.[6]

Studies by NGOs and UN agencies illustrate the affordability of these programmes. HelpAge International surveyed 18 low- and middle-income countries on the cost of social pensions. The study found that nearly 70% of those surveyed could deliver a social pension for less that 1% of gross domestic product (GDP). The International Labour Organization (ILO) also concluded that poor countries can afford basic social protection packages, especially if rich countries provide transitional financing assistance and if the implementing country makes a strong national policy commitment. Even the World Bank is a convert. After years of avidly opposing public pensions in favour of private, contributory schemes, the Bank has recently started to promote social pensions.[7]

Thanks to this increasing policy consensus, rich countries have begun to give development assistance for social protection, including social pensions. Among the funders are the Nordic countries, Germany, the United Kingdom, France and Belgium. UNICEF, the UN Children's Fund, has also provided funding, in recognition of the potential of social pensions to help families and children.

Despite this growing support, the MIPAA agreement itself lacks firm legal commitments and campaigners cannot demand social pensions as an

1 Susanne Paul is president and founder of Global Action on Aging, an organization devoted to the social and economic well-being of older persons worldwide. She has worked on global aging issues in the UN NGO community in New York since1984. Alischa Kugel, program coordinator, has developed research and materials on MIPAA implementation for GAA since 2004.

2 "Population Ageing, 2006" (poster). United Nations, Department of Economic and Social Affairs, Population Division, p. 1.

3 Kugel, A. (2006). "Report on the UN International Forum on the Eradication of Poverty". November, p. 1. Available from: <www.globalaging.org/elderrights/world/2006/povertyforumreport/pdf>.

4 "Report of the Second World Assembly on Ageing," Madrid, 8-12 April, 2002, A/CONF.197/9 (23 May 2002).

5 <www.grow-up-free-from-poverty.org>

6 HelpAge International News (2006). "African Governments Take Action on Social Protection". Zambia, 28 March. See: <www.globalaging.org/pension/world/2006/helpagepensionsafrica.htm>.

7 See the specific reports about World Bank policies on social security developed by Antonio Tricarico and BGRF in this Report.

acquired 'right.' This voluntarist approach at Madrid was a backlash from the UN World Conferences of the 1990s – including the conferences on the environment, human rights, population, social development, and women. NGOs had demanded (and sometimes won) timetables and specific goals. These egalitarian programmes proved difficult for governments to fund and implement because of pressures for tax reduction from companies and wealthy citizens. This led to many conflicts and embarrassments, which governments wanted to avoid in future. Consequently, rich and poor countries alike resisted further binding commitments, especially in the ageing sector, perceived as being potentially very costly. Governments clearly did not want NGOs or citizens to 'name and shame' them for failing to implement the MIPAA.

During the Madrid negotiations, some delegations tried to water down every article to its least binding form of language. Washington, with the Bush administration in office, insisted vocally on a non-binding route. Governments firmly resisted NGO demands for stronger language and most delegations strongly opposed references to extra financing. In the end, governments decided that the Commission for Social Development, with UN Secretariat assistance, would review the Plan's implementation after five years.

The UN Secretariat staff later devised a 'bottom-up approach' to the review. Crafted to avoid 'name and shame' confrontations, the bottom-up approach sidesteps government responsibility and puts most of the follow-through burden on older persons themselves and on their presumed grassroots organizations from the 'bottom of society'. These people and organizations are expected to find other partners, create services, organize advocacy organizations, set up programmes, pressure the governments and articulate the needs of older persons. At its best, older persons and their allies would suggest ageing policies and governments would respond positively. The plan shifts most responsibility from the state to 'civil society'. Considering the meagre resources available in most affected communities and the general absence of such local organizations, this approach tends to slow action. And by failing to establish a mandatory international reporting and review system, it contributes to ignorance of the agreement within governments, NGOs and even the UN itself.

Some countries have nonetheless made progress, most notably poor countries. In 2002, Bolivia decided to develop better data about age and gender to make its social pension programme work more fairly. In 2003, Uganda committed to develop a social pensions system and ruled that all government departments must pay attention to nutrition and health for the elderly. Tanzania set a goal to extend social pensions to 40% of its older citizens. NGO campaigns helped promote this progress. In 2005, a Bangladesh older persons' monitoring group took the government to task for not paying the Old Age Allowance to all eligible older persons; as a result the government extended payments to 300,000 more elderly.[8]

During the post-Madrid period, the UN's Regional Economic and Social Commissions encouraged governments to adopt national ageing programmes and to improve data, resources, and reporting. The commissions in Asia, Latin America and Europe were especially active.

The UN Programme on Ageing in New York sought special funding from the UN system and cooperated with other UN agencies to offer training for government officials in a number of low- and middle-income countries. UN staff also gave on-site support to governments developing national ageing plans. In February 2008, the Commission on Social Development will review how governments have implemented the MIPPA, providing another opportunity for forward motion.

The way ahead

The five-year experiment with the MIPPA has spotlighted useful programme initiatives and alerted some countries to the potential among their older population. However, much remains to be done.

Even though the UN review process is weak, the global crisis of poverty has forced a policy shift toward social protection, both among governments and among intergovernmental institutions. Most recently, in May 2007, the G8 labour ministers promised to address the "need to develop social protection" and "international labour standards."[9] Governments of many rich countries now see social protection positively, opening a new policy space for social pensions and other kinds of social protection for older people.

In this context, the UN may be able to develop policies for universal social protection for older persons. Governments might even be willing to mandate this in a new binding agreement. A UN Convention for Older Persons could accomplish this goal. People of all ages would understand that protecting their grandparents and parents would also mean protecting themselves in their own later life. A healthy, long life, with access to subsistence and health care, should be available to all. Using the Madrid Plan's recommendations on social protection as a model, a Convention could make great strides in this direction.

Social rights advocates in poor and rich countries must join together in a movement to press for a UN Convention for Older Persons. We need the experience and input of all peoples and regions to create such a document, insuring to all the right to social protection. In the meantime, advocates can help make the MIPAA more widely known and use it to advocate for a UN Convention. Governments of 159 countries made commitments to older people in 2002; let's hold them to their word. ■

8 UN Department for Economic and Social Affairs (2006). "Guidelines for Review and Appraisal of the Madrid International Plan of Action on Ageing, Bottom-up Participatory Approach". New York, p. 36-49.

9 "Shaping the Social Dimension of Globalization," May 2007, p. 1, 4. See: <www.globalaging.org/elderrights/world/index.htm#articles4>.

How to implement a global old age pension and youth grant

Both the vulnerable situation of senior citizens and predictions for the ageing of the population call for the implementation of a global old age pension. This should be accompanied by a youth grant system, thus supporting the two age groups in the most fragile situations and fostering intergenerational justice. The effective application of global taxes such as the Tobin tax on international transactions could provide financial viability for such programmes and promote wealth redistribution and more transparent and responsible corporate behaviour.

Robin Blackburn[1]

The universal, publicly financed old age pension has been a popular and effective means for reducing poverty and extending social citizenship in all developed states.[2] In the age of globalization it is right that the old age pension, this tried and tested device for protecting the livelihood of the elderly, should be installed at a global level, by means of a pension paid at a modest rate to all older persons on the planet, to be financed by a light tax on global financial transactions and corporate wealth.

In the first instance the global old age pension could be set at one dollar a day, bearing in mind that even this small sum would help to lift hundreds of millions of the aged out of poverty in every part of the globe. Poverty is still strongly associated with old age, and especially with gender and old age. State pension schemes greatly help to limit old age poverty in the developed world, but have not abolished it, while in developing countries pension arrangements often reach less than a quarter of the population.

The usual link between pension entitlements and employment contributions is not good for women. Because women live a few years longer than men, the majority of the elderly are women. And because women's unpaid labour in the home counts for little in public pension systems, and for nothing in private and occupational schemes, over three quarters of the elderly poor are female. Moreover, a woman's work of caring for other family members typically continues in old age, as she cares for her spouse, her grandchildren and the sick. In countries afflicted by HIV/AIDS, older women are essential to family survival as they take on their children's parenting role. If a reliable way could be found to channel USD 30 a month, or USD 90 a quarter, to the aged in the developing countries, this would not only massively reduce poverty, but would put resources in the hands of those who could make good use of them.

In richer countries there are still stubborn pockets of poverty among the aged – especially older women. As the older population grows in size, and employers and the state cut back on provision, these pockets of poverty will increase. A cheque for USD 90 a quarter would not banish poverty in the economically advanced countries but it would be welcomed by many of the elderly, making a modest but useful contribution to their straitened budgets.

There are some 560 million older women and men in the world today – that is, persons over 65 in the developed countries and over 60 in the developing world. The cost of introducing a global pension of a dollar a day in the next few years would be around USD 205 billion a year, one fifth of the projected cost to the US of the Iraq War, or one half of the annual US military budget prior to the Iraq invasion. However the cost of the proposed pension will double by around 2030, and treble by mid-century. Ageing is going to climb steeply in coming decades because of rising longevity and a falling birth rate. These trends are not confined to rich countries. Just as urbanization occurs with or without economic development, so does ageing of the population. While the former process is leading to 'a planet of slums', the latter is making for a global blight of destitution in old age.

As Susanne Paul and Alischa Kugel detailed in their report, by 2050 the UN Population Division expects there to be two billion persons aged 60 or over worldwide, with 1.6 billion of these in the less developed countries.[3] Ageing is most marked in Europe and Asia but it is advancing elsewhere too. By 2050 the size of this older group in Africa is set to quadruple to reach 207 million, comprising 10.3% of the total population. Africa will have more older persons than Latin America and the Caribbean (with 187 million aged 60 and over), and nearly as many as Europe (with 229 million of that age). By 2050 Asia, a category that includes India and China, is expected to have no less than 1.249 billion older persons, comprising a fifth of the total population in India and as much as 28% in China.

It is often claimed that the ageing of the population can be offset by immigration. The projections quoted[4] assume the continuation of current trends in migration. While migration flows can temporarily mitigate the ageing effect in recipient countries, they cannot, of course, reduce the ageing of the global population.

Today women comprise 55% of those aged 60 and above worldwide, 65% of those aged 60 plus in North America and 70% of those aged 60 plus in Europe. Worldwide, women comprised 63.5% of those aged 80 and above in 2005, a figure that is expected to drop slightly to 61.4% by 2050. The frail and vulnerable 'old old' are the most rapidly growing age cohort in all parts of the world. There were 88 million persons aged 80 and above worldwide in 2005, a figure that is projected to rise to 402 million by 2050 according to the UN Population Division mid-range projections.

The ageing trend will already be evident long before 2050. India's over-60 cohort will number 175 million by 2024. By 2040 there are expected to be 98 million persons aged 80 plus in China, 47 million in India and 13 million in Brazil. These people are all already born, a circumstance that gives the projection a high degree of probability.

There are very few countries in the world which have arrangements adequate to the rising future need for the care and support of the elderly. In the developing world and poor countries the aged are often sunk in absolute or extreme poverty, while in the richer countries they suffer relative poverty. As aged populations double or treble both these problems will grow. Worrying as the economic outlook is for the elderly in most of the OECD countries, the situation is, of course, worse in the former Soviet Union and much worse in many parts of Asia, Africa, and Latin America where the aged in the countryside and the slums often have no coverage at all – circumstances which could themselves supply their own grim corrective to the assumption that recent improvements in life expectancy will be maintained.

According to one estimate formal retirement income schemes cover fewer than 15% of the world's households. Even states like India and Chile, with growing economies and considerable administrative capacity, fail to deliver basic pensions. Chile's pension system has been held up as a model, yet leaves 40% of the population entirely uncovered, and

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2 This report is based on a presentation given at an event organized by Global Action on Aging at the United Nations building in New York on 14 February 2007, for the benefit of those attending the concurrent meeting of the UN Economic and Social Council.

3 These estimates are taken from the 2006 revision to be found on the website of the UN Population Division. See: <www.un.org/esa/population/unpop.htm>.

4 See also the demographic trends box in this Report.

furnishes weak coverage to another 40%.[5] India's old age pension is means tested and amounts to only USD 2 a month for those able to claim it. While poor urban dwellers are not poor enough to claim, poor rural dwellers find it too costly.[6] As populations age further this places great strain on the elder care arrangements in family and kinship networks.[7]

Poverty and inequality are so great in today's world that quite modest remedial measures can have a large impact. There are 2.5 billion people living on less than USD 2 a day, with the majority of the elderly falling within this category. Meanwhile, the richest 10% command 54% of global income. In this 'champagne glass' world, the well-off sip at the glass's brimming bowl, and the impoverished or struggling remainder supply the slender stem. In such conditions, a dollar a day is less than a rounding error to the wealthy, yet would be a lifeline to the global aged poor.

The plight of the old and the claims of youth

Urging the case for a global pension is not meant to slight either the humanitarian approach, which prefers simply to urge the claims of bare humanity, or the efforts of those who campaign for the need to alleviate the problems and poverty of specific groups, such as young mothers or people living with HIV/AIDS. In the unequal and strife-torn world in which we live there are several, or many, ways in which poverty may be overcome. Peace would be the best help for the very poorest in strife-torn lands. Then there is successful economic development, such as has taken place in China and India over recent decades, which will lift many out of poverty and furnishes a more hopeful context in which to advance anti-poverty strategies. But the weakness of provision for the elderly in these states also shows that even – or especially – the most rapid growth may not banish absolute poverty, in the countryside or new urban centres.

So a global pension could command support in ways that would extend the general case against poverty. In the richer countries there is fear of pension failure at home, and concern at the worse plight of the very deprived in the poor countries. In the developing countries there is the more specific alarm or guilt that is occasioned by the poverty, actual or impending, of parents, grandparents, uncles and aunts. Such sentiments helped to generate support for old age pensions in the developed states in the past and are likely to do so again in the developing world. A global old age pension, if it could be realistically financed and delivered, would enjoy substantial legitimacy and would in no way detract from other efforts to combat relative or absolute poverty. This is already the case, but that legitimacy can only grow in an ageing planet. Today the majority of the old are poor; tomorrow the majority of the poor may well be old.

While we must help the aged, it would be wise also to extend similar help to the other age cohort which is typically excluded – young people. The global pension should be twinned with a youth grant. Older people themselves would feel happier to receive a pension if financial help was also available to the young, especially the sort of help that would allow them a better start in life. Today one half of those aged between 16 and 24 are unemployed – not in a job and not receiving education – and thereby at special risk of being in poverty both now and in the future. If we set aside a small privileged minority in both categories there is reason to see young adults and the elderly as the excluded generations.

The cost of supplying every younger person with USD 1,500 for educational and training purposes on reaching the age of 17 would be very similar to that of paying the global pension of a dollar a day. A youth grant would widen access to the knowledge society and symbolize a concordance of the generations. While it could transform the possibilities of the young person in poor countries, it would still be welcome to most of the young in wealthier lands. Young people are now greatly burdened by the rising cost of acquiring skills and education. They also tend keenly to appreciate any extra modicum of independence from their parents. Even in some of Europe's most advanced welfare states, such as Sweden, young people living on their own figure disproportionately in the poverty statistics. The case for special help to the young is now so widely acknowledged that it does not need further pleading here.[8] The question remains: how could financial help to the 'excluded' generations be financed?

How to pay for the global pension and youth grant

Only USD 205 billion a year would be needed, to begin with, for the proposed global pension. But it would be necessary to reckon with the need for a more than doubling of revenues within a generation and the building of a substantial fund now, while ageing effects are still comparatively modest, to help finance extra pension pay-outs in the middle decades of the century. Moreover, there should be a commitment to raise the global pension in line with the growth of overall average incomes so that the old share in future prosperity.

Raising the necessary finance for a global pension – together with something extra for administrative costs – will certainly require a serious effort. The fiscal devices adopted should ideally relate to the workings of the global economy taken as a whole, so there would be a wide and dynamic tax base.

Three types of impost are peculiarly well suited to such a task: a tax on international currency transactions, a tax on the fuel used on international flights, and a very mild tax on corporate wealth. The calculations which follow are simply rough-and-ready exercises designed to establish that the pension and grant can be easily financed by the proposed taxes, and have the further benefit of shedding much-needed light on international financial flows.

The famous Tobin tax applies to the sale or purchase of currencies and has been urged as a measure to curb currency speculation.[9] But it could be applied mainly as a revenue-raising measure. Set as low as 0.1% – or one thousandth part of each transaction – the tax would not be worth evading but would still raise large sums globally. Common estimates of the amounts that could be raised each year from a Tobin tax on currency transactions ranged from USD 100 billion to USD 300 billion in the late 1990s. By 2010 the Tobin tax yield should comfortably reach the higher end of this scale – USD 300 billion.

The suggestion here is that income of around USD 150 billion be earmarked as the Tobin tax contribution to financing the global pension, with the remainder to be dedicated to young adults – the young could be offered a lump-sum grant of USD 1,500 to use for education or training when they reach the age of 17. Small as this sum would be in richer societies, it would not be a negligible one. Twinning the global old age pension with help for young people would begin to assert a new balance

5 See the private pension funds box, with Chile's details and several examples, in this Report.

6 The yawning gaps in pension provision are well documented in Larry Willmore, "Universal Pensions in Developing Countries", *World Development*, Vol. 35, No. 1, 2007, p. 24-51. For India see Rajeev Ahuja, "Old Age Income Security for the Poor", *Economic and Political Weekly*, 13 September 2003.

7 This strain is described in Jeremy Seabrook, *A World Growing Old*, London, 2003. Further information on the precarious situation of the old in developing societies is to be found in the UN Department of Social and Economic Affairs, *World Economic and Social Survey 2007, Development in the Ageing World*, New York, 2007, especially p. xiv, 93-5.

8 The special claims of youth are urged by Bruce Ackerman and Anne Alstott, "Why Stakeholding" and "Macro-Freedom" in Bruce Ackerman, Anne Alstott and Philippe Van Parijs, eds., *Redesigning Distribution*, London, 2006, p. 43-68, 209-16. A policy for a type of youth grant is also made by Roberto Mangabeira Unger in his book, *What Should the Left Propose?*, London, 2006, p. 43-67. For information on youth exclusion see the World Bank's *Annual Development Report 2007*, *Development and the Next Generation*, Washington, 2007.

9 For the Tobin tax see James Tobin, *The New Economics*, The Elliot Janeway Lectures in Honor of Joseph Schumpeter, Princeton, 1974; J. Frankel, "How Well Do Foreign Exchange Markets Function: Might a Tobin Tax Help?", NBER Working Paper No. W5, Cambridge, MA, 1996; Keiki Patomaki, *The Tobin Tax: How to Make It Real*, The Finnish Institute for International Affairs, Helsinki, 1999; Joseph Stiglitz, *Globalization and its Discontents*, New York, 2004.

between life stages in a scheme of generational equity. However, such a justified sharing of Tobin tax revenues would mean that another source of funds would be needed for the global pension, especially as the ageing of populations grows in the future.

At present the fuel used on international flights is almost untaxed and costs the airlines about USD 50 billion a year. A doubling of the price of fuel might help to cut consumption by a fifth or a quarter while still raising USD 30 billion. However, much of the yield from green taxes should be used to invest in other measures designed to mitigate global warming. But tying at least some of the revenue – say a half of it – to a universally recognized good cause would be defensible. While USD 15 billion a year would be a help, other sources of revenue would still be needed.

The third source of revenue is a mild levy on share values or share transactions. There could be a requirement on all companies employing more than 50 employees, or with a turnover of more than USD 10 million, to pay a tax of 2% on their annual profits, to be paid either in cash or, in the case of public companies, by issuing new shares of that value to the fiscal authority (private companies could issue bonds, and partnerships, including private equity partnerships, could issue nominal partnership rights). All genuine pension funds would be compensated for the impact of share dilution on their holdings.[10]

Two important features of these arrangements should be noted. Firstly, they would apply to profits made anywhere in the world. Secondly, companies would be able to discharge their obligation simply by issuing a new security rather than by subtracting from their cash flow. Large US and UK corporate pension fund sponsors have complained about the burden of making cash payments to the Pension Benefit Guaranty Corporation and the Pension Protection Fund, the insurers of their 'defined benefit' pension schemes. In some cases companies have been in such difficulties that such payments were impossible. This has led US 'chapter 11' bankruptcy-protection courts to require the issuance of new shares as an alternative way of making a contribution to their insurer. In the UK the Pensions Regulator has made similar provisions requiring cash-strapped companies to issue shares to the Pension Protection Fund.[11] Employees will stand to qualify for the new pension but would certainly welcome a type of contribution that does not weaken their employer in any way.

The profits tax/share levy would be at a very low rate – a tax of 2% of profits should raise about USD 140 billion annually. The share levy briefly sketched has been set at 2% of profits, but this is simply a convenient way of measuring a company's operations and might need to be supplemented by other metrics to avoid distortions aimed at evasion. The share dilution brought about by the levy means that even funds in tax havens would not escape.

Before returning to calculations of the contribution of a share levy to financing the global pension it is pertinent to mention a financial tax that has a long history, and has been highly successful, namely stamp duty, a tax on share transactions. Stamp duty in the UK shows that a very modest charge on a large volume of transactions can yield large sums at a low cost and without harmful side-effects. Levied at a rate of 0.5% of share transactions (other than those by market makers) the UK stamp duty raises over USD 5 billion annually. While derivative contracts pay no stamp duty, any sale of underlying shareholder assets does attract the tax. The Confederation of British Industry, a business lobby, argues that the stamp duty is weakening London's position as one of the world's leading financial centres. But the thriving state of London finance belies the argument. The UK Treasury is anyway greatly attached to an impost that is easy to collect – this is done at very low cost as part of CREST, the central share settlement system.

China's financial authorities have a similar device which they use in a 'Tobin tax' way to dampen speculation – but it also raises large sums.[12] Several European states, including Switzerland and France, have similar very mild imposts, applying to bonds as well as shares. In case of any shortfall in the yield of the taxes already suggested, or of implementation difficulties, a global stamp duty or FTT (financial transaction tax) could be looked at to fill the gap.[13]

It will be recalled that a half-share of the Tobin tax already raises USD 150 billion towards the global pension, and that the fuel tax on international flights should raise a further USD 15 billion annually. Thus, to begin with, an extra USD 40 billion a year would be needed from the share levy (or share transaction levy), to meet the immediate annual cost of USD 205 billion. This would allow the remainder of the sum raised by the share levy on profits – USD 100 billion each year – to accumulate in the Global Pension Fund (GPF) network as a strategic reserve pledged to meet the anticipated rise in the numbers and proportion of the aged.

The various taxes would be collected by national fiscal authorities with assistance from appropriate international bodies such as the International Monetary Fund (IMF) and the International Air Transport Association (IATA). Revenues would be paid to the global office of the GPF for consolidation with the world fund.[14]

Consolidation of assets by an international agency would ensure a highly diversified portfolio but the agency would itself be required to distribute the assets it receives to a global network at regular intervals. This regional network of around a thousand local offices of the GPF would be responsible for paying the pension and would receive resources in line with their region's demographic characteristics. In the interests of building up its reserves, the GPF network would use its cash revenue to pay out current pensions but hold all the new shares and other securities to generate larger revenues in the future, when they will be needed.

A global network of reserve funds

During an initial accumulation phase it might be wise to reinvest dividend income in public bonds. Because the GPF network would not buy or sell shares it would have less scope for making mistakes. The knowledge that the GPF network would not sell the shares it held would also be a factor of stability and would prevent it from financially harming the companies in which it had stakes. By around 2034 total assets in the GPF network could amount to USD 7.7 trillion.[15] If cash pay-outs began at this time, and the annual yield on capital was around 3%, this would be USD 257 billion for that year. Each regional office would hold around USD 7.7 billion in assets and receive USD 257 million in revenue. Note that while dividend income can fluctuate, it is less volatile than share price, and there are ways of smoothing such receipts.

The global pension would be a universal scheme benefiting everyone who reaches old age. The receipts of the currency-exchange tax and the levy on profits would obviously be larger in rich parts of the world than in poor ones. However, currency transactions and corporate profit trails often involve tax havens and developing states where income per head is still low. The currency tax and the profits tax would be light but they would apply everywhere. The overall workings of the global pension – if financed in the way suggested – would redistribute from rich to poor. On the other hand, the participation of every

10 The use of a general share levy to establish reserve social funds is associated with the work of Rudolf Miedner, the chief economist of the Swedish trade union federation, the LO, and architect of the Swedish welfare state. There is a fuller account of its workings in the sixth chapter of *Age Shock*, *op. cit.*

11 More examples of this court-mandated share issuance from the author in *Age Shock*, *op. cit.*, p. 134-5, 142. The judges were no doubt in part prompted to take this measure because of records of corporate irresponsibility which are documented in chapters 2 and 3 of this book.

12 See Geoff Dyer and Jamil Anderlini, "Beijing Could Reap USD 40bn Share Tax Bonanza", *Financial Times*, 4 June 2007.

13 See also the article by John Christensen in this Report.

14 The GPF might maintain offices in such important financial centres as Zurich, Cyprus, Mauritius, Singapore, and so forth, chosen with a view to strengthening compliance.

15 There is an assumption that profits rise at 2.5% a year and that returns of 5% a year are ploughed back into the fund for an 'accumulation period' of 27 years. Further details in chapter six of *Age Shock*, *op. cit.*

territory – no matter how small or poor – would be essential to the effective workings of these levies.

Citizens of richer countries should be pleased at the comprehensive scope of the new arrangements, which would require potential or actual tax havens to report currency movements and profits at companies they allow to register in their territory. The global pension would give those in richer countries rights to a modest pension supplement, and as a flat-rate benefit would help the less well-placed more than the comfortably-off everywhere. It would do most to reduce poverty where it is worst: in the countryside and neglected urban areas of the developing world. Last but not least it would promote more transparent and responsible corporate behaviour and nourish a worldwide organization dedicated to social welfare.

The regional network of funds would be bound by actuarially fair rules of distribution and would be required to hire professionally qualified personnel, but should also furnish democratic representation to local communities. The holding of stakes in a great variety of companies could in principle give the regional network a say in how these shares would be voted. The impact of the network on the management of any given company would be very small, but they would be able to influence issues of general principle, such as respect for labour rights or compliance with environmental standards. The network could comprise, as suggested above, around one thousand offices worldwide, each catering to a population of about six million. The network would give a say to local communities who are often ignored by large corporations.

However, the primary duty of the regional and national network would be to organize the cheap and effective disbursement of the global pension to all who qualified for it. In many countries the task could be sub-contracted to the national pension authorities. Where these still had weak coverage assistance might be sought from – and costs shared with – post offices, local micro-credit unions and public sector employees' schemes. The latter exist in many countries where national administration is ineffective or even non-existent. Namibia has developed effective means for delivering the old age pension, employing mobile ATM machines activated by fingerprint ID.

The global pension would be a universal social insurance scheme, not an aid programme. It would channel financial resources directly to the elderly in all communities, whether rich or poor, urban or rural. The costs of administration would, so far as possible, be spent in those communities. Administration costs should amount to no more than 1% of the fund each year, and quite possibly less. It would be a non-means-tested as well as non-contributory 'social pension'. Requiring pension recipients to undergo a means test is demeaning and discourages the poor from saving. It can easily stigmatize the elderly, especially older women.[16]

The global pension would contribute significantly to the 'security in old age' envisaged in Article 25 of the Universal Declaration of Human Rights. UN agencies and conventions have helped to focus global attention on the problems of children, of women, of the sick and disabled. In 2002 the UN sponsored the Second World Assembly on Ageing in Madrid, which issued good advice to member governments. As yet, however, the plight of the aged and the prospect of a surge in their numbers are still not addressed by a specific international agency, nor by a programme with global scope. The global pension would represent a tangible step in the right direction. ■

16 The case for non-means-tested pensions is powerfully advanced in Larry Willmore, "Universal Pensions for Developing Countries", *World Development*, Vol. 35, No. 1, 2001.

Regulation of hedge funds: Why is it a social security issue?

Originally, hedge funds were supposed to be very specialized investment vehicles whose access was highly restricted to sophisticated investors. But the last few years have seen a considerable broadening of the investor class with access to hedge funds. Governments are also increasingly investing their pension programme money in hedge funds. Since the funds are accessible to common citizens, the need for public intervention to ensure that investments are carried out according to good practices and standards, that managers meet integrity and competence criteria, and that transparency and disclosure requirements are implemented, makes eminent sense.

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Hedge funds can be defined as "private pools of funds that invest in traded instruments (both cash securities and derivatives); can employ leverage through various means, including the use of short positions; and are generally not regulated" (Cole *et al*, 2007, p. 8). Hedge funds specialize in pursuing highly sophisticated, high-risk investment strategies with the purpose of achieving returns above average. In a simpler definition, hedge funds are funds established for the purpose of investing the money of their participating partners (Edwards, 1999, p. 190).

Originally, hedge funds were supposed to be very specialized investment vehicles whose access was highly restricted to sophisticated investors. Direct investment in hedge funds used to be accessible only to wealthy investors, due to high entry tickets (Noyer, 2007, p. 107). Hedge fund investors could be presumed to have the sophistication and the resources to protect their own interests (Crockett, 2007, p. 23; Hildebrand, 2007, p. 71).

But the last few years have seen a considerable broadening of the investor class with access to hedge funds. One way this has happened has been through the relaxation of accreditation requirements, to the point that few if any limits exist on who can invest in hedge funds (Danielson and Zigrand, 2007, p. 31). In many countries, from Hong Kong and Australia to Germany and the UK, a new category of investors with relatively more modest financial means are now able to invest in them. This is also partially the case in France, where hedge funds can now be accessed by individuals with a minimum amount of EUR 10,000 (Prada, 2007, p. 130). Moreover, according to recent news reports, German investors can buy hedge funds from Deutsche Bank in units of less than EUR 125 and UK regulators are considering reducing restrictions on marketing hedge funds to individuals (Financial Times, 2007a).

As part of this movement, regulated institutions accessible to average investors, such as mutual funds and pension funds, are increasing their investments in hedge funds (Danielson and Zigrand, 2007). It is reported that a significant portion of the growth in hedge funds is due to institutional investors' demand for investment alternatives to standard long-only equity and fixed-income investments (Cole *et al*, 2007, p. 11). Hedge funds now tap into a larger share of household savings that is channelled through institutional investors, such as funds of funds[1] and pension funds. In fact, pension funds are estimated to amount to around 30% of the investor base (Noyer, 2007, p. 107; Crockett, 2007, p. 23).[2]

Governments are also increasingly investing their pension programme money in hedge funds. In the United States, for example, the Securities and Exchange Commission (SEC) reports that about 20% of corporate and public pension plans were using hedge funds in 2002, up from 15% in 2001, and the trend is rising.[3] Public pension funds are among a number of entities that have sharply increased the amount of money they put into hedge funds in the last few years, in an effort to boost their returns and diversify their holdings.[4]

Motivation: the crisis of publicly financed social security

A larger pool of retirement savings is being invested in hedge funds through two main channels. The first channel is a direct one: investment by individuals in hedge funds as their choice of instrument to insure themselves. Public institutions in charge of providing retirement support are being either privatized, downsized or precarized. In some cases, public social security systems are providing insufficient assistance, so individuals are advised to rely on their own private insurance systems instead of (or in addition to) those provided by the state. This is especially the case with the generalized switch from defined-benefit to defined-contribution plans. In other cases, the search for private solutions comes from the precarious state of social security programmes and the trend towards a higher ratio of ageing citizens to working citizens, which raises fears about the sustainability of the public system and its ability to respond to the increased demand over the long term.

The second channel is indirect: investment in hedge funds by institutions, whether private or public, that manages individuals' retirement savings. In the case of private institutions, individuals resort to them as a way to complement or replace what are foreseen as meagre pension benefits due to the collapse of public social security systems, and the shift to defined-contribution plans. In the case of the public ones, it is the pressure triggered by the looming difficulties to finance their obligations that is prompting many governments to seek higher-than-average returns through strategies such as those offered by hedge funds.

As can be seen, the collapse of public social security systems is a common thread running through these two channels.

The controversy over the regulation of hedge funds

The reason hedge funds can engage in potentially more rewarding strategies is that they are not regulated. The lack of regulation on hedge funds tended to go relatively undisputed until the end of last decade. The perceived benefits of hedge funds were, in effect, directly linked to their lack of regulation. Hedge funds' higher returns were made possible by the flexibility and capacity to implement innovative strategies that can only happen in the absence of the regulations to which other financial actors, such as mutual funds, are subject. However, as hedge funds have grown in significance and the evidence of their potential shortcomings has begun to come to light, controversy about the need to regulate them has ensued.

Two events at the end of the 1990s became critical hallmarks triggering a reconsideration of the issue of whether hedge funds should be regulated. The first was the East Asian financial crisis. Authorities of the countries affected expressed concern that the activities of hedge funds in their markets during the period of the crisis had a destabilizing impact and could have potentially damaged their economies (Financial Stability Forum, 2000, p. 5). Brouwer (2001, cited by Cornford, 2005) has found grounds for this concern, arguing that operations of macro hedge funds and to a lesser extent financial institutions' proprietary trading desks were an important source of instability in the region's financial markets in 1997-1998 and contributed to the overshooting of exchange rates and other asset prices (Cornford, 2005).

It is worth noting that some researchers, including researchers from the International Monetary Fund (IMF), have called this contention into question (Fox,

1 A fund of funds is an investment fund that holds a portfolio of other investment funds rather than investing directly in shares, bonds or other securities.

2 One of the asserted bases for the retailization of funds is fairness: it is argued that not only wealthy investors should have access to the superior hedge fund returns, which accounts for the fact that sometimes supervisors themselves have called for retailization (rather than the funds themselves).

3 Financial Times (2004a), which also stated that millions of people worldwide, both working and retired, have money invested in hedge funds and might not even know it.

4 *Ibid.*

1998; IMF 2004, p. 146-8). But Brouwer found that IMF research tends to overemphasize the global size of hedge funds when what matters, he argues, is the size of their positions in relation to those of other actors in particular markets in the region. Leader-follower patterns of behaviour in these markets tend to be neglected in such studies, he says. According to these patterns, groups of hedge funds would act as if in packs and, vis-à-vis other firms, assume the role of leaders based on their willingness to take large positions in particular assets and currencies based on what is widely regarded as superior knowledge (Cornford, 2005).

The second critical landmark was the failure and subsequent bailout of the Long Term Capital Management hedge fund. LTCM had been established in 1994 with equity of USD 1.3 billion and its equity had grown, by 1998, to USD 5 billion (Edwards, 1999, p. 197). For an investor who was in at the beginning and stayed until 1997, the annual return would have been 15% a year (Kahn and Truell, 1998). LTCM's leverage, based on money it had borrowed, was around 20 to 1, high by any standard. A detailed description of the strategy LTCM had pursued and why it failed is beyond the scope of this paper. It is important to note that in September 1998, the Federal Reserve Bank of New York convened a series of firms that had lent money to the company and warned them about the "systemic risk posed by LTCM going into default." Federal Reserve chairman Alan Greenspan asserted that rescuing LTCM was necessary to prevent markets from "seizing up" and "impairing the economies of many nations." As a result, a consortium of financial institutions organized a rescue (Edwards, 1999).

By 1999 the (then) Group of 7 (G7) had decided to task the Financial Stability Forum with calling a Working Group on Highly Leveraged Institutions. The Working Group was set up with a mandate to "assess the challenges posed by highly leveraged institutions to financial stability and to achieve consensus on the supervisory and regulatory actions which would minimize their destabilizing potential" (Financial Stability Forum, 2000, p. 1).

The Working Group took the approach that the challenges were best addressed through indirect regulation measures, such as better risk management practices in counterparty institutions and the bolstering of market discipline through enhanced disclosure requirements.[5]

In 2006, the regulation of hedge funds drew renewed attention. Some events that contributed to this were the USD 6 billion loss by hedge fund Amaranth and the 75% loss of its USD 13 billion fixed income trading by hedge fund Vega. The government of Germany, which had already taken some strong positions on the subject, and whose public exhibits a pronounced hostility towards hedge funds, announced in late 2006 that it intended to use its presidency of the G8 (in 2007) to place hedge funds on the Group's agenda (Financial Times, 2007c; 2007d; 2007e). In February 2007, at their first meeting of the year, the G7 Finance Ministers agreed on commissioning the Financial Stability Forum to update its 2000 report on hedge fund practices, and calling for direct talks with the hedge fund industry about future regulatory options.[6]

However, the G8 Summit at Heiligendamm (June 2007) failed to take any meaningful action. The German finance minister's attempts to push for an agreement on tightening regulation of hedge funds were quickly opposed, mainly by the US and UK governments, and were soon watered down to mere calls for disclosure in the interest of greater transparency. As the G8 Summit drew closer, it seemed that even modest transparency requirements of a mandatory nature were too much to enforce on hedge funds. The German government had toned down its demand to have a Code of Conduct, with the US arguing that if such a Code of Conduct was necessary the hedge fund industry itself would be advocating the idea and designing it, so not much action was required on the part of governments. In the end, the G8 communiqué settled for taking note of an updated report on the matter prepared by the Financial Stability Forum, and promised further work.

Circumventing safeguards meant to protect citizens' futures

The main rationale behind regulation of mutual funds and pension funds has been the need to protect the interest of the citizens who invest in them. Since the funds are accessible to common citizens who presumably have little or no investment expertise, the need for public intervention to ensure that investments are carried out according to good practices and standards, that managers meet integrity and competence criteria, and that transparency and disclosure requirements are implemented, makes eminent sense.

Since hedge funds were originally limited to 'high net worth' or wealthy investors, that rationale was arguably not applicable to them. In fact, hedge funds were largely created to limit the constraints that regulation set on other financial institutions for this very limited group of superwealthy investors, who were very much 'insiders' to the world of investment strategies and could be trusted to know what they were doing.

As mentioned above, restricted investors' access is no longer a characteristic of hedge funds. Thus, the more that hedge funds are similar to other investment vehicles accessible to common citizens, the weaker the rationale for keeping them outside of regulatory scrutiny. Moreover, we argue that when the funds that could be at risk are the retirement savings of ordinary people, the issue becomes one of social security regulation. In fact, the state jeopardizes its social security obligations when it invests in hedge funds and when it fails to properly regulate them. If citizens have to rely on private pension systems, and the state is unwilling to regulate the investments made by these agents in hedge funds, or the behaviour of hedge funds that actually receive pension savings, then the state is relinquishing its obligations to regulate in the interest of the social security of its citizens.

The risk to retirement savings

The better returns achieved by hedge funds come at the cost of higher risk. In hedge funds, this higher risk results from the use of leverage, oftentimes several layers of it. In this regard, for example, investors could borrow to invest in funds of funds which, in turn, borrow to invest in hedge funds which, in turn, use derivatives to leverage themselves (Ferguson and Laster, 2007, p. 53). Hedge funds can leverage themselves with very high multiples either directly (borrowing from prime brokers)[7] and indirectly (through selling credit derivatives), making themselves especially vulnerable to a sudden decrease in market liquidity (Noyer, 2007, p. 108).

Moreover, there is a generalized view that hedge funds' leverage, in the aggregate, only keeps increasing. A figure from 2004 indicated hedge fund leverage in the form of bank debt to be at an average of 141% (Financial Times, 2004b). Leaving estimates aside, though, the main problem is posed by the lack of reporting requirements on hedge funds, which makes it very difficult to know, at any point in time, how leveraged hedge funds really are, especially through their derivatives exposure. An expert witness who testified to the US Congress when it inquired into the crisis at LTCM is quoted as saying: "When Greenspan went round the banks and asked them what the impact would be on their balance sheets of allowing the fund to go down, they said they didn't really know, and didn't want to find out" (Financial Times, 2004b).

According to one author, effective leverage "has become notoriously difficult to measure, due to the difficulty in capturing the effect of different layers of leverage, and in particular the leverage embedded in the most complex forms of credit derivatives." (Noyer, 2007, p. 109). According to the vice president of the European Central Bank, "the total leveraged assets of an individual hedge fund can sometimes be quite significant and comparable with the size of some systemically important banks" (Papademos, 2007, p. 115).

Not only do hedge funds present higher risks but, as repeatedly warned by analysts, the benign liquidity conditions prevailing in the market in which they have proliferated makes current hedge fund-related risks hard to even estimate with any degree of accuracy.

Ethical issues regarding the types of investment made by hedge funds

In addition to the issues raised for the average citizens whose savings end up feeding hedge funds, it is important to assess the ethical issues raised by the behaviour in which hedge funds engage when utilizing those savings. In their search for financial performance, hedge funds have been known to incur in strategies with negative impacts on the 'real economy' and workers.

5 It is worth noting that, according to a recent assessment by the European Central Bank, the implementation of even the limited measures called for in this report remains far from satisfactory (European Central Bank, 2005).

6 *Ibid.* The political currency of regulating hedge funds is not unique to the German context. For instance, US Senator Charles Grassley (Chair of the Senate Finance Committee in 2007) sent a letter in October 2006 to all US financial regulators seeking information about reporting requirements, if any, of hedge funds. During his campaign, Nicolas Sarkozy – who would later be elected in the French presidential elections – promised to take a tough stance on hedge fund regulation.

7 A broker which acts as settlement agent, provides custody for assets, provides financing for leverage, and prepares daily account statements for its clients, who are money managers, hedge funds, market makers, arbitrageurs, specialists and other professional investors.

There is certainly no question that the real economy suffers most when financial crises of a systemic nature are triggered by the speculative activities of hedge funds, as many argue was the case in the East Asian crisis. But even without such large-scale events, routine activities pursued by hedge funds pose threats that cannot be ignored.

As US House of Representatives Financial Services Committee chairman Barney Frank stated in a letter addressed to President Bush in May 2007:

> An important question to explore is whether the high rates of return required to finance private equity debt-driven buy-outs can jeopardize the long-term interests of target companies and the provision of decent employment conditions and employee security. We are troubled by those cases in which rather than corporate restructuring for the purpose of shared productivity gains and increased competitiveness, numerous private equity funds now appear to be looking at extracting maximum value over a short period before re-selling the company. This poses the risk that employees will be disadvantaged in a fashion that would not have happened without the acquisition.

One example of these hedge fund practices consists of influencing the direction of companies by taking activist positions in their shareholder assemblies. While it is common to assume that this activism brings more efficiency to corporations by creating value and promoting efficiency, it can also disrupt companies' economic activity based on immediate return considerations, and regardless of other implications for the long-term performance of the company. Critics of funds have argued that they are interested only in short-term returns, which may be generated at the expense of the long-term interest of the companies in whose securities they invest (Crockett, 2007, p. 24).

Notably, this criticism was recently voiced by German Finance Minister Peer Steinbrück, who said that "the German model – medium to long-term industrial planning – worked even if it was not compatible with the short-term aims of hedge funds." He went on to add: "The focus of industry should be 'how do I keep a company market-competitive in the medium term' – not the short-term profit maximization" (Financial Times, 2007g).

Similar concerns were expressed by SEC commissioner Paul Atkins, who warned that "giving investors greater say on the composition of boards could have the unintended consequence of increasing the power of hedge funds… What if a shareholder who participates by voting at a meeting holds no economic interest or possibly a negative interest in the corporation?" (Financial Times, 2007b). Meanwhile, two University of Texas professors warned in a 2006 study that hedge fund tactics could be eroding the traditional link between economic ownership of shares and corporate voting power (Financial Times, 2007b).

However, 'short-termism' is also especially damaging to employees in the restructured companies who, as stated by Paul Myners, the former chairman of Marks and Spencer, "generally suffer an erosion of job security and a loss of benefits" (Financial Times, 2007f). It is worth noting that leveraged buy-outs of the type practiced by hedge funds with profit-making purposes are financed with debt, with the purchased firm becoming responsible for servicing those debts. The higher the leverage, the higher the risk of subsequent failure of the company, with workers being the first casualty.

Moreover, workers may be double losers in this trend because, at the same time, the high profits are made possible by the fact that interest can be offset against tax in many jurisdictions, which basically means taxpayers' money is what subsidizes the profits. Lower tax pressure on the owners of big capital means, everything else being equal, more tax pressure on workers.

'Short-termism' might be especially damaging to long-term economic considerations in the context of the increased hedge fund shareholder activism aimed at forcing specific management decisions (or management changes) through their stakes in a company. This risk exists when funds take short-term stakes, using non-transparent techniques, with the sole objective of putting pressure on management, at a specific point in time, for the defence of their specific interests (Prada, 2007, p. 133).

Recently, analysts have noted another channel through which hedge funds may influence the real economy, that is, in the context of increased difficulties for companies to achieve workouts. Bankruptcy regimes are a policy instrument that countries craft with the goal of setting incentives for companies' productive activities not to be unduly disrupted. They balance the interests of creditors and debtors on the basis of protecting the longer-term interest of society in not disrupting production processes vital to the economy. Hedge fund intervention may dramatically distort these incentives, as noted by an analyst: "In the past, banks that held loans on their balance sheets had a substantial financial incentive to come to an amicable workout with borrowers. When banks securitize loans, however, that incentive may be diminished because they don't bear as much of the risk of default… [H]edge funds and even banks may profit from a default if they have bought protection through a credit default swap in excess of the amount of the loans they hold… [Hedge funds'] participation can also affect the ability of borrowers near default to work out their problems" (Cole *et al*, 2007, p. 10).

The implications of this problem have come to light recently in the US in the context of the crisis of subprime mortgage lending and the intervention by banks and regulators to aid subprime borrowers facing steep interest rates on their housing loans. What would have otherwise been a reasonable and welcome help to disadvantaged communities of borrowers, became the target of accusations by hedge funds holding derivatives tied to defaults on such loans, who had bet that defaults would take place.

Conclusion

The crisis in state-provided pension benefits has meant that an increasing share of citizens' retirement savings is being placed in hedge funds. The original rationale for not regulating hedge funds (their availability only to a limited number of investors) is no longer in place. Stronger regulation of hedge funds in the interest of fulfilling social security obligations is long overdue. Otherwise, hedge funds will have simply become vehicles by which social security obligations can be easily circumvented. ■

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Pension fund investment in private equity funds

Pensions are not like other classes of financial investment, where investors select part of their surplus income to make a bet. Pensions are meant to guarantee a minimum income level that allows the retiree to maintain a certain quality of life. The investors in pension funds are the middle classes and, in the more developed countries, the workers, and their future incomes should not be the result of the kind of market games played by private equity funds or hedge funds.

Fernando J. Cardim de Carvalho[1]

The rise of the pension fund industry

Most social security systems suffered deeply with the fall in rates of economic growth that followed the so-called golden era of capitalism from the end of the Second World War until the late 1960s. Even in countries where the benefits offered by official retirement schemes were not particularly generous, as in the United States, social security ran into trouble when employment growth decelerated in the 1970s and afterwards. In many cases these systems had become Ponzi schemes, where benefits were paid not with the yield of past investments but with the revenues generated by new entrants.

While economies were growing rapidly and employment was expanding, new members' contributions were more than enough to pay benefits. With the end of the post-war Keynesian era and the rolling back of state economic initiatives that characterized the Reagan/Thatcher neoliberal counterrevolution, rates of growth fell and new revenues have become less and less sufficient to keep the system running.

In parallel with the accumulation of financial imbalances in social security schemes, social security systems also became the target of growing ideological criticism, which frequently pointed to the 'perverse incentives' these systems were allegedly creating. Even now conservative and neoliberal critics of social security nets insistently claim that these schemes encourage workers to remain idle, since they can earn enough to survive without having to work.

The wide and relentless attack on social security schemes, and the repeated 'reforms' to which they were submitted, made clear to most workers that they had to begin providing for their own retirement or at least to look for means to add to their expected incomes in the future when they retired.

Of course, only Chile under the Pinochet dictatorship went as far as practically eliminating official schemes and replacing them with entirely private schemes. Presented as an important 'innovation' by the financial community and those who share its views, the Chilean model could not escape criticism, however, even from publications dedicated to that very community. Thus, *Institutional Investor* magazine, for instance, could not avoid acknowledging that "the goodwill that the A[dministradoras de] F[ondos de] P[ension] reaped for their role in Chile's economic success diverted attention from some glaring flaws in the privatized pension fund system." Quoting a local authority, the magazine concludes its analysis stating that "no matter how instrumental the AFPs have been to Chile's economic development, 'they seem to have forgotten about their social welfare role, which is the main reason they were created.'"[2]

In fact, the alleged social welfare role of private pension funds – namely, to provide for retirement income levels that the official schemes were no longer capable of offering – were never the real priority, especially in the case of developing countries. The reforms that created private pension funds, or enlarged their role where they already existed, approached them mostly as promising vehicles to increase household savings and to channel them to public and private securities markets. This, again, was clearly the case of Pinochet's Chile but is also characteristic of other developing countries' experiences.

In this sense, pension funds quickly became just another class of investment funds. Their special nature, which is to provide a basic level of income in the future, was residually acknowledged in some regulatory provisions, limiting their exposure to certain riskier classes of investment. These limitations, however, have become less and less effective since financial institutions have been able to circumvent them with relative ease.

Thus, pension funds ended up being just another category of collective investment schemes, which are designed as institutional investors, meaning that it is another form of gathering investors so as to create a formal *institution*. They are managed by professional fund managers, usually trained in ordinary financial institutions, and their performance is measured by criteria that are not much different from those applied to other investment funds. Many times, in fact, management of these funds is performed by employees of large financial conglomerates, through asset management divisions.

In this scenario, the *social* role of pension funds is only remembered when a crisis hits a particular group, destroying the assets of the respective pension fund, as was the case with Enron. When this happens, one hears demands for regulation and supervision, but these tend to quickly fade away, drowned out by the counterclaims of the financial markets and their spokespeople who strive to keep the system as it is.

The shift to riskier investments

Since the early 1990s a number of important forces have combined to push pension funds even farther away from their social role toward behaving like an ordinary institutional investor. On the one hand, liquidity has been very high in national and international financial markets, lowering interest rates and the returns on financial investments. In addition, a relatively long cycle of economic expansion began in the late 1980s, which still persists. In the last almost 20 years, growth periods have prevailed and recessions have been relatively light and short-lived (with the obvious exception of countries hit by capital flight crises, as in the case of the Asian crises of 1997-1998, the Russian crisis of 1998 or the Argentine crisis of 2002). Non-performing loans have been kept at low levels so that attenuated risk factors have also contributed to the reduction of interest rates in the main financial markets of the world.

Under these conditions, practically every institutional investor, including pension funds, began searching for alternative investments that could offer higher returns. These higher returns could be found, naturally, in riskier investments, such as high-yield bonds (formerly known as 'junk bonds', a definitely less attractive denomination), or emerging country securities. To participate in these markets, institutional investors usually invest in hedge funds[3] or in private equity funds.

Since fund managers' performance is usually evaluated relative to the average performance of their class, there is a strong tendency for a kind of herd behaviour to emerge. Thus, once some funds begin participating in riskier markets and do enjoy higher earnings as a result, the managers of other funds have little choice but to follow the leaders, to try to emulate their earnings. Once a sufficiently large number of pension funds have taken this path, following it becomes conventional wisdom for the remaining fund managers.

What is a private equity fund?

Private equity (PE) funds are partnerships between investors, called limited partners, and fund managers, called general partners, specializing

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2 "Chile: The Empire Strikes Back", *Institutional Investor*, April 2007, p. 96, 99.

3 For more information on hedge funds, see the article by Aldo Caliari in this Report.

in venture capital investments or in buyout investments (Phalippou and Zollo, 2005). They are not new actors in financial markets, but their importance has increased dramatically in recent years. *The Economist* recently quoted a research group's estimate that PE funds raised USD 240 billion in the first six months of 2007 alone.[4] Researchers from the University of Pennsylvania's Wharton School estimate that PE funds manage approximately USD 1 trillion of capital.

PE funds, like hedge funds, boost their returns by heavily leveraging their capital. This means that these funds invest much more than their own capital. In fact, their own capital is used mostly to obtain loans that allow them to buy assets that will in turn be used as collateral to obtain still more loans, and so on and so on.

According to one source, two thirds of those trillion dollars under the control of PE funds are managed by buyout funds. These funds buy public companies – that is, corporations whose stock is traded on stock exchanges; turn them 'private' – that is, take them out of public view; and restructure them with a view to increasing their market value in order to resell them at a profit.

'Restructuring' in this context may mean a lot of things. PE fund apologists argue that the value of a company is increased by cutting unnecessary expenses, streamlining the company by getting rid of less productive divisions, introducing better management methods, and more efficiently aligning the interests of managers and shareholders. If this is true, companies emerge fitter and more efficient from this process, and it is the ability to engage in this restructuring that generates the profits made by the funds.

Critics of PE funds, on the other hand, point out that the value of acquired companies tends to increase mostly because of debt piling up.[5] Firms managed by PE funds borrow heavily to increase their return on equity (ROE), at the cost, of course, of making them much more vulnerable to adverse changes in financial markets. Since the early 1990s, as already observed, it has been easy to borrow at low interest rates, making the PE funds' strategy easier.

However, when this excess market liquidity begins to dry up, as it necessarily will at some point, and interest rates begin to rise, heavily indebted firms may suffer dramatic losses. Under these conditions, as observed by *The Economist*: "A bigger role for private equity might make the economy more vulnerable. Historically, recessions have often occurred when rising interest rates have cut into corporate profits, causing firms to slash employment and capital expenditure. In a world where most companies carried private-equity-style debt levels, companies would be much more vulnerable and recessions might become much more frequent."[6]

Nevertheless, as long as interest rates remain low, stock exchanges remain active, and stock prices continue rising, PE investments are likely to remain very attractive. As has been amply noted by analysts of financial market behaviour, rising asset prices tend to blind market participants to risks, and the lure of profit opportunities is too strong to resist in the absence of regulatory limits.

In fact, even if a disaster like a full-scale financial crisis does not actually take place, the legacy of PE funds is an increase of debt that is likely to reduce the ability of firms to make productive investments. The increased risk of default attached to highly indebted firms increases the cost of capital and raises the minimum required profitability of capital to allow new investments. It may take a long time for these firms to rebalance their capital structure to allow them to operate normally again.

The relative importance of PE funds as a source of finance is still relatively small but growing fast. Moreover, these funds are extending their reach even to markets that used to be considered protected against their influence, such as the financial markets themselves. They are also expanding into the real estate business.[7]

PE funds are usually favoured by the lighter tax treatment of capital gains as compared to income earnings, which most countries tended to adopt after the Reagan/Thatcher counterrevolution. They are also favoured by the so far long-lasting context of an excess supply of loans, which has allowed what is currently known as a 'covenant-lite' loan structure. This means that lenders are so numerous at this point that they do not feel they can impose conditions on the use of their loans, giving much more freedom to borrowers like PE fund managers.[8]

Of course, there may very well be an element of truth in the arguments of both supporters and critics of PE funds. Their benefits may be more visible in the case of venture capital, where the funds help to finance nascent firms, than in the case of buyout funds, where restructuring may very well be, as *Institutional Investor* suggested, merely "sleight of hand," a trick allowing fund managers to increase the appearance of profitability of companies to sell them back in public markets. In fact, the jury is still out on the PE strategy as such, although it is increasingly clear to almost anybody that the tax incentive represented by the favourable treatment of capital gains should be eliminated and that regulation should be beefed up in this market segment.[9]

Risks and benefits for pension funds

If the macroeconomic or social benefits of the operation of PE funds may still be difficult to ascertain, there may also be less than meets the eye when this investment alternative is investigated more closely. As in the case of hedge funds, there is a widespread view that there should be no attempt to curb these types of investment, because they are so profitable that market actors would always find a way to circumvent the barriers. If PE investments are really that profitable, preventing pension funds from enjoying the promised high returns, even if at the cost of some degree of risk exposure, could be unjustifiable or simply unenforceable.

There are several important reasons to question this assumption, however. A number of studies of the performance of private equity funds have shown that the exceedingly high returns exhibited by them in recent years may not be the whole story.

It is usually accepted that PE funds have reached yearly returns on equity of around 25%, which is, certainly, a very high figure. However, before accepting this number as a true reflection of the performance of the PE sector, some qualifications have to be made. We will focus on four of them.

The first qualification is actually very important, given the generally accepted view that this is a particularly risky industry. When analyzing industry returns, one has to adjust the available information for what is called the 'survivor's bias'. The concept is quite simple. Let us assume that two PE funds invest USD 100 each. The first succeeds and earns USD 200. The second goes under and loses its capital. When an industry survey is taken, the second fund is no longer there to respond to the questions. So what the survey is going to show is only the result of the first firm, with a 100% rate of return. In risky industries, the rate of mortality tends to be higher than average. Results therefore tend to heavily exaggerate the profitability of PE funds because only the successful survivors are actually surveyed.

A second qualification is that after a PE fund buys out a firm and makes it 'private', the value of the assets bought by the fund is difficult to ascertain. The fund may record how much it paid for the equity but there is no guarantee that it is actually worth what was paid. Some PE funds simply become inactive as an alternative to reselling equities with a loss. So when surveys measure the assets of PE funds they tend to count potentially worthless assets as still worth their original price.

A third qualification refers to risk. All financial investments offer combinations of return and risk. The higher the risk, the higher the rate of return must be to induce the investor to buy that particular asset. Accounting measures of profitability are not adjusted for risk, which is especially serious in the case of riskier investments such as PE funds.

Finally, the return to the PE fund is not the same thing as the return to the investor, because fund managers tend to charge very heavy fees from the investors. In fact, the standard structure includes a fixed fee as a percentage of the capital of the fund, a large share of the gains (usually 20% of the

4 "The business of making money", *The Economist*, 7 July 2007.

5 "Private Illusions", *Institutional Investor*, January 2007, p. 99/100.

6 *The Economist*, *op. cit.*, p. 70.

7 "Private Property", *Institutional Investor*, December 2006.

8 "Taking a Plunge on Univision", *Institutional Investor*, April 2007.

9 In fact, PE funds themselves may be bracing up to face at least some of these changes. A recent document issued by the British financial regulator, FSA, noted that "the industry has asked Sir David Walker to chair a high-level working group to assess the adequacy of disclosure arrangements and the clarity and consistency of valuations and returns employed by UK private equity firms. *The intention is to establish a voluntary code of compliance in these areas.*" (FSA, 2007, p. 4, emphasis by the author). PE funds seem to be trying to preempt more hostile forms of *official* regulation by offering to restrain their own behavior through *self-regulation*.

profits, called 'carried interest'), as well as other fees of lesser impact.

In the light of all these factors, it is not very surprising to find that PE fund managers, or general partners, are doing very well, while the investors, or limited partners, are not. Phalippou and Zollo (2005) showed that, all things considered, investors in PE funds may have earned less than they would have if they had simply bought the Standard and Poor's 500 stock basket. In other words, they earned less than the market average. A. Metrick and A. Yasuda, on the other hand, showed in an unpublished 2007 study that fund managers did very well, with buyout managers benefiting more so than venture capital managers.

Conclusion

Whatever the final word on the cost/benefit ratio of the operation of PE funds for the economy as a whole may be, the benefits of these investments for pension funds can already be judged as very doubtful, at best. In fact, risk itself should be a decisive factor to prevent pension funds from participating in these markets. Pensions are not like other classes of financial investment, where investors select part of their surplus income to make a bet. Pensions are meant to guarantee a minimum income level that allows the retiree to maintain a certain quality of life. Wealthy investors do not invest in pension funds because they usually have access to other, more profitable, opportunities. The investors in pension funds are the middle classes and, in the more developed countries, the workers, and their future incomes should not be the result of the kind of market games played by PE funds or hedge funds.

This concern is strengthened by evidence of the possibility that workers' money is simply being squandered by these funds, since their performance, when adjusted in the way suggested in the preceding section, is below par – although this does not prevent the managers of these funds from taking a large bite of whatever returns are achieved.

Stricter regulation of the investments that pension funds are allowed to make is, of course, a second-best solution. The truly appropriate solution would be, above all, to restore the primacy of full employment as a social goal, as it was in the first two decades after the end of the Second World War, since this would obviate many of the financial problems of social security systems. There is also a need to promote a broad debate with all sectors of society as to the perspectives of the social security system, in order to make it socially fair and economically sustainable. Unfortunately, the political climate is still unfavourable to such a debate, since neoliberal ideas about the virtues of the market are still strong, particularly among influential political groups. In such a situation, a second-best solution preventing pension funds from trading workers' futures for illusory short-term gains should be explored. ■

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GLOBAL TAXES FOR GLOBAL WELFARE

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For many of the problems and challenges currently facing the international community, it is impossible for individual nations to find and apply proper solutions on their own. These challenges include global warming, the spread of global diseases, financial instability, pollution and loss of biodiversity, among many others.

At the same time, governments are facing a crisis in tax income, for a variety of reasons: recent globalization processes, new financial mechanisms, the widespread use of tax havens and corporate practices such as the abuse of transfer pricing, tax avoidance and tax evasion.

This situation has made it increasingly difficult for governments in both the South and the North to ensure fiscal justice and finance social security for their citizens. As a result, the need for innovative mechanisms to finance global welfare, enhance international cooperation and safeguard global public goods has become one of the most urgent priorities facing the planet.

From another point of view, there is a need to find adequate ways to regulate and counteract the most negative impacts of globalization, and to apply democratic and effective instruments to ensure political control over economics, trade and financial powers, which implies a profound reform of current governance mechanisms and institutions.

International taxes appear to be the best instrument to implement in the medium term to fulfil these different goals: finding new ways to finance social security and global public goods; regulating some of the negative impacts of globalization; reinforcing international cooperation among different countries; and reforming international governance.

While the primary goal of national taxes is to generate revenues, in the case of global taxation systems, the most important positive impact could be their regulation effect on some of the most adverse impacts of recent economic trends. A Tobin tax on international financial transactions, for instance, would contribute to combating financial instability, while a carbon tax would target the most polluting activities and foster the development and use of cleaner, more sustainable energy sources.

Moreover, global taxes could raise enough money to fulfil the Millennium Development Goals (MDGs) or to help finance and preserve global social security, fundamental human rights and global public goods.

The technical problems involved in the implementation of these global taxes have been resolved. In many cases, the biggest obstacle to their application is the lobbying power of the small elite that would be hit by these instruments. It is now only a matter of political will: politicians must have the intelligence and courage to move forward and implement these instruments, which would benefit the vast majority of women and men in both the North and the South. ■

Tax havens and corruption: A global struggle

A minimum of USD 1 trillion of dirty money flows annually into offshore accounts, approximately half of which originates from developing countries. Despite the plethora of anti-money laundering initiatives, the failure rate for detecting dirty money flows is astonishingly high. Tax dodging corrupts the revenue systems of the modern state and undermines the ability of the state to provide the services required by its citizens. It therefore represents the highest form of corruption because it directly deprives society of legitimate public resources; this is the reason why international tax abuse has to become the next big front in the battles over international development, corruption, inequality, and globalization.

John Christensen
Tax Justice Network International Secretariat[1]

The parallel economy

The stage is being prepared for one of the epic struggles of our times. Secretly and audaciously, over the past half century, professional elites and their powerful clients have constructed a parallel global economy – often referred to as tax havens – to remove themselves from 'onshore' taxes and regulation. This parallel economy provides an enabling infrastructure of banks, legal and accounting businesses, minor legislatures and judiciaries, and related financial intermediaries, which combine to serve as an 'offshore interface' between the illicit and the licit economies.[2] This interface has encouraged and facilitated capital flight from poor countries to rich ones on a truly awesome scale. It has enabled tax dodging, shifting the tax burden from capital to labour and significantly contributing to widening inequality. It has undermined the integrity of tax systems and respect for the rule of law.

Democracy itself is undermined by covert deals and special treatments. The offshore interface has distorted global markets to the disadvantage of innovation and entrepreneurship, and slowed economic growth by rewarding free-riding and misdirecting investment. It is identified as a major causal factor behind the growth of high-level corruption. It functions through collusion between private sector financial intermediaries and the governments of states which host offshore tax haven activities. The forthcoming struggle requires a radical rethink of the nature and geography of corruption, forcing civil society to tackle major flaws in the global financial architecture and overcome the political power of major vested interests.

International tax abuse must become the next big front in the battles over international development, corruption, inequality and globalization. Partly because of the complexity of these issues, civil society organizations have mostly shied away from some of the most important aspects of these debates, leaving these fields to be colonized by highly paid experts beholden to powerful and wealthy interests. The time has come for civil society to step up and take them on.

Contrary to the evocative images conjured up by the term 'offshore', it would be wrong to think of offshore as disconnected and remote from mainstream nation states. Geographically, many of the offshore tax havens are located on small island economies dispersed across the spectrum of time zones (see Table 1), but politically and economically the majority of tax havens are intimately tied to major Organisation for Economic Cooperation and Development (OECD) states, and the term 'offshore' is strictly a political statement about the relationship between the state and parts of its related territories.[3]

In the case of Britain, for example, the bulk of offshore transactions are controlled by the City of London, even though many City financial intermediaries operate from offices located in UK overseas territories and crown dependencies. These jurisdictions project the impression that they operate autonomously, but in practice they largely act as booking centres for instructions issuing out of the City of London and other major finance centres. They are primarily of use to the City because they offer zero or minimal tax rates combined with secrecy arrangements (including non-disclosure of beneficial ownership of companies and trusts) and regulatory regimes which are more permissive than those prevailing onshore. Many tax havens are directly linked to Britain, either through overseas territory or crown dependency status, or through membership in the Commonwealth. When asked at the conclusion of her enquiries into the Elf scandal which engulfed the French oil giant in the 1990s whether corruption on a similar scale could occur in the United Kingdom, the Norwegian anti-corruption campaigner Eva Joly commented that many of the world's biggest tax havens, most notably the City of London itself, are under British control, adding: "The United Kingdom has maintained its privileges by allowing British companies to operate from their own tax havens. The expansion in the use of these jurisdictions has a link to decolonization. It is a modern form of colonialism."

Joly refers to tax havens as the principal target in the emerging phase of the anti-corruption debate, arguing: "There is nothing more important for those who want to tackle poverty in the world than to make it possible to trace dirty money flows and impose sanctions on those territories which don't cooperate with this process."[4]

Offshore secrecy, either created through banking secrecy laws or through de facto judicial arrangements and banking practices, is a major barrier to tracing dirty money flows and tackling corrupt activities. This 'secrecy space' creates an effective barrier to investigation of activities in the offshore financial centre by external authorities,[5] and facilitates the laundering of proceeds from a wide range of criminal and corrupt activities, including fraud, embezzlement and theft, bribery, drug trafficking, illegal arms trafficking, counterfeiting, insider trading, false trade invoicing, transfer mispricing, and tax dodging. Elaborate schemes are devised to 'weave' dirty money into commercial transactions and to disguise the proceeds of crime and tax evasion using complex offshore structures. According to one expert investigator:

> Methods to launder money vary dramatically from low-level, relatively simple to highly structured and complex business scenarios or transfer of money offshore. What is being increasingly identified is the infiltration of criminal identities into otherwise legitimate business interests. None of these people could get away with a lot of what they were doing if it wasn't for lawyers, accountants, financial advisers, and the like, knowingly assisting them to launder and hide assets.[6]

A minimum of USD 1 trillion of dirty money[7] flows annually into offshore accounts, approximately half of which originates from developing countries.[8]

1 <www.taxjustice.net>

2 For a detailed analysis of the origins of tax havens and their linkages with the global economy see: Hampton, M. (1996). *The Offshore Interface: Tax Havens in the Global Economy.* Basingstoke: MacMillan.

3 Palan, R. (1999). "Offshore and the Structural Enablement of Sovereignty", in Hampton, M.P. and Abbott, J.P. (eds). *Offshore Finance Centres and Tax Havens: The Rise of Global Capital.* Basingstoke: MacMillan.

4 Quoted from "Pour Eva Joly: Le G8 ne lutte pas vraiment contre la corruption". Interview in *La Tribune*, 6 June 2007.

5 Christensen, J. and Hampton, M.P. (1999). "A Legislature for Hire: The Capture of the State in Jersey's Offshore Finance Centre", in Hampton, M.P. and Abbott, J.P, *op cit.*

6 Detective Superintendent Des Bray, of the Commercial and Electronic Crime Branch, interviewed in the *Adelaide Advertiser*, "Lawyers helping to launder money", 4 June 2007. Available from: <www.theadvertiser.news.com.au/?from=ni_story>.

7 Dirty money is defined as money that is obtained, transferred or used illegally.

8 Baker, R. (2005). *Capitalism's Achilles Heel.* Hoboken, New Jersey: John Wiley & Sons.

TABLE 1. Tax havens of the world

The Caribbean and Americas	Europe	Africa
Anguilla	Alderney*	Liberia
Antigua and Barbuda*	Andorra	Mauritius
Aruba*	Belgium*	Melilla*
The Bahamas	Campione d'Italia*	The Seychelles*
Barbados	City of London	São Tomé e Príncipe*
Belize	Cyprus	Somalia*
Bermuda	Frankfurt	South Africa*
British Virgin Islands	Gibraltar	**Middle East and Asia**
Cayman Islands	Guernsey	Bahrain
Costa Rica	Hungary*	Dubai*
Dominica*	Iceland*	Hong Kong
Grenada	Ireland (Dublin)*	Labuan
Montserrat*	Ingushetia*	Lebanon
Netherland Antilles	Isle of Man	Macau*
New York	Jersey	Singapore
Panama	Liechtenstein	Tel Aviv*
Saint Lucia*	Luxembourg	Taipei*
St. Kitts & Nevis*	Madeira*	**Indian and Pacific Oceans**
Saint Vincent and the Grenadines*	Malta*	The Cook Islands
Turks and Caicos Islands	Monaco	The Maldives*
Uruguay*	Netherlands	The Marianas
US Virgin Islands*	Sark	Marshall Islands
	Switzerland	Samoa*
	Trieste*	Tonga*
	Turkish Republic of Northern Cyprus*	Vanuatu

Note: This list excludes territories with some tax haven features but which are not commonly used as such. Territories marked with an asterisk (*) have developed their activities in the last 25 years, representing almost a doubling in the number of tax haven territories during that period.

Source: *Tax us if you can*, Tax Justice Network, 2005.

Despite the plethora of anti-money laundering initiatives, the failure rate for detecting dirty money flows is astonishingly high. According to a Swiss banker, only 0.01% of dirty money flowing through Switzerland is detected.[9] It is unlikely that other offshore finance centres are any better. Crucially the techniques used for tax dodging and laundering dirty money involve identical mechanisms and financial subterfuges: tax havens, offshore companies and trusts, foundations, correspondent banks, nominee directors, dummy wire transfers, etc.

Legal institutions granted special status and privilege by society have been subverted to purposes for which they were never intended. For example, the original purpose of trusts was to promote the protection of spouses and other family members who are unable to look after their own affairs, and to promote charitable causes. Incredible as it must appear to those not familiar with the offshore economy, charitable trusts are regularly set up in offshore tax havens for the purposes of owning 'special purpose vehicles' used for international tax planning and for hiding both assets and liabilities offshore, as happened with Enron and Parmalat.[10]

The remarkable growth of the offshore economy since the mid-1970s reveals a major fault line in the financial liberalization process. Whilst capital has become almost totally mobile, the systems for tracking cross-border dirty money flows remain largely nationally based. The unsurprising outcome has been a massive increase in cross-border dirty money flows, often taking the form of falsified trade invoicing and transfer mispricing between subsidiaries of multinational companies. The vast majority of these funds are laundered via complex offshore ladders operating through the global banking system. Huge sums are involved, particularly for developing countries prone to capital flight. Estimates of capital flight from Africa vary considerably, but according to the African Union USD 148 billion leaves the continent every year through dirty money flows.[11]

Most analysts agree that the outflows of dirty money originating from Africa tend to be permanent, indicating that between 80% and 90% of such flows remain outside the continent.[12] Another study concludes that Sub-Saharan Africa is a net creditor to the rest of the world in the sense that external assets (i.e. the stock of flight capital) exceed external liabilities (i.e. external debt).[13] The problem is that the assets are largely held in private hands, whilst the liabilities belong to the African public.

Rethinking the nature and geography of corruption

Tax dodging corrupts the revenue systems of the modern state and undermines the ability of the state to provide the services required by its citizens. It therefore represents the highest form of corruption because it directly deprives society of legitimate public resources. Tax dodgers include institutions and individuals who enjoy privileged social positions but see themselves as an elite detached from normal society and reject "any of the obligations that citizenship in a normal polity implies."[14] This group comprises wealthy individuals and high income earners, plus a 'pinstripe infrastructure' of professional bankers, lawyers, and accountants, with an accompanying offshore infrastructure of tax havens with quasi-independent polities, judiciaries and regulatory authorities. This type of corruption therefore involves collusion between private and public sector actors, who exploit privileged status to undermine national tax regimes.

The failure to tackle these major flaws in the globalized financial system has generated a spirit of lawlessness and corruption which acts as a cancer on our trust in the integrity of the market system and democracy. Tax dodging by rich individuals forces governments to switch the tax burden to the less well-off, increasing inequality and harming development prospects by reducing the revenues available for investment in education and infrastructure. Company directors committed to good governance and ethical policies find themselves competing on an unfair basis against corporate delinquents prepared to push tax planning to the limits. Governments committed to equitable tax practices and fair trade find themselves drawn into a wholly bogus process known as tax competition

9 *Ibid*, p. 174.

10 Brittain-Catlin, W. (2005). *Offshore: The Dark Side of the Global Economy.* New York: Farrar, Strauss and Giroux, p. 55-76.

11 See "The Other Side of the Coin: the UK and Corruption in Africa". A report by the UK Africa All Party Parliamentary Group, March 2006, p. 14.

12 Raymond Baker from the Center for International Policy, Washington, quoted from oral evidence given to the UK Africa All Party Parliamentary Group in January 2006.

13 Boyce, J.K. and Ndikumana, L. (2005). "Africa's Debt: Who Owes Whom?" in Epstein, G.A., *Capital Flight and Capital Controls in Developing Countries.* Cheltenham: Edward Elgar.

14 Reich, R. (1992). *The Work of Nations.* New York.

which undermines their revenue base and increases inequality.

Regrettably, Transparency International, despite its commendable role in putting corruption onto the political agenda, has undermined the efforts of reformers through its publication of the Corruption Perception Index (CPI) which reinforces stereotypical perceptions about the geography of corruption. The CPI identifies Africa as the most corrupt region of the world, accounting for over half of the 'most corrupt' quintile of countries in the 2006 index. African countries account for about one half of the countries identified as most corrupt, with Chad, Côte d'Ivoire, the Democratic Republic of the Congo, Equatorial Guinea, Guinea and Sudan ranking amongst the bottom ten of the 163 countries surveyed. Ghana fares relatively well, ranking at a joint 70th position in 2006, though the ranking score of 3.3 out of a possible 10 still places Ghana at the low end (i.e. more corrupt) of Transparency International's corruption spectrum. But despite the attention given to the CPI in the African and global press, these statistics provide a very partial and biased perspective. A more critical examination of the index reveals that over half of the countries identified by the CPI in 2006 as 'least corrupt' are offshore tax havens, including major centres such as Singapore (ranked 5th overall), Switzerland (7th), the UK and Luxembourg (jointly 11th), Hong Kong (15th), Germany (16th), the USA and Belgium (jointly 20th). For good measure, Barbados, Iceland, Malta, New Zealand and the United Arab Emirates (all tax havens) also fall into the 'least corrupt' quintile. What do these rankings tell us about the current politics of corruption?

This distorted geography of corruption may well arise from Transparency International's definition of corruption as "the misuse of entrusted power for private gain." Operationally, this has led to an obsessive focus on public officials (politicians and state employees) and a lack of attention to other elites, including company directors or financial intermediaries. Now the focus must shift to the enablers on the supply side,[15] including:

- Governments of jurisdictions (not exclusively those categorized as tax havens) which supply the secrecy spaces where corruption can take place.
- Private sector agents, including and especially professional intermediaries such as bankers, lawyers, accountants, company formation agencies and trust companies, whose activities facilitate (or overlook) corrupt financial practices.[16]
- Company directors responsible for illicit transactions that contribute to capital flight, tax evasion and tax avoidance.

15 See, for example, UK Africa All Party Parliamentary Group, *op cit*.

16 US Senate (2006). *Tax Haven Abuses: The Enablers, the Tools and Secrecy*. Permanent Subcommittee on Investigations.

Public understanding of what constitutes corruption needs to be radically shifted to encompass any activity which involves the abuse of the public good or which undermines public confidence in the integrity of the rules, systems and institutions that promote the public good. Insider trading, tax evasion and avoidance, market rigging, non-disclosure of pecuniary involvement, embezzlement, and trade mispricing would all be recognized as corrupt within such an analytical framework.

An economic blind spot

Many economists overlook the role of the offshore economy in their analysis, which arguably underlies their inability to explain the 'uphill' movement of capital from poor to rich nations despite the predictions of their economic theories.[17] Political risk or the prospect of financial crises might be primary causes of capital flight, but tax-free status creates a strong incentive for wealthy domestic asset holders in developing countries to retain their assets offshore. By doing this on an anonymous basis, they can protect their wealth from potential currency devaluation and from taxes. But not all the capital that flees developing countries stays out. Some returns disguised as foreign direct investment. This is the consequence of the flight money being re-cast offshore during the laundering process prior to reinvestment in the country of origin: a process known as 'round tripping'. The preferential treatment offered to many foreign investors provides an incentive to round trip.

In March 2005 the Tax Justice Network published a briefing paper – *The Price of Offshore*[18] – which estimated the stock of private wealth held 'offshore' by rich individuals, and largely undeclared in the country of residence, at about USD 11.5 trillion. The paper estimates that the annual worldwide income on these undeclared assets is about USD 860 billion, and that the annual worldwide tax revenue lost on such undeclared income is about USD 255 billion. That figure, which has had huge media coverage since its publication, and which we consider to be on the conservative side, significantly exceeds the annual funds needed to finance the UN's Millennium Development Goals.[19] Whilst the majority of this USD 11.5 trillion of undeclared assets originates from developed countries, a significant proportion comes from developing countries. For example, over 50% of the cash and listed securities of rich individuals in Latin America is reckoned to be held offshore.[20] Data for Africa are scarce, but most analysts assume the ratio to be comparable to Latin America or higher.

17 Guha, K. (2006). "Globalisation. A share of the spoils: why policymakers fear 'lumpy' growth may not benefit all", *Financial Times*, 28 August, p. 11.

18 <www.taxjustice.net/cms/upload/pdf/Price_of_Offshore.pdf>

19 For more details about the MDGs see Joyce Haarbrink's article on sexual and reproductive health and rights in this Report.

20 Boston Consulting Group (2003). "Global Wealth Report".

But the figure of USD 255 billion in tax revenue lost to tax evasion on assets held offshore is only one part of the equation. Developing countries also lose out to tax evasion in the domestic context (often from activities in the informal economy), from tax avoidance on cross-border trade, and from pressures to compete for investment capital through offering unnecessary tax incentives. In combination these issues are estimated to cost developing countries approximately USD 385 billion annually in tax revenues foregone.[21] This clearly represents a massive haemorrhaging of the domestic financial resources of many developing countries, which undermines sustainability in a number of ways:

- Declining tax revenue income from the wealthy and high income earners forces governments to substitute other taxes (typically indirect) with a consequent regressive impact on wealth and income distribution.
- Falling tax revenues force cutbacks in public investment in education, transport and other infrastructure.
- Tax dodging corrupts the integrity of tax regimes and creates harmful economic distortions which penalize those who follow ethical practice and benefits those who bend the rules.
- Tax dodging undermines public respect for the rule of law and the integrity of democratic government.

Declining tax revenues in developing countries have stimulated a vicious circle of decline in investment in the human capital necessary to create an attractive environment for both domestic and foreign investors. In a 2006 report on Latin America, the World Bank argued that governments must give higher priority to spending on infrastructure likely to benefit the poor and increase expenditure on education and health care. In practice, a large proportion of government spending in Latin America is skewed in favour of the well-off, and governments are collecting far too little tax, especially from the wealthy. The World Bank report concludes that "on the tax front, first items in the agenda would be strengthening anti-tax evasion programs and addressing the high levels of exemptions."[22]

Civil society: wake up!

In April 2007 the author addressed a parliamentary session in London on the subject of "Why are aid donors frightened of taxation?" Several reasons were offered, including the complexity of the subject and fears about the future of some small island

21 Cobham, A. (2005). "Tax Evasion, Tax Avoidance and Development Finance". Queen Elizabeth House Working Paper Series No. 129, Oxford.

22 Perry, G.E., Lopez, J.H., Maloney, W.F., Arias, O. and Serven, L. (2006). *Poverty Reduction and Growth: Virtuous and Vicious Circles*. The World Bank, p. 101.

economies which are dependent on their tax haven roles. But other factors were also raised: Are some aid agencies compromised by their relations with powerful governments? Do some of them have a vested interest in preserving the aid industry? Are some too closely tied to corporate interests? Whatever the reasons, it is astonishing that it has taken so long for these issues to become the focus of attention for the development community.

Most of the problems outlined above can be remedied by strengthening international cooperation. Effective information exchange between national authorities would go a long way towards overcoming the problems of capital flight and tax evasion. The barriers posed by banking secrecy could be overcome by override clauses built into international treaties. The secrecy of offshore trusts would be reduced by requiring registration of key details relating to the identity of the settlor and beneficiaries. There is no reason why those who benefit from the privileges conferred by using companies and trusts should not accept the obligation of providing basic information about their identity.

Global frameworks could be agreed for taxing multinationals on the basis of where they actually generate their profits. Policies such as these could be implemented in a relatively short timeframe. The principal barrier standing in the way of progress towards achieving these goals is the lack of political will on the parts of the governments of the leading OECD nations, most notably Switzerland, the USA and the UK, all of which are leading tax haven nations. The reality of their commitment to 'globalization' is that they want liberalized trade on their own terms but continue to use fiscal incentives to distort the trade system in favour of their domestic businesses and to attract capital from developing and emerging countries.

The debate around development and persistent poverty is undergoing a major shift. Campaigners are looking beyond aid dependence and debt relief, and all the associated conditionalities, and asking questions about the domestic resources of developing countries. The issues of capital flight and tax evasion, which have gone largely ignored for so long, are moving to the centre stage. At the same time the corruption debate is shifting to focus on the role of enablers and the tax havens through which so much dirty money is shifted en route to the mainstream capital markets. Connections are being made between money laundering, corruption, financial market instability, rising inequality and poverty. And tax havens are being identified as a common denominator to each of these problems.

Addressing this issue in March 2007, anti-corruption campaigner Eva Joly spoke of the need to shift the corruption debate to Phase Two, in which the role of accountants, bankers, lawyers and offshore financial centres in enabling corrupt practices comes under far greater scrutiny.[23] ■

Tax Justice Network and financing for development

The 2002 Monterrey Conference on Financing for Development identified capital flight and tax evasion as barriers to the achievement of this goal. In 2003 the UN General Assembly agreed the creation of a Committee of Experts on International Cooperation in Tax Matters, dedicated to tackling these problems.

In Autumn 2008 the member states of the United Nations will meet in Doha to review progress towards achieving the Monterrey Consensus on mobilizing domestic resources as a principal means of financing development. We must use the Doha summit as an opportunity to highlight the work of this Committee and to push for a new agenda for this Committee, giving primacy to pro-poor tax policies and enhanced international cooperation on tax matters. For those of us seeking solutions beyond aid dependence and debt relief, redesigning the global financial architecture to tackle capital flight and tax evasion is a major priority. This is a struggle which affects us all. Join us!

Further resources

Offshore Watch: <visar.csustan.edu/aaba/jerseypage.html>

Tax Research LLP: <www.taxresearch.org.uk/Blog>

Tax Justice Blogspot: <taxjustice.blogspot.com>

Do we love globalisation?: <taxjustice.blogspot.com/2007_07_01_archive.html>

Tax Justice Focus – the corruption issue: <www.taxjustice.net/cms/upload/pdf/TJF_2-2_print_edition_2006.pdf>

Tax Justice Focus – the tax competition issue: <www.taxjustice.net/cms/upload/pdf/TJF_2-4_print.pdf>

Tax Justice Focus – the inequality issue: <www.taxjustice.net/cms/upload/pdf/TJF_3-1_final.pdf>

23 *Africa Confidential* (2007). "Tax Havens: Financial secrecy – profits from the laundry". Vol. 48, No. 6, 16 March.

Budget support: As good as the strategy it finances

By signing up to the Millennium Development Goals (MDGs), the international development community has made a commitment to turn into reality the right to social security for all. To finance the MDGs aid agencies have promised to deliver more aid in a more effective way. One aid instrument that has risen in prominence is budget support. The term 'budget support' encompasses general and sector budget support. Budget support is an effective instrument when the government is implementing a poverty reduction strategy or a development strategy that its aid partners broadly support. The governments must be able to maintain economic discipline and control public expenditures, and there must be a high level of trust between the government and its partners. In these circumstances, budget support avoids many of the problems that accompany other forms of aid.

Rebecca Carter
Stephen Lister[1]

By signing up to the Millennium Development Goals (MDGs),[2] the international development community has made a commitment to turn into reality the right to social security for all. The International Labour Organization (ILO) definition of social security includes basic health and education services, as well as income security. There remains a strong role for state financing and provision of these services; therefore they will feature strongly in government-to-government aid for poor countries. Typically the requirement is to underpin recurrent costs, not just investment costs of basic services. This article looks at the relevance of budget support to financing the relevant MDGs, and draws some conclusions about the role of budget support, how it should be designed and the attitude civil society organizations should adopt towards it. It draws largely on the Joint Evaluation of General Budget Support[3] in which both authors were involved.

More and better aid promised

To finance the MDGs aid agencies have promised to deliver more aid: donor countries have pledged to meet the official development assistance (ODA) target of 0.7% of gross national income (GNI), and the G8 has pledged to double aid to Africa by 2010.

However, these promises are not being met, and this is putting the success of the MDGs in jeopardy. The United Nations (UN) has shown its serious concern with this state of affairs in the latest MDG progress report: "In particular, the lack of any significant increase in official development assistance since 2004 makes it impossible, even for well-governed countries, to meet the MDGs. As this report makes clear, adequate resources need to be made available to countries in a predictable way for them to be able to effectively plan the scaling up of their investments."[4]

As well as an **increased volume of aid**, the aid agencies have promised, through the Millennium Declaration, the 2002 Monterrey Conference on Financing for Development, the 2005 Paris Declaration on Aid Effectiveness and the 2005 World Summit, to deliver **more effective aid**. Since the late 1990s there has been a growing consensus that inappropriate aid modalities had become part of the problem. Efforts to bypass weaknesses in government systems were seen to have further weakened them, to have fragmented national decision-making, and to have raised the transaction costs of aid. The aid effectiveness debate has led to a new consensus that aid needs to be delivered in a way that promotes harmonization, alignment and recipient government ownership.

Budget support: rise to prominence

In this context, one aid instrument that has risen in prominence is budget support. The proponents of budget support claim that it is an efficient mechanism for delivering scaled up aid effectively. As this view has gained ground, an increasing number of aid agencies have started disbursing more aid as budget support. The European Commission (EC) in a recent proposal declared that "a shift to more budget support will be essential to make effective use of scaled up aid."[5]

Definition and expectations

Budget support is aid funding to government that is not earmarked to specific projects or expenditure items and is disbursed through the recipient government's own financial management system. It is not a new phenomenon: several former colonies received general budgetary grants for some years after independence; balance of payments support – including structural adjustment lending by the World Bank and the International Monetary Fund (IMF) – often generated local currency that governments could use to support their budgets according to their own priorities. More recently, debt relief has been an important form of budget support (for example, when bilateral donors used special debt relief funds to service developing countries' debts to the World Bank and IMF, governments were able to spend an equivalent amount on their own domestic priorities instead).

However, recent forms of budget support have focused more directly on the government budget. They have been designed to support nationally owned poverty reduction strategies in ways that would strengthen national capacity and ensure more sustainable development – hence the designations 'poverty reduction budget support' and 'partnership general budget support'. ('Partnership' is contrasted with the imposed conditionality of the structural adjustment era.)

The term 'budget support' encompasses general and sector budget support. All types of budget support include a lump sum transfer of foreign exchange; differences then arise on the extent of earmarking and on the levels and focus of the policy dialogue and conditionality. Sector budget support is distinguished from general budget support by being focused on a discrete sector or sectors, with any conditionality relating to these sectors. Often the funds are not strictly earmarked to the sector. In practice the design of budget support instruments is a spectrum (see Box 1).

There has been a lack of systematic knowledge on the actual design, practice and effects of budget support, due to its complex nature and the fact that in the form of 'partnership' budget support it has been used more widely only from the late 1990s.

There are a number of assumptions made about budget support. For example, when used to finance country development strategies, budget support is expected to also have a wide range of complementary effects, such as:

- Improved coordination and harmonization among donors and alignment with partner country systems (including budget systems and result systems) and policies.
- Lower transaction costs.
- Higher allocative efficiency of public expenditures.
- Greater predictability of funding.
- Increased effectiveness of the state and public administration as budget support is aligned with and uses government allocation and financial management systems.

1 The authors are members of the staff of Mokoro Ltd which was formed as a not-for-profit company in 1982 to provide technical assistance and support for economic and social development and resource management. <www.mokoro.co.uk>

2 For details of the MDGs, see the article by Joyce Haarbrink in this Report.

3 IDD & Associates (2006). *Joint Evaluation of General Budget Support: Synthesis Report*. May. Glasgow: DFID.

4 United Nations (2007). The Millennium Development Goals Report 2007. New York: UN. Available from: <www.un.org/millenniumgoals/pdf/mdg2007.pdf>.

5 EC (2007). *Technical Discussion Paper on a "MDG Contract". A Proposal for Longer Term and More Predictable General Budget Support*. 19 June. EC DG Development.

- Improved domestic accountability through increased focus on the government's own accountability channels.

Not all preconceptions of budget support are positive: another set of assumptions focus on the risks associated with it. A common view, for example, is that budget support is more vulnerable to corruption than other forms of aid, and sometimes it is crudely characterized as "money for governments to do what they like with."

Joint Evaluation of General Budget Support

The debate on budget support has been moved forward with the completion of the Joint Evaluation of General Budget Support.[6] An independent study led by the International Development Department of the University of Birmingham commissioned by a group of 24 aid agencies and 7 partner governments under the aegis of the Development Assistance Committee (DAC) of the OECD, this was the first systematic attempt to assess to what extent and under what circumstances general budget support is relevant, efficient and effective for achieving sustainable impacts on poverty reduction and growth (see Box 2 for further details).

While the evaluation's focus was on general budget support, one of its findings is that many of the lessons in design and operation of budget support are relevant to both general and sector budget support. This report draws upon the evaluation to explore the assumptions behind some commonly

6 IDD & Associates (2006), *op. cit.*

BOX 1. Design options along the general and sector budget support spectrum

Design feature	General budget support	Design options ←→	Sector budget support
Flow of funds	Transfer money to consolidated fund. Money not associated with any particular sector.	Transfer money to consolidated fund. Money associated with sector or sub-sector, but not tracked. Total spending in sector must exceed total donor contributions.	Transfer money to sector specific bank account so that money can be tracked to sector or sub-sector.
Objectives, dialogue and conditionality	Mainly macro and cross-cutting objectives with dialogue and conditions relating mainly to those two areas.	Sector, macro and cross-cutting objectives with dialogue and conditions relating to all three.	Mainly sector specific objectives, with dialogue and conditions relating to sector.
Associated technical assistance and capacity building	Aimed at strengthening capacity to develop macro policy, build sector-macro linkages and strengthen cross-cutting processes.	Aimed at strengthening capacity at sector level and for some macro and cross-cutting issues.	Mainly aimed at strengthening sector capacity, including sector level planning and budgeting.

Note: The authors are indebted to Jennie Barugh of DFID (UK Department for International Development) for this depiction.

BOX 2. THE JOINT EVALUATION OF GENERAL BUDGET SUPPORT 1994-2004

In 2004 a group of 24 aid agencies and 7 partner governments commissioned a joint evaluation of general budget support. Its purpose was to assess to what extent and under what circumstances General Budget Support is relevant, efficient and effective for achieving sustainable impacts on poverty reduction and growth.

This independent study was led by the International Development Department of the University of Birmingham. Its outputs are seven country case studies (for Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda, and Vietnam), a synthesis report, and six thematic papers:

- What are the effects of General Budget Support?
- When and how should General Budget Support be used?
- How can the risks of General Budget Support be managed?
- How does General Budget Support affect ownership and accountability?
- General Budget Support: Policy Questions and Answers
- General Budget Support: General Questions and Answers

The outputs can be accessed from the OECD DAC evaluation website: <www.tinyurl.com/ry7xj>.

The study countries were an illustrative, not a representative, sample. Nevertheless, the variety of contexts gave opportunities to draw lessons from contrasts as well as similarities between countries. However, the short history of general budget support limits the scope for robust findings at outcome and impact level.

	Country context						PGBS			
	Size	Aid dependency		Government capacity		Duration	PGBS "volume"		Donor involvement	
	Population (millions) in 2000	GNI per capita (USD) in 2000	ODA as a % GNI in 2000	CPIA quintile in 2003	CPIA change from 1999 to 2003	Starting year for PGBS	Flows up to 2004 (million USD)	PGBS as a share of ODA in 2004	PGBS per capita (USD, cumulative)	No. donors providing PGBS in 2004
Burkina Faso	11.3	250	12.9	2	+1	2001	500	25%	44.3	7
Malawi	10.3	170	26.1	3	-1	2000	148	5%	14.4	3
Mozambique	17.7	210	25.4	3	-1	2000	611	19%	34.5	15
Nicaragua	5.1	740	15.0	1	+1	2002	77	4%	15.1	3
Rwanda	7.7	260	17.9	3	0	2000	248	26%	32.2	4
Uganda	23.3	270	14.3	1	0	1998	1,775	31%	76.2	16
Vietnam	78.5	380	5.5	1	+2	2001	570	8%	7.3	9

Source: Synthesis Report, Tables 3.1-3.5 and Figure 3.1.

Notes: The World Bank's Country Policy and Institutional Assessment (CPIA) tool assesses each IDA country's present policy and institutional framework for fostering poverty reduction, sustainable growth and ability to use development assistance effectively. An IDA country is a World Bank classification for the poorest countries eligible for long-term loans at zero interest. PGBS: 'Partnership' general budget support

Source: IDD & Associates (2007). *Joint Evaluation of General Budget Support 1994-2004 – Briefing Paper: What are the effects of General Budget Support?* March. Glasgow: DFID.

held views regarding the effects of budget support in general. The evaluation also highlights that the interaction between general budget support and sector budget support is an important practical consideration and we return to this in the section on budget support design.

A broader strategy or 'package'

The evaluation found that although budget support money is not earmarked to specific expenditures, it is part of a broader understanding about how the government resources will be used. The finance is accompanied by other 'inputs'. These include: the conditions on which funding is provided and procedures for dialogue between government and donors; donor efforts to harmonize their aid and align it with national policies and procedures; and technical assistance and capacity building. Box 3 describes a typical budget support package.

Only as good as the strategy it finances

Partnership budget support is used to support national poverty reduction strategies, and so it reflects the strengths and weaknesses of those strategies. The first set of Poverty Reduction Strategy Papers focused strongly on expanding access to basic public services, especially primary education and health care. Budget support has been an efficient way of supporting those strategies, but they have had limited effects on growth and on raising the incomes of the poor. Second-generation poverty reduction strategies are paying more attention to growth and income poverty reduction.[7]

The general budget support evaluation concluded that budget support is an effective instrument when the government is implementing a poverty reduction strategy that its aid partners broadly support. The government must be able to maintain economic discipline and control public expenditures, and there must be a high level of trust between the government and its partners. In these circumstances, budget support avoids many of the problems that accompany other forms of aid (e.g. uncoordinated projects that undermine government systems, impose high transaction costs and lack sustainability).

The potential to strengthen government systems

A characteristic feature of budget support is a strong focus on public finance management. This stems immediately from fiduciary concerns about the resources entrusted to national public finance management systems and, more fundamentally, from the budget's role as the key link between policy and implementation. Greater focus on the government budget (as opposed to funds separately dispensed by aid agencies) gives public agencies an incentive to compete for public funds and strengthens the budget process. This also strengthens the formulation of national policies. Budget support strengthens the demand for timely and transparent budgets and expenditure records. This complements technical assistance and capacity building efforts that focus on the supply of technical improvements. Looking at public expenditure management, allocative efficiency is improved by making more funds available to finance poverty reduction strategy priorities and operational efficiency is improved by allowing a better balance between recurrent and capital costs,

BOX 3. BUDGET SUPPORT IS A PACKAGE

Budget support is usually linked to the implementation of a national poverty reduction strategy. The exact arrangements for budget support differ according to the aid agency and recipient country involved, but the typical budget support 'package' includes:

- A basic agreement between the recipient country and its aid partner(s), about the country's aid strategy and objectives, and the general principles of development cooperation. A memorandum of understanding (MOU) often reflects this agreement and sets out arrangements for regular dialogue about general policies and the use of budget support.
- Specific agreements about the amount of budget support to be provided and the conditions for its disbursements. There is usually a general condition that the government will adhere to the broad understandings set out in the MOU, plus specific conditions for the disbursement of budget support funds. The specific conditions usually include a set of agreed policy measures that the government will undertake. Some donors link at least part of their disbursement to the achievement of set performance targets.
- An agreed procedure for monitoring and review of performance. This monitoring and review is integrated into the preparation of subsequent instalments of budget support. Among other things, the budget support donors monitor the country's public expenditures as a whole.
- Budget support is accompanied by programmes to strengthen public finance management, and budget support donors systematically monitor the quality of the country's public finance management systems.
- Budget support is part of broader efforts by donors to align their assistance with the national poverty reduction strategy, to harmonize aid from different agencies, and to make more use of national procedures and systems in the way that aid is provided.
- Budget support is accompanied by technical assistance and support for capacity development, especially to strengthen planning, budgeting and financial management.

Source: IDD & Associates (2007). Joint Evaluation of General Budget Support 1994-2004 – Briefing Paper: General Questions and Answers. March. Glasgow: DFID.

BOX 4. DONOR EXPERIENCES IN COMBATING CORRUPTION

A recent synthesis of donor experiences in combating corruption highlights the following lessons:

- There are no quick fixes, but a need for long-term comprehensive approaches that aim at systemic change.
- There are a variety of entry points for addressing corruption. Explicitly fighting corruption does not have to be the main point of entry: significant work, frequently not identified as anti-corruption, is being done to make improvements to financial systems, procurement, oversight agencies, etc. in the name of efficiency, transparency, capacity building and institutional strengthening.
- A clear understanding of the political economy of corruption is a necessary basis for effective action against it. Experience and specific knowledge of the country context are essential.
- Policy dialogue, if it is based on sound country knowledge, can play a useful role in combination with other instruments, especially in supporting partner country leadership that is committed to change.

Source: OECD (2005). "Final Report of the OECD Development Assistance Committee Development Partnership Forum on Improving Donor Effectiveness in Combating Corruption", 9-10 December 2004. (24 February 2005) OECD DAC.

7 Driscoll, R. et al (2006). *Trade and Growth in Second Generation Poverty Reduction Strategies.* Report for Department for International Development. London: DFID.

and giving governments more flexibility in the use of funds.

Not necessarily more vulnerable to corruption than other aid instruments

Budget support requires a basic level of trust between partners. Corruption – especially high-level corruption – undermines this. Corruption also corrodes public support for aid in donor countries. Corruption was perceived as a serious issue in all the study countries of the general budget support evaluation but it is inherently difficult to measure. Available data are not robust enough to indicate reliable trends in performance. Corruption can affect all modalities of aid, sometimes in subtle ways (e.g. corruption creates a bias towards capital expenditures, because investment projects offer more opportunities for illicit gain). Aid modalities themselves affect the environment for corruption (e.g. a multiplicity of donor procedures outside of government systems may complicate and undermine the role of national audit institutions; tied aid may create a non-competitive contracting environment). Box 4 highlights lessons of donor experience in combating corruption.

There was no clear evidence that budget support funds were, in practice, more affected by corruption than other forms of aid. Actions against corruption were included in the performance matrices and conditions for budget support in all cases, but highly visible legal measures were rarely very effective.

Budget support's contribution to the strengthening of public finance management (PFM) probably had a more significant effect on the environment for corruption. This is because "the nature and quality of a country's PFM system to a large extent determine the ease with which public corruption can occur."[8] Building on earlier work (notably the fiduciary analyses and assessments linked to the Highly Indebted Poor Countries [HIPC] initiative processes), budget support-related dialogue and technical assistance have continued to support improvements in transparency, procurement management and auditing; their joint involvement in budget support has tended to increase coordination among donors on such issues and added to the collective weight of donor pressure for improvements in government accountability systems. This includes specific measures such as expenditure tracking studies, which are helping to address practical issues in ensuring that resources and services reach their intended beneficiaries.

Budget support donors have also pursued anti-corruption strategies by complementary means, including specific projects and technical assistance to support accountability institutions (audit agencies, parliaments, etc.), and support to civil society organizations.

8 Dorotinsky, W. and Pradhan, S. (2007). "Exploring Corruption in Public Financial Management". In Campos and Pradhan. Eds. (2007). *The Many Faces of Corruption.* Washington DC: World Bank.

BOX 5. DAC (2005) GUIDING PRINCIPLES AND GOOD PRACTICES FOR BUDGET SUPPORT

Guiding principles

- Budget support should reinforce partner countries' ownership.
- Budget support should help to enhance the performance and accountability of partner countries' PFM systems.
- Transaction costs incurred by budget support should be minimized.
- Budget support should be delivered in a way that enhances the predictability of resources and reduces their volatility.

Good practices

- Supporting ownership
- Refrain from targeting support
- Reflect partner country priorities
- Focus on results.

Enhancing PFM performance and accountability

- Follow good practices in PFM diagnostic and assessment work
- Directly support the capacity development of partner PFM systems
- Avoid undermining country systems.

Reducing transaction costs

- Streamline conditionality
- Rationalize fiduciary assessments
- Align processes
- Tap the potential of joint donor frameworks
- Time disbursements to facilitate the smooth execution of budgetary payments.

Enhancing predictability and reducing volatility

- Programme budget support over several years
- Align support with partner country budget cycles
- Design conditionality to enhance the predictability of disbursements
- Time disbursements in a predictable manner
- Avoid stop-and-go cycles and allow for graduated responses
- Build public support.

Source: IDD & Associates (2007). Joint Evaluation of General Budget Support 1994-2004 – Briefing Paper: Policy Questions and Answers. March. Glasgow: DFID. Adapted from OECD DAC (2005). Harmonising Donor Practices for Effective Aid Delivery: Volume 2 – Budget Support, Sector Wide Approaches and Capacity Development in Public Finance Management.

Budget support good practices

Complementarity of aid instruments

Budget support tends to enhance the country-level quality of aid as a whole. For example:

- It provides more funds for recurrent costs, so that government can operate the new facilities provided through projects.
- All forms of aid benefit from the strengthening of public finance management systems.
- It promotes better coordination among all donors, and more consistent expenditure plans across sectors.

When large amounts of off-budget project aid continue, the positive effects of budget support are weakened by: fragmentation of the planning and budget process; project management structures that undermine core government capacity; and higher transaction costs for government.

While there is often an important role for general budget support, it is not a complete substitute for other ways of providing aid. Different aid instruments can complement each other. For example, well-designed technical assistance can reinforce the capacity-building effects of budget support; projects can be useful in trying out innovations, or as a way of managing large infrastructure projects.

The general budget support evaluation therefore advocates a portfolio approach which does not assume that one modality is always superior, but rather looks explicitly at the comparative advantages and the complementarities between modalities in any given situation.

The DAC guidelines on harmonizing donor practices for effective aid delivery (see Box 5) imply a stronger discontinuity between general and sector budget support than the study found. There is a spectrum of budget support instruments (see Box 1), and many of the good practices defined for general budget support will also apply to instruments that are habitually referred to as sector budget support. Alignment and coordination among budget support instruments with different (general/sector) orientations is an important practical issue.

Budget support focused on particular sectors could be a useful complement to general budget support, as long as general and sector budget support are carefully coordinated in support of consistent economic and budgetary targets. However, the general budget support instrument (with its associated dialogue and support for capacity development) plays two roles that sector budget support could not provide in isolation: (a) as the focus of support for strengthening overall public finance management, including the budget system; (b) as a force for coherence and alignment across sectors.

Design principles for budget support

The general budget support evaluation report supports the DAC advice, with some additional comments:

- General budget support needs to be conceived (and developed and managed) as part of strategy which takes explicit account of the interplay between different aid modalities and instruments, seeking to exploit complementarities and tackle dissonance between them.
- The findings from the country studies as a whole do not support the idea that there is a standard evolutionary sequence, in which project aid first gives way to sector programmes (or sector basket funds) before the eventual introduction of unearmarked budget funding. They do support the value of moving to the use of government systems as early and as completely as is practical.
- There should be an incremental approach to the use of budget support. It needs to be adapted to country circumstances, and building up effective systems and procedures is an iterative process. Where there are doubts about the quality of PFM systems, both the learning and the incentive effects of initially modest disbursements may be valuable. Aid agencies as well as governments need to learn and to adapt their capacities. Over time, and depending on performance, budget support may be scaled up in several dimensions: in volume of funds (including a contribution to the scaling up of total aid flows), as a share of aid resources, and in terms of the policy and sectoral scope of the budget support dialogue.

BOX 6. THE PROTECTION OF BASIC SERVICES (PBS) PROJECT IN ETHIOPIA

Key features of the PBS design are as follows:

1. The bulk of PBS funding (Component 1) is disbursed entirely through government systems, but is targeted as additional funding for the federal block grant. Monitoring of PBS includes an **additionality test** to verify that there has been a commensurate increase in the fiscal transfers to regions and *woredas* (local government districts).
2. Monitoring also includes a fairness review to verify that funds are disbursed to all regions and *woredas* in accordance with transparent fiscal rules and without discrimination on political or other grounds.
3. PBS is not earmarked to one sector, but provides support to the basic services for which sub-national governments are responsible, which include primary health care and water/sanitation as well as basic education. This leaves intact sub-national governments' authority to weigh trade-offs across sectors and make decisions, but builds in measures that reinforce the application of agreed fiscal rules in decision-making and greater transparency around them.
4. Component 2 differs from Component 1 as regards both disbursement procedures and earmarking. This component provides funding earmarked for international procurement of medical supplies. These are treated as a special case because of the greater practicality and cost savings available in specialized procurement on behalf of the regions and *woredas*.
5. There is a strong emphasis on accountability:
   - Component 3 provides support to government systems for **financial transparency and accountability**.
   - An innovative Component 4 (**social accountability**) will strengthen the capacity of citizens and civil society organizations to engage in public budgeting processes and hold public bodies to account for the delivery of basic services.
6. The instrument is led and managed by the World Bank, but with deliberate, and somewhat flexible, scope for other donors to provide joint or parallel funding. The principal funders of PBS to begin with have been the UK Deparment for International Development (DFID) and the World Bank.

The need for predictable and genuinely long-term aid

The 2007 UN MDG progress report shows that adequate resources are still not being made available to countries in a predictable way. Genuinely predictable and long-term aid is not being delivered. Donors are still – by and large – unable to commit to three-year budget support cycles that would facilitate medium-term expenditure framework planning. In practice, even longer-term commitments would be necessary to assure partner governments that they have a stable source of financing for MDG-related recurrent costs of social and other public services. Social security type expenditures need to be predictable, continuous, and not subject to the 'stop-go' features of aid politics.

The DAC good practice guidelines[9] advise that "political conditionality should not be specifically linked to budget support or any individual aid instrument, but rather should be handled in the context of the overarching policy dialogue between a partner country and its donors." Nevertheless, experience shows that budget support, and especially general budget support, is especially vulnerable when there is a deterioration in political relations. This undermines budget support as a long-term instrument. Apart from immediate disruptive effects, it makes partner governments less likely to treat budget support as a reliable source of financing for medium and long-term planning, and this in turn may undermine some of the distinctive benefits of budget support.

The challenge is to find ways of reliably delivering aid through government systems to poor people even when there are political issues with the government. A step in the right direction is the recent EC proposal to provide more long-term and predictable general budget support, which is to be called 'MDG contract' to highlight the contractual nature of its long-term financial commitments and its focus on MDG-related results.[10] However, the EC proposal does not answer all the questions. The EC MDG contract concept is commendable, but it is worrying that it is seen as for 'good performers'. Designs are needed that provide social security for people who live under all sorts of governments.

Practical designs: basic education in Ethiopia

A relevant and interesting example is Ethiopia. Ethiopia presents a direct challenge to Gleneagles and other international commitments concerning the MDGs. The country is exceptionally poor and receives less aid per capita than most of sub-Saharan Africa. Yet the government has demonstrated commitment to poverty reduction, backed by the mobilization of domestic resources and an effective administration. It has an exceptional track record in expanding basic education, and there could hardly be a case more deserving of international support. Yet donors have so far failed to deliver predictable financing on an appropriate scale. Successive Education Sector Development Programmes over nearly a decade have drawn declarations of donor support, but actual financial aid to the education sector has been disappointing. Goodwill has not been converted into long-term predictable funding.

9 OECD DAC (2005), *op. cit.*

10 EC (2007), *op. cit.*

Aid has been disrupted by political concerns. Direct budget support was suspended in the wake of the civil conflict that followed the disputed elections of 2005. In its place, the so-called Protection of Basic Services (PBS) project was developed and became effective in mid-2006. The PBS programme explicitly recognizes that support to help poor people towards the MDGs should not be jeopardized by the ups and downs of political relationships. (Withdrawing such aid is not an effective way to put pressure on governments, and would not be an ethical approach even if it were effective.) However, the political context required it to be delivered with additional transparent safeguards.

PBS as developed builds on the fact that decentralized governments are responsible for the bulk of primary service provision, largely financed by the federal block grant. PBS therefore augments the federal block grant. PBS arrangements include the monitoring of intergovernmental fiscal transfers as a whole, and include tests of additionality and fairness as well as other fiduciary monitoring. As the largest expenditure commitment of local governments, education is the main beneficiary of PBS funds. Box 6 describes the key features of PBS.

Although introduced as an emergency substitute for more conventional general budget support, the basic services approach is a superior one because it offers credible safeguards against political disruption. However, the PBS instrument is still essentially hand-to-mouth (a one or two-year time horizon for commitments is far too short compared with the eight-year primary education cycle, for example). The principal challenge is to develop the instrument into one that remains politically robust but provides genuinely long-term commitments on a larger scale.[11]

11 Lister, S. (2007). *Scaling Up Aid for Education in Ethiopia.* April. Oxford: Mokoro Ltd.

Conclusion

Budget support is not a panacea, but it should play an important role in meeting MDG commitments. Donors need to demonstrate political will and a willingness to innovate, so as to develop forms of budget support that ensure continuous support to poor people, even when the political context is difficult. For civil society organizations there is also an important role: in advocacy, to hold donors to their funding commitments, and in terms of strengthening social accountability for public expenditures (including aid) in recipient countries. ■

EU cooperation: De-prioritizing social development

The European Union (EU) is planning its aid programmes with developing countries for the coming period up to 2013. The European Commission has seriously de-prioritized support to social sectors. The interests of the EU itself, in terms of investment and its own competitiveness, feature high on the cooperation agenda, and there are strong connections to counter-terrorism and migration issues. In the case of Africa, social development is de-prioritized, while trade and support to transport and infrastructure are given much greater priority. On the other hand, the lack of inclusiveness in the aid programming process has seriously limited the ownership of the EU programmes proposed for developing countries.

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The interests of the European Union (EU), in terms of investment and its own competitiveness, feature high on the cooperation agenda, and there are strong connections to counter-terrorism and migration issues. It is much less clear how the strengthened legal framework for poverty eradication is translated into concrete actions, especially to support social development, in areas like health, education and gender equality. The country programmes also lack any focus on the environment.

Importantly, the country programmes lack transparency and accountability. Rarely did consultations take place with stakeholders other than EU regional business forums. Civil society has been consistently excluded from the process in most developing countries, and national parliaments have rarely, if at all, been consulted. Even education, health and women's ministries were generally not included in the priority-setting of the EU programmes. This lack of inclusiveness seriously limited the ownership of the EU programmes proposed for developing countries.

The legal framework for international cooperation

The EU has made some positive advances in the legal framework for its international cooperation. First, negotiations on a new Treaty for the EU include a useful specification and clarification of the legal basis for development aid. The legal basis for development aid is specifically related to all developing countries as defined by the OECD Development Assistance Committee (DAC). Moreover, it prescribes that the objective of EU aid is to eradicate poverty, replacing the rather more confused formulation in the Treaty so far. Originally called the Constitutional Treaty, its level of ambition has recently been modified to fit more modest expectations of EU citizens.[3] However, the current signs are that the legal base will remain included with its focused formulation, expressing the intention of the MDGs (Presidency draft of 23 July 2007).

Second, a new legal base for development cooperation was adopted, called the Development Cooperation Instrument (DCI). Whilst originally a weak proposal from the European Commission, combining cooperation with developing countries and non-developing countries, the final outcome of the legal base is strong and focuses EU development aid on poverty eradication.

Two very important achievements were made in the DCI. One was the recognition of the target introduced by the European Parliament to achieve 20% of basic health and education in 2009. The second is the European Parliament's right to have scrutiny over the country-specific development plans of the European Commission, as well as the responsibility to check and ensure that these are in line with the legal provisions of the EU Treaty and legal provisions.

"We decide, you own"

The preparation of country programmes was severely criticized by non-governmental organizations in the South and in Europe. In the publication "We Decide, You Own", GRAPAD, OAG, COASED, CCGDP and Eurostep documented serious weaknesses in the consultation processes of the European Commission.[4] While the Commission maintained that the focus of its process was determined by the developing countries, the NGOs concluded that no consultations had taken place, which seriously undermined the claim that the Commission proposals were 'owned' in the South.

At a meeting in November 2006, Oxfam Novib director Sylvia Borren dubbed the ownership as 'ownership by the elites'. Eurostep and its partners argued that without civil society engagement, there was no ownership, and it demonstrated that in the context of the programming process there was strong evidence that there was insufficient involvement of civil society.

Social sectors in country programmes

Especially in relation to Africa, the European Commission has seriously de-prioritized support to social sectors. In a publication called 2015 Watch, marking the mid-point of the MDGs, Alliance 2015 observed that since 2001, the EU budget has included targets for allocating aid to basic health and basic education. None of these targets have been met. In the case of basic education, the proportion of aid has actually fallen from 3.99% in 2000 to 2.73% in 2005. Moreover, an analysis of the EU's country programmes for the period 2007-2013 suggested that Europe will continue to miss its targets.

The report identified key concerns related to the programming for Africa. Out of 61 country programmes considered, only five placed priority on education and only two gave priority to health. No action was identified on HIV/AIDS, as this theme was 'mainstreamed'. Gender equality was identified as a priority area in only one country.

The European Commission cites the principle of 'ownership' as justification for its increased emphasis on transport. The 2015 Watch analysis of EU country programmes covering the period 2007-2013 suggested that transport would be a major priority: 19 of the 61 country programmes available foresaw transport as a priority sector for EU support. Moreover, the overall volume of aid available for this sector is set to increase.[5]

Two independent reports released on the health policy of the European Commission concluded that allocations to health had decreased in proportion to the increased aid resources. The proportion of allocations to health decreased from 7% in 1996 to 5% in 2005.[6]

Democratic scrutiny

In 2007, EU aid programmes for Asia, Latin America and neighbouring countries were adopted. They covered the period 2007-2013 and were scrutinized by the European Parliament. This scrutiny followed a

1 <www.eepa.eu>

2 <www.eurostep.org>

3 Van Reisen, M. (2007). "Note on the separation of a legal base between Development Co-operation and Co-operation with Third Countries". Briefing, Brussels, EEPA, July.

4 Eurostep (2006). "We Decide, You 'Own'! An Analysis of the Implementation of European Community Aid to Developing Countries." November.

5 2015-Watch (2007). "The EU's Contribution to the Millennium Development Goals. Halfway to 2015: Mid-Term Review". Ed. Mirjam van Reisen, Alliance 2015, June.

6 Van Reisen, M. and Moore, B. (2007). "An Unhealthy Prognosis. The EC's development funding for health". Action for Global Health, May. Action for Global Health (2007). "Health Warning. Why Europe must act now to rescue the health Development Millennium Development Goals". July.

battle in which the Parliament insisted there should be democratic control over EU plans for development cooperation with third countries.

In subsequent months the next generation of aid programmes for Africa were to be finalized. In February 2007, the German presidency announced it would ensure these programmes would also be examined by the Parliament. The European Commission has yet to act on this intent and the German presidency has not raised the issue again.

Meanwhile, questions have arisen in the European Parliament recognizing the need for stronger scrutiny over country programmes, especially towards the African, Caribbean and Pacific (ACP) countries. In relation to country programmes in other regions, the European Parliament has already assumed this right. NGOs insist that no distinction should be made for the ACP country programmes, which would equally benefit from democratic scrutiny.[7]

The European Commission is placing strong emphasis on good governance in Africa. It is entirely unacceptable that the aid programmes for African countries should not be allowed to pass through the European Parliament for scrutiny, especially since this scrutiny was applied in the case of Asia, Latin America and neighbouring countries.

Promoting governance or EU interests?

While questions are hanging over the democratic scrutiny of the country programmes for Africa, the European Commission is placing strong emphasis on a governance facility for Africa. The instrument has drawn heavy criticism. Out of a total of 23 indicators, only one is related to the MDGs. Other indicators focus on issues such as migration, trade liberalization and counter-terrorism, with the purpose of negotiating a response to European interests in exchange for EU aid. It is unclear if the signing of European Partnership Agreements (EPAs) establishing new trade cooperation agreements between the ACP countries and the EU will also have an impact on the assessment of the 'governance' in the partner country.

The linking of aid for poverty eradication with European interests through an instrument suggesting that it promotes governance has been severely criticized. It has been suggested that the governance instrument should specify how it judges the quality of governance and promotes it. Questions have been asked on why human rights and democratic governance are not the focus of the governance instrument. Issues have also been raised on the lack of transparency regarding how the governance instrument is used to measure governance in developing countries. The governance instrument does not include any role for civil society in assessing and promoting governance in developing countries.

Budget support and MDG contracting

The European Commission is increasing its general budget support to developing countries. For ACP countries, it has set a goal of 50% of all resources. The latest estimates indicate that approximately a third of resources will be allocated as general budget support. For their part, NGOs have focused on ensuring that the benefits of general budget support are realized, particularly with regard to guaranteeing long-term predictable financing for recurrent costs such as the salaries of schoolteachers and health workers needed for education and health. A report by Oxfam International estimates that more than four million health workers are needed,[8] while Education International has calculated that 18 million teachers are needed.

Following a conference on MDG contracting in July 2007, an EU official told the news agency IPS that the idea of the MDG contract had arisen after the Commission had learned from some ministries of finance that they do not use budget support to hire doctors and teachers because aid had been short term. The official was quoted as stating, on condition of anonymity: "The idea of the MDG contract is to give countries greater certainty, thus making them more confident that they can count on these resources." The official recognized that because this aid would enter the treasury as general budget support, it would be difficult to track how much EU aid ends up in schools or hospitals, adding, "This aid would be mixed with that of other donors. We don't care if it is our money that finances a school. What really matters is the actual results that policies achieve."[9]

At the same conference on MDG contracting, the finance minister of Madagascar welcomed the idea of long-term predictable finance. He also explained that the funding for education was largely ensured by the Fast Track Initiative for Education (FTI), and that the resources made available through the FTI were set aside in a commercial bank rather than the treasury, to ensure that they were available for education.

Despite the question marks raised in relation to budget support and MDG contracting, the idea of MDG contracting has been embraced as a possibility that could allow greater space for essential services in health and education.[10]

At the same time, caution has been urged with regard to the Commission's ambition to count general budget support as health and education assistance. Given that general budget support makes the allocation of donor money to specific sectors impossible, an expert meeting on this issue called for prudence.[11] ■

Benchmarking EU aid

Concerned with the lack of direction in EC aid to support the MDGs, civil society organizations have launched a campaign to set some clear benchmarks for EC aid in order to regain some ownership over the process of EC aid programming for the South. The campaign can be endorsed at: <www.eurostep.org/benchmark>.

7 Ramachandran, J. (2007). "EU-ACP: More Power to Euro-Parliamentarians urged". IPS News, 16 July.

8 Oxfam International (2006). "In the Public Interest, Health, Education and Water and Sanitation for All".

9 Cronin, D. (2007). "New EU contract could fail MDGs". IPS, 14 July.

10 EEPA (2007). "MDG contracting: Making the Case for More Long-Term, Predictable Budget Support from the European Commission". Briefing Note, Brussels, EEPA, 25 June.

11 Alliance 2015 (2007). "Expert Meeting: Measuring the contribution of General Budget Support to social sectors". Brussels, EEPA, 28 February.

Social (in)security for all: Pension reform in Central and Eastern Europe

The reforms of the social security systems in Central and Eastern Europe (CEE) were not driven by a commitment to better compliance with international human rights standards, but rather by the trends of economic restructuring in these countries. For some countries like Poland, Hungary and Bulgaria, the reforms were more radical and the choice of social security reform paradigm was conditioned by the need for heavy debt servicing, and therefore negatively impacted by the World Bank 'assistance' for such reforms. The social and gender aspects of pension reform were systematically neglected as the ministries of finance were the main architects and actors of the reforms.

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The following critique of pension reform in Central and Eastern Europe (CEE) is based on the analysis and outcomes of research by economic experts who compared the two main paths of social security reform in the region (Mueller, 2003). It is further informed by a critical analysis of the World Bank policy in the region elaborated by independent experts.

An ageing population and the financial troubles facing public pension schemes, as well as a new wave of pension reforms in Latin America, triggered renewed debate about the need to reform old-age security schemes in Eastern Europe in the mid and late 1990s. The international pension controversy over whether to basically maintain a public pay-as-you-go (PAYG) system by adapting its technical parameters, or to implement a private, fully funded pension scheme such as the one introduced in Chile in 1981, brought about non-uniform paradigmatic choices in the countries of the region.[1]

The main factors behind the pension reforms in the CEE were structural: economic transformation, institutional factors and those related to the role of specific political actors. Although Pierson and Weaver (1993) and other economists and political scientists advocate a cautious retrenchment rather than a fundamental regime change in old-age security, in cases of severe demographic crisis, the reforms in the CEE countries showed that a radical paradigmatic change is possible.

But were these changes driven by the principle of social security for all?

The answer is provided by an analysis of the two main patterns of social security reforms followed in countries like Poland, Hungary and Bulgaria, on the one hand, and the Czech Republic, Romania and Slovenia, on the other. These two groups of countries are representative of the two approaches taken to pension reform in CEE, with the rest of the countries being more or less aligned with one of the two.

The two models will be further analyzed through the example of countries representative of each: Poland and Hungary in the first case, and the Czech Republic in the second.

The legacy of the socialist pension system and post-socialist challenges

Pension systems in socialist CEE had reached virtually universal coverage in the 1960s and 1970s, and were marked by a number of other characteristics: they were organized as one-pillar public systems not separated from the state budget or other branches of social security, allowing for different forms of cross-subsidizing; employers' contributions were the only source of financing; the contribution-benefit link was weak; contributions were not registered on an individual basis; and wages from only a small number of working years were considered as relevant earnings. In general terms, both pension differentiation and average benefit levels were low. The retirement age was also comparatively low, typically 60 years for men and 55 for women.

The economic transformation affected the existing PAYG systems in a number of ways. Rising expenditures for old-age security were the result of the shift from indirect to direct transfers that were needed to counteract the erosion of real pension value related to adjustment-induced inflation and to the drastic reduction of subsidies on basic goods and services. On the other hand, the restructuring of state-owned enterprises had an impact on both the revenue and expenditure side of public pension schemes. The privatization, downsizing and closing down of enterprises was accompanied by a mounting number of disability pensions and early retirement policies. The latter brought about an increased number of pensioners and a falling number of contributors to the scheme, which resulted in a continuous deterioration of the system dependency ratio of existing old-age security schemes.

The pension crisis in the late 1990s was brought about by the economic transformation and was not linked to the ageing of the population. The existing old-age security systems had to be reformed both to restore their financial sustainability and to adapt some of the previous design features to the new economic order. At that point it was obvious to experts that the essential reform measures needed included the following: abolishing privileges, introducing employees' contributions, separating pension schemes from other social insurance plans, raising the retirement age, and restricting easy access to early retirement and invalidity pensions. Other, more controversial measures consisted of the separation of pension schemes from the state budget and strengthening the link between contributions and benefits.

Restructuring in Poland and Hungary was not radical enough to restore the financial sustainability of the public pension schemes, and so despite the high contribution rates, their old-age security schemes are dependent on state subsidies. In these countries many of the necessary reform measures, such as raising the pension age and the abolition of privileges, have met with considerable political resistance or have even been blocked by constitutional courts.

By contrast, the restructuring of the public pension scheme in the Czech Republic has contributed to a stabilization of its financial situation, and in the first years after the reform, it was running a surplus of 0.3% of GDP. It should be noted, however, that the differences regarding the financial situation of public pension schemes in Poland, Hungary and the Czech Republic cannot be explained only by the respective extent of PAYG reform. The Czech Republic had the advantage of a more favourable situation in the local labour market, while Poland and Hungary faced a far more drastic decline in the number of contributors to the public pension scheme.

Another reform step, the first move towards pluralization of pension provision schemes, was far less controversial. For example, in Hungary and the Czech Republic, supplementary old-age security institutions – private fully funded pension funds on a voluntary basis – were created in 1994 and a reasonable percentage of the labour force joined these funds. In both cases, a government incentive for participation was provided: a direct government subsidy in the Czech case, and a tax credit in the Hungarian case. More radical voices demanding privatization of pension schemes emerged later in Poland and Hungary.

1 See also the chapters by Aldo Caliari and Fernando Cardim de Carvalho in this Report.

Pension system reform in Poland and Hungary: the implications of the paradigm choice

Two major conflicting views on pension reform can be identified. On the one side, in line with the traditional continental European pension paradigm, pension administrations, welfare ministries and many social security experts maintained that a radical regime change in old-age security was not necessary, since the reform of the existing public PAYG systems would suffice. To them, fully funded (FF) schemes were acceptable on a voluntary basis only. On the other side, the respective ministries of finance argued that a fundamental regime change was inevitable, and that a private FF pension scheme represented the only appropriate alternative to the financially unviable public old-age security system. This position essentially promotes the Chilean model. In order to overcome this fundamental division, small task forces were set up in both Poland and Hungary to work out a pension reform draft. They were actively supported by the World Bank, which – in the Polish and Hungarian context of high external debt – was able to play the role of a major external actor in pension reform with its internationally well-known stance.[2]

In both countries, the basic conflict between the ministries of finance and the welfare ministries about pension reform was settled in 1996 when a compromise was worked out by the respective task forces. This compromise was essentially a negotiated agreement between both sides with a bias towards the privatization faction.[3]

Thus, in both Poland and Hungary, the new pension system is a mixed scheme, combining a mandatory public PAYG pillar with a partially mandatory FF system.

The first pillar – the PAYG tier – is financed by employers' contributions and part of employees' contributions, and is mandatory for everybody. The public pension scheme will cover acquired pension claims by paying some sort of compensatory pension.

The second pillar – the FF tier – consists of a newly created pension fund system. Membership is mandatory for young people, as a complement to the first tier. While joining a pension fund was made mandatory for all new entrants to the labour market in Hungary, everybody under 30 years of age was required to do so in Poland.

Although the models in Poland and Hungary are strikingly similar, they differ in many aspects, particularly in the range of first-year reforms. For example, Polish reform plans for the first PAYG tier are much more radical.

Given that the privatization of old-age security is only partial, the Polish and Hungarian reforms are not identical replications of the radical Chilean pension reform, but instead resemble the Argentine model. The mixed model followed in Argentina has considerable political economy advantages over the full privatization of old-age security. For instance, the mandatory pension fund pillar is being built rather slowly, and this 'slow track' approach seems more appropriate in the light of the still fragile capital market and high inflation in CEE in the early years of the reforms. Meanwhile, employers' contributions are maintained to finance the obligations of the public scheme, even if the respective employee chooses the FF pillar. Maintaining employers' contributions also complies with the demands of trade unions.

Nevertheless, partial privatization does not avoid all of the pitfalls of the Chilean model. Besides the fact that CEE capital market risks are considerable due to the recognition of existing pension claims,[4] the mixed model can have significant secondary effects which can shrink the PAYG tier as contributions will increasingly be drained away, making the public scheme even more unsustainable fiscally and politically. This implies, according to some experts, that from the medium-term perspective, the mixed model is biased towards a gradual phasing in of the Chilean model.

As a general observation, public pension systems in Poland and Hungary ran deficits which had to be covered by the state budget. In this context, pension system reforms had nothing to do with social policy, and instead, they served to strengthen the position of the ministries of finance. It is not surprising that the Polish and Hungarian pension reforms included a partial switch to a FF scheme, considering that the ministry of finance in both countries basically consisted of neoliberal economists interested in the macroeconomic advantages attributed to the switch to a funded system. Furthermore, the influence of the World Bank was facilitated by both countries' severe external debt problems. Basically, the World Bank was looking for a radical pension reform precedent in CEE, and it succeeded.

A contrasting case: pension reform in the Czech Republic

Contrary to Poland and Hungary, in the Czech Republic the choices made in old-age security reform have been well within the boundaries of the continental European welfare paradigm. The old-age security system consists of two main tiers: a public mandatory PAYG scheme that has been reformed and is running a surplus, and a voluntary private funded system established in 1994, instead of the mandatory one suggested by the World Bank.[5] The World Bank has not had much opportunity to influence the Czech pension reform process since the country's debt problem was considerably smaller than in Poland, Hungary and Bulgaria. The Czech model shows that countries in CEE can successfully diverge from the World Bank model and hence from the highly touted Latin American role model.

The missing gender dimension

In the early years of pension reform in the three countries considered above, gender equality was overshadowed by other concerns that were seen as more pressing, especially the fiscal and macroeconomic framework. Criteria for early retirement were liberalized for both women and men, retirement ages were increased, and pensions were made more individualized and earnings-related. Women entered the period of the reforms with the privileges from the socialist years but also with the inherited gender pay gap and the consequences f the gender segregation of the labour market. However, these inequalities were not analyzed prior to making decisions about the reform paradigm.

In addition, the reforms undertaken in the region tended to eliminate redistribution towards low-income workers in both the public and private pension schemes, which has a greater negative impact on women. Moreover, the partial privatization of pension schemes which took place in Hungary and Poland, as well as Bulgaria, raises a major issue concerning the size of men's and women's pensions as a result of their different average life expectancies. Under the private pension schemes adopted, the use of gender-specific tables leads to lower monthly benefits for women because their savings must, on average, be stretched to cover a longer lifetime.

2 The influential World Bank pension reform proposal basically consists of a three-pillar model of old-age security: a mandatory public pillar with the limited aim of poverty alleviation among the elderly; a mandatory private fully funded pillar linking benefits to costs actuarially; and a voluntary savings pillar. Within this framework, the lion's share of old-age security falls to private pension funds.

3 The Hungarian pension reform laws were passed by parliament in July 1997 and came into force on 1 January 1998, whereas in Poland the reform was scheduled to take effect in 1999 after the relevant legislation had been passed by the Polish Sejm in mid-1997 and late 1998. At almost the same time, pension reforms based on the same approach were initiated in Bulgaria, where the World Bank played the same role in imposing its reform model.

4 The fiscal burden caused will be substantial, since almost 100% of the economically active population was insured in the past.

5 In this way, the Czech government decided to give the emerging local financial market time to cope with the influx of pension capital by lowering its amount considerably.

WORLD BANK INDEPENDENT EVALUATION GROUP (IEG) CRITICISMS OF THE WORLD BANK PENSION REFORM MODEL

Critique of 'multi-pillar' reforms

The World Bank's model of partially privatized pensions, known as 'multi-pillar systems', has resulted in lower benefits for retirees, in part because of extremely high administration costs for the private accounts that the Bank encouraged, and in stagnant or even declining levels of pension coverage, despite the Bank's claim that coverage would increase with the reforms. In addition, the fiscal cost of diverting contributions away from public pensions into the mandatory private funds favoured by the Bank frequently leads to pressure to reduce spending on other public services.

Despite the rhetoric, the World Bank ignores the gender impact of its pension reforms and does little to expand benefits to unprotected workers

Given the lack of attention that the Bank has paid to the gender implications of its reforms, it is not surprising to discover that they have had a more negative impact on women than on men, a point that has been confirmed by the Bank's earlier study of pension reform in Latin America (World Bank, 2003). As for the Bank's claims that a primary motive of its interventions has been to increase pension coverage, the IEG concluded that in fact, "little support was provided to expanding old-age benefits to workers in the informal economy," and that "the impact of gender on the welfare of the elderly is assessed in only 11% of countries."

Claims about the positive impact of pension privatization on capital markets found to be unsubstantiated

Another World Bank claim over the years has been that privatization of public pension schemes contributes to a country's overall economic growth by stimulating the development of capital markets. The IEG report finds that the Bank had no factual justification for doing so, noting that it had generally ignored financial market conditions in the countries concerned and failed to evaluate the impact that pension privatization would have on financial markets. In other words, the Bank simply acted on blind faith in the magic of the market, since the IEG report concludes that "most capital markets have not developed significantly as a result of multi-pillar pension reform…"

There is no valid reason for forcing pensioners to subsidize private fund managers

It should be noted the World Bank's Latin American department came to a similar conclusion two years earlier, when it found, after examining comparative experiences in Latin America, that private managers generally proved to be very costly administrators and that "financial sector development can take place effectively in the absence of pension privatization."

The World Bank has a distinct bias towards privatizing public pension systems and more appropriate options have been ignored

After analyzing all of the pension reform loans granted by the World Bank between 1984 and 2005, the IEG notes that the Bank "has concentrated on multi-pillar systems rather than PAYG alternatives or non-contributory schemes … Median World Bank lending per country implementing second-pillar reforms was USD 50 million, compared with USD 7 million for those not implementing second pillars." The IEG report adds that in numerous countries "the Bank acted too quickly to support multi-pillar reforms … without examining options for complementary safety-net programmes to protect informal sector workers from poverty in old age."

Furthermore, the IEG observes that the World Bank encouraged several countries to engage in pension privatization even though their macroeconomic situation was highly unstable and government debt was high. For example, it found that the Bank encouraged multi-pillar reforms in 10 countries of Latin America and CEE where inflation was well in excess of 15%, and in four others where fiscal deficits were very high. Consequently, the Bank's reforms add increased pressure on public finances, as pension privatization "will temporarily increase the fiscal deficit because the government must continue to pay pension benefits while some contributions are diverted into private funds."

The IEG study also finds that the World Bank pushed ahead with pension privatization in several countries of CEE and Central Asia despite the fact that they "did not have sound financial systems" when they undertook the reform, thus adding to the risk that the private funds would be mismanaged.

Private sector corruption is ignored, technical assistance is inadequate, and high administrative costs are overlooked

The IEG report notes that the majority of countries where the World Bank sponsored pension privatization had poor corruption control indices, as calculated by the Bank itself. While the Bank claims to encourage regulation and supervision of pension fund managers and financial intermediaries, the report finds that the assistance provided in this area has been insufficient and identifies serious problems in the regulatory structures in several countries where pensions were privatized.

Unfortunately, the IEG report does not examine the problem of the high costs of administering private pension funds as compared to the public systems that the World Bank encourages countries to scale down. The report does no more than acknowledge that the privatized funds "have been criticized for high administrative and marketing costs."

The myth of private funds' immunity to demographic changes

The report mentions the World Bank's continued assertion that funded private pension schemes protect retirees against demographic shifts, whereas PAYG systems are vulnerable. It is disappointing that the IEG does not question this assertion by the Bank's pension experts, since it has been discredited for several years. In 2001, a report from the International Labour Organization (ILO) concluded that the impact of demographic ageing is similar on both types of regimes. ■

Source: World Bank Independent Evaluation Group (IEG), *Pension Reforms and the Development of Pension Systems: An Evaluation of World Bank Assistance*, Washington, 2006.

World Bank Independent Evaluation Group assessment confirms negative impact

The World Bank has been a major player in pension reform in developing and transition countries for more than two decades. Since 1984, it has granted more than 200 loans to assist pension reform in 68 countries. The publication by the World Bank's Independent Evaluation Group (IEG, 2006) of a major and largely negative assessment of the Bank's work on pension reforms constitutes an important vindication of the criticisms and recommendations for change to the Bank's pensions policy made by trade unions around the world, and specifically in relation to the leading role of the World Bank in designing and implementing pension reforms during the 1990s in Latin America and CEE. Trade unions have asserted that the World Bank could play a useful role by assisting countries to make their public pension systems fully assume their role by increasing coverage of those excluded and by modernizing their administration. Instead, the model promoted by the World Bank has created and exacerbated inequalities.

A statement prepared by Global Unions for the annual meetings of the World Bank and IMF in September 2005 summarized the kind of role that the World Bank could play in improving pensions systems:

> Old-age pension systems do face important challenges in many countries. A starting point for establishing a new system or reforming an existing one must be that any changes to the pension system should be designed so as to improve the system for workers and retirees, not to prioritize unrelated goals such as forcing retirees to give up part of their pension benefits to inefficient private-sector administrators on the pretext that this will help the financial services industry develop. In 2001, the International Labour Organization's annual conference adopted a tripartite consensus on several points concerning the future of social security, including giving highest priority to the extension of those not covered and strengthening, rather than weakening, solidarity systems. The World Bank would do well to revise its own role in conformity with the ILO's consensus when intervening on the theme of old-age security.

All of these deficiencies imply the need for a major revision of the World Bank's approach to and support for pension reform, which also means a revision of the paradigm of social security reforms in the CEE countries that followed this model. This has become even more imperative as countries around the world are recognizing that dismantling public systems and trying to replace them with partially or totally privatized schemes is a recipe for failure. ■

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Social protection in the Arab region: The challenging concept and the hard reality

The link between human security and social security has become obvious and integrated in the new paradigm of national security at large. Social security is a prerequisite for both international and national security and reflects the relationship between state security in general and individual (citizen) security in particular. Moreover, it refers to the quality of life of individuals and to the respect of their human rights. According to current trends, future prospects in the Arab region appear to point towards less protection and further marginalization of the unemployed, the abject poor, and workers in the informal sector. There is an urgent need in the Arab region to develop a new comprehensive social security system that supports the achievement of socioeconomic rights, and preserves the overriding human rights values.

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> The question of human security has received growing attention from governments and intergovernmental forums in recent years. In the last decade the underlying concept of security has been changing from that of preserving the nation through military, political and diplomatic measures, to one of including individual human elements in the equation. This broadened concept encompasses a state of well-being in which an individual or group has the assurance of protection from physical and mental harm, freedom from fear and anxiety, freedom from want, and the right to live life with dignity.
> *International Federation of University Women*[2]

The International Labour Organization (ILO) has extended the definition of social security to a series of social policies undertaken by the public authorities and has therefore encompassed the duty of the state in establishing appropriate social security mechanisms. Social security is defined "as the set of public measures that a society provides for its members to protect them against economic and social distress caused by the absence or a substantial reduction of income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, invalidity, old age or death of the breadwinner), the provision of health care and the provision of benefits for families with children."

The link between human security and social security has become obvious and integrated in the new paradigm of national security at large. Social security is a prerequisite for both international and national security and reflects the relationship between state security in general and individual (citizen) security in particular. Moreover, it refers to the quality of life of individuals and to the respect of their human rights.

Social security should be perceived as part of a comprehensive system of political, economic, social and cultural strategies aimed at protecting national security, including human security and political stability within the society.

Although the traditional understanding of social security has evolved during the last three decades, there is still confusion between social security as described above and social protection as the "provision of generalized basic social support for all citizens, regardless of contribution or employment history."

Social security has double objectives: the first is to improve living conditions and to create an enabling environment to bring the poor to an acceptable level of minimum consumption (Handoussa and Tzannatos, 2002). The second is to reduce the risk of the non-poor becoming poor and the poor becoming poorer. The reduction of risks should be sought as well in macroeconomic policies and the functioning of the labour market to create wealth and employment.

However, even the most enabling environment would never eliminate all risks, and social security programmes can play a useful role in catering for the needs of those who do not fully share the benefits of growth or job creation.

The state plays a central role in the development of an adequate system of social security. Access to public services and income protection must be guided by legislation that establishes rights instead of discretional policies or favouritism.[3] The central objective of the state should be to ensure just and sustainable development for all, including emergency or compensatory assistance for specific groups.

The Millennium Development Goals (MDGs)[4] represent an attempt to articulate, in a comprehensive way, the priority areas of social and economic development. They are an important tool to assess the progress achieved in providing social services for basic human well-being. It is highly important to make the link between the eight MDGs and the human rights framework in general.

The countries of the Arab region often lack comprehensive development strategies, especially the social policies component of such strategies. Obviously, there is an urgent need in the Arab region to develop a new comprehensive social security system that supports the achievement of socioeconomic rights, and preserves the overriding human rights values.

This report will analyze the need to develop social security schemes in the Arab countries through a rights-based approach. It considers the risks to social security in the context of regional challenges. It highlights some of the partially successful social protection policies and points out the structural problems that Arab countries need to overcome. The analysis presented by this report contradicts the claims that the current regimes in power have fully provided for the rights of their citizens by adopting the necessary social policies and ensuring adequate social security in the Arab countries.

Social security risks in the Arab region

Enhancing social security is a challenge that all Arab societies are currently facing. It is obviously related to many external and internal challenges. These include the instability of national security in general, the fact that development indicators are very low, and the confusion regarding the meaning and functions of charity, welfare and human rights. These are challenges that contribute to confusion in setting national priorities and adopting relevant social strategies.

National insecurity

The lack of peace and security are permanent challenges and factors of continuous threat in the Arab region, yet they are not properly addressed.

The cost of war and conflicts, in terms of lost lives, displacement, and setbacks to development, continues to be high. This is particularly evident in Palestine, Iraq, Lebanon and numerous countries marred by internal conflict and strife for over a decade, namely a number of Gulf countries, Algeria, Somalia and Sudan.

War and conflicts in the region continue to destroy human and natural resources and negatively impact the social fabric, while diverting government

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2 <www.ifuw.org/saap2001/security.htm>

3 <www.art-us.org/node/66>

4 See details of the MDGs in Joyce Haarbrink's contribution to this Report.

budgets towards military expenditure instead of investment in social security programmes. Political tensions and conflicts in the Arab region show little sign of abating, highlighting the challenges of undertaking sustainable development objectives under crisis conditions. These conflicts express themselves not only in terms of stunted economic growth, but also in dislocated social and political realities.

The region is the main field of demonstration of the so-called 'war on terror'. This in turn is the pretext used to explain the prioritization of defence and security policies at the expense of development and social security. Expenditures on military and security establishments surpass socioeconomic and developmental expenditures. This trend of wasted resources will probably persist in the short run as states increase their spending on coercive institutions.

The 'war on terror' was launched to address the results of violent tendencies and acts instead of targeting their root causes. Yet it is obvious that the main factors generating frustration and violence are the failure to reach a just and sustainable peace and to prioritize finding solutions to economic and social disparities and gender discrimination, in addition to the lack of freedom and the continuous violation of human rights, and in particular, the right to self-determination and to the freedom of thought and expression.

Lack of respect for human rights

The most universal understanding of social equity is based on the internationally acknowledged set of human rights that encompass the right of all citizens to equal opportunities and to a fair share of development dividends. Therefore, it is highly important to approach the concept of social security from a human rights lens.

The freedom deficit in the Arab region undermines human development and is one of the most painful manifestations of the lack of political development. Citizenship is defined by the nature and the framework of the relation between the citizens and the state. It is a set of rights and duties. Among these rights is the right to enjoy social services such as health, education, housing, employment and an adequate income. These services should be seen as rights and not as gifts provided by the ruling power. The provision of these services should not allow for nepotism, clientelism and corruption. Among these rights, the right of association should be respected. The latter can secure the space for the establishment of unions representing various interest groups. These have a major role in claiming the rights of workers and citizens to adequate social security and in monitoring the implementation of social security schemes.

However, in most of the Arab countries, respect for human rights and the rule of law are sorely lacking. As a result, some of the main prerequisites for developing a comprehensive and adequate social security system, which serves social justice objectives, are absent. This major gap represents a basic obstacle in the process of adopting an adequate rights-based approach to national social strategies.

Briefing: 2007 MDG report for the Arab region

The 2007 MDG report for the Arab region paints a troubling picture of the situation in recent years: 18.2 % of the population in the Arab region lived in extreme poverty (in 2004), and 12.7% (2000) of children under five years of age were underweight.

The report also indicates that 8.6% (2002) of the population was below the minimum level of dietary energy consumption and 20% (2005) of Arab children were not enrolled in primary education.

In addition, nearly 18% (2004) of the whole Arab population lacked access to safe water, and nearly 28% (2004) lacked access to sanitation.

Source: United Nations and the League of Arab States (2007). "The Millennium Development Goals in the Arab Region 2007: A Youth Lens (an overview)".

Low human development indicators

Although some progress has been achieved across the region and within various Arab countries, it is unlikely that the Arab region as a whole will succeed in eradicating poverty and hunger, particularly in the least-developed and non-oil-producing countries (Samad and Mohamadieh, 2005).

These indicators, among many others, reflect the urgent need to address development challenges with a comprehensive approach, and to adopt national strategies for social security in order to improve the population's social and economic situation.

An overarching tendency towards neoliberal economic policies

Social security policies should not be seen as temporary programmes to be implemented during the transition phase while implementing structural adjustment strategies or economic reforms. This reduces social security to safety net programmes, which is the case in many Arab countries.

Moreover, it has been proven that economic growth cannot serve the purposes of employment creation, sustainable development and social equality without the adoption of active policy processes by governments. These policies should aim at securing fair redistribution and avoiding uncalculated crisis, in addition to securing a sustained growth rate and adequate provision of social needs for various local communities.

However, favouring market-oriented strategies tends to bring about a reduction in the role of the state and an increase in the role of multinational institutions by privatizing and liberalizing public services.

The cultural aspect

Within a society where religion and a clan-based network of relations play an important role in daily life, the latter can be viewed as a positive factor in terms of filling the gaps when it comes to the availability of social services. These traditional networks can be seen as an alternative to an efficient and adequate public social security system. But this reality enhances the welfare and faith-based approach rather than the human rights-based approach and understanding of social security.

Despite the positive results that charity and social assistance can bring to society by contributing to poverty alleviation and providing some basic needs, they can distort the real meaning of citizenship. They can strengthen nepotism, clientelism, and tribal, communitarian and religious belonging over citizenship itself.

Social security in the Arab region

In the last decade, Arab states have allocated rather high figures of public expenditure to the social sectors. But too much of this expenditure has been used to develop infrastructure and to pay the salaries of the disproportionately large number of public employees serving in these sectors. In some countries, social expenditures (mainly on health and education) exceed 20% of GDP. These are considered as inefficient and wasteful, especially in terms of the quality of services, the failure to target the groups in real need, and the inability to provide basic social services to the majority of the population.[5]

Globalization has added to the social risk factors in Arab societies as a result of the major restructuring of macroeconomic policies. This restructuring is mainly aimed at lowering government spending on social services and reducing the cost of existing mechanisms for social protection. In addition, many Arab states (especially non-oil countries), like other developing countries, have been left with insufficient funds to face the challenges of unemployment, including the ability to provide adequate public health care services, vocational training and education systems in accordance with the new global workplace, and protection of the retired elderly and people with disabilities.

5 In Lebanon, for example, there are more than 10 channels through which government expenditure on health coverage plans is carried out, including a number of ministries, other government institutions, cooperatives and mutual benefit funds.

Social security systems ought to be legally mandated, work-based, mostly contributory and state-run; in the Arab countries, they are generally non-contributory, means-tested, based on availability of funds, and run by a mix of public, civil society and individual actors without adequate complementarity and efficient coordination (Nasr, 2001).

Over the past decade, the mix of public and private responsibility for social security began to shift toward reducing the role of the public sector, as many Arab countries introduced market-oriented measures under the rising fiscal pressures, in addition to the pressure exerted by the international financial institutions in this regard. This led to reduced efficiency and lower social expenditures. It is worth noting in this regard that the right to social security cannot be adequately served in the absence of an adequate national system of social security, especially if it is based on mere profit-oriented interventions by the private sector or random intervention by non-governmental organizations.

Civil society organizations often provide crucial support. In many countries they have started to develop their own social assistance initiatives with private local and international support. Many act as executing agencies of public expenditure programmes. However, these services are being mainly provided by philanthropic, faith-based organizations, basically focused on a charity and welfare approach instead of a human rights-based approach. These strategies and policies should go beyond poverty alleviation towards a comprehensive developmental vision and approach.

Finally, as already mentioned above, the lack of freedom prevents people from establishing unions advocating for their rights to social security. Only democratically elected trade unions, labour organizations and professional associations can claim relevant representation of the different interest groups. They can thus lobby for the establishment of an adequate social security system, and also monitor the implementation of such a system.

A FOUR-COUNTRY OVERVIEW

By analyzing and comparing social protection schemes in four Arab countries, Salim Nasr* derived the main characteristics of the social insurance systems in Egypt, Lebanon, Morocco and Jordan. These include:

- Incomplete protection against major social risks.
- Unequal treatment of individuals: "The segmentation reflects the ranking of each category in the power structure."
- Limited coverage of the concerned population: These gaps arise because many private employers do not feel obliged to actually pay contributions or provide benefits. Also, the states' administrative and judicial capacities are often too weak or sometimes too corrupt to enforce accountability and ensure universal coverage within the laws.
- Low level of real benefits: For most workers of the region, pensions promise 70% to 80% of final work salaries, but actual benefits are significantly lower. This is because of the lack of formal indexation mechanisms, national inflation rates and governmental discretionary adjustments.
- Relatively costly and inefficient administration due to the high administration and transaction costs in the region, shortages of needed financial, technical and administrative skills in the institutions, weak monitoring, divided supervision of programmes across ministries and public institutions, and better identification and coverage of eligible recipients in urban areas than in rural ones.
- No financial sustainability. Sustainability is an emerging issue for social insurance systems in the region, and the financial viability of the public funds is a growing concern. In addition, the demographics of the concerned countries are shifting, and systems will come under more financial strain as people have fewer children and live longer, pension benefits grow, more elders need medical care, and there are fewer workers to support them.

* Dr. Salim Nasr is a senior advisor for UNDP-POGAR and was the general director of the Lebanese Center for Policy Studies (Nasr, 2001).

Social security reform for poverty alleviation in the Arab region

Numerous reports (ESCWA, 2004) and research on issues related to social security indicate that few of the government-funded social security programmes have actually been effective.

Tunisia, relative to other Arab countries, has made significant strides in the sphere of social advancement and social progress. According to a policy paper published by the Economic and Social Commission of West Asia (ESCWA) in 2004, the country has taken advanced steps in order to liberate women and promote their role by ensuring gender equity through the Constitution and the Personal Status Law since 1956. Furthermore, the importance attributed to policies addressing poverty, unemployment and social marginalization and the measures undertaken in these spheres are indeed welcomed by civil society actors as well as international institutions. A comprehensive poverty eradication policy has been adopted in Tunisia in order to address the geographic, social and economic aspects of poverty.

However, the comprehensive aspect of social security policies was a top-down reform process that was not implemented in consultation with social partners and civil society organizations. Moreover, social security schemes in Tunisia are far from being equitably distributed among the regions (Kechrid, 2002). Regional disparities are especially evident in the existing gap between the prosperous industrial zones located on the coasts and the poor interior of the country. Moreover, the country faces the same challenges in creating an adequate social security system as other developing countries, especially those challenges concerning the overlap among institutions providing the same services.

By linking the outreach of social security to its poverty eradication strategy, the Tunisian government has established three new sources of financing for poverty eradication programmes: the National Solidarity Fund, the National Employment Fund, and the Tunisian Solidarity Bank.

It is worth adding that the development of the social security system was not paralleled, and with the same pace, by the development of political and civil rights. The Tunisian government, while focusing on the social aspect, is tending towards more economic liberalization and is completely neglecting the political reform agenda.

In **Lebanon**, there have always been large disparities in the distribution of safety nets among the different regions. Successive Lebanese governments have tried to improve social indicators and promote social development. A study conducted by Hyam Mallat in 2004 concluded that government spending on improving social services is not sufficient, and the new social action plan proposed by the Lebanese government in January 2007 acknowledges this fact. The Ministry of Social Affairs allocates around 13% of its total budget to food and housing subsidies for vulnerable social groups such as orphans, the handicapped and the homeless, and about 26% to educational and vocational training allowances for the same special categories and very low-income individuals in low-income areas (Nasr, 2001). The Ministry also contributes to health care for poor and vulnerable categories of the population, channelled through 89 health care centres it supervises directly and through subsidies to health facilities run by civil society groups, which provide free care for the poor and special vulnerable groups. In its turn, the Ministry of Health spends around 10% of its budget on primary health care and public health expenditures.

Despite the implementation of numerous social security programmes, the inefficiency of social spending is due to the lack of a clear and comprehensive national social strategy. Such a strategy needs to address the current total absence of coordination among the concerned ministries and stakeholders, which leads to the duplication of efforts and waste of resources.

The social security system in Lebanon also faces serious challenges due to political, legal, and administrative hurdles, particularly the inefficiency of the National Security Social Fund which is under the mandate of the Ministry of Labour.

In **Morocco**, Salim Nasr (2001) shows that despite increasing emphasis on social development during the 1990s, social protection policies are facing many challenges due to the slow economic growth that has been the main cause of rising unemployment, poverty and vulnerability. There has been no single adequate solution to date to improve the efficiency and coverage of the social protection system and to address the needs of different groups in both rural and urban areas. Most of the government programmes are targeted towards the country's urban centres. Although social security outlays have doubled since 1990, the current pension system does nothing to address the safety net problems of the neediest.

The country has undertaken effective reforms in the basic social services sectors, like education and health, by reallocating expenditures towards primary education in order to achieve universal primary enrolment and by increasing public expenditure for health care in rural areas. However, the lack of coordination between ministries remains a major challenge (MNSHD, 2002). Furthermore, social security in Morocco is still essentially based on a charity model and has not been integrated into a national social plan.

In **Egypt**, Magdi Abdel Hamid[6] highlights the link between the macroeconomic policies adopted by the government during the last three decades and the deterioration of the social security system (Hamid, 2007). These policies have also affected the socio-economic situation of the Egyptian population, as is reflected in the figures showing the increase in unemployment, poverty, and social and regional disparities, particularly between the rural and urban areas.

It is worth noting that the Egyptian social security fund depends on the budget of the Ministry of Finance. The latter is borrowing from the fund's surplus in order to cover the deficit in the public budget. This raises major questions about the sustainability of the fund and its future ability to ensure services to the people.

Meanwhile, despite the large proportion of expenditure on social protection (more than a fifth of GDP), Egyptian social security remains inefficient. It fails to fully address the needs of the most vulnerable, while benefiting the higher and middle classes. Social security distribution also reflects the high stratification of Egyptian society. There are six different social insurance schemes for six different groups of workers, but these schemes only provide pensions, while only 40% of the working population is insured against diseases and injuries related to their work, and only 16% of them receive unemployment benefits (Loewe, 2000).

Some oil-rich and mineral-exporting Arab countries have been successful in providing adequate social security support for their citizens. Gulf countries such as Kuwait, the United Arab Emirates, Bahrain, Qatar and Saudi Arabia have used part of their enormous oil dividends to provide free education, health services, family allowances, and sometimes guaranteed employment to their nationals. These countries have also introduced social insurance schemes that provide for injury compensation, maternity and sickness benefits, and old age pensions for the majority of the workforce.

However, a substantial number of immigrants (mostly from South Asia and other Arab countries) live in the Gulf countries with their families but do not benefit from the same services. These benefits have not been extended to the immigrant labour force that carry out most of the low-skilled work but also occupy a significant proportion of skilled jobs.

The key to the success of some oil and mineral-exporting countries in providing social services on a universal basis is the centralized role of the state. However, the rentier nature of the state has transformed social security schemes into services provided by the ruling families to citizens who do not pay taxes. This situation was described by former ESCWA executive secretary general Hazim El Bablawi (1987) with the phrase "no taxation, no representation," which sums up the problem behind the undemocratic process in oil-rich countries: the government is not held accountable for its actions while citizens do not have to struggle for their rights, especially basic social rights.

Overall, despite the achievements in some of the countries, the majority of the population in the Arab region remains vulnerable and is not well protected against major social risks that might occur.

Many middle-income and a few low-income countries have made substantial progress, but even in these countries, significant segments of the population suffer from hunger or malnutrition and lack of access to basic health care, education, sanitation and shelter, especially in the least developing countries. Moreover, the poor in most Arab countries are politically marginalized, deprived of the right to participate, and have little say on the allocation of national resources.

The major obstacles to meeting these needs are political and administrative; it is often not a question of financial capacities but rather the inadequate use of the existing financial, human, and natural resources. Most countries, except for least-developed countries, have adequate resources to mount programmes that can eventually meet most of these needs. However, it will be necessary to shift government spending from the current focus on security, the 'war on terror' and military expenditure towards new priorities.

Highly indebted Arab countries face shortages in public expenditures, mainly those directed to social programmes. The market-oriented policies adopted in almost all the Arab countries lead to liberalization and privatization of services without distinction between strategic and other basic social services. These countries also lack national macroeconomic policies that integrate the aim of empowerment and support of national productive sectors. They tend to accept support from foreign donors regardless of the conditionalities imposed, which often involve purposes and objectives that do not meet the needs and priorities of local communities. Moreover, foreign donors often seek to ensure political stability in the receptor countries and consequently provide support to regimes run by dynasties, dictators and undemocratic political power.

Concluding remarks

Social security in the Arab region has numerous features and weaknesses similar to those faced by many developing countries, but others are specific to the region. Social security systems in the region are obviously inefficient, as real benefits are often low and administrative costs are very high; this raises serious concerns over the long-term financial sustainability of these systems.

According to current trends, future prospects in the Arab region appear to point towards less protection and further marginalization of the unemployed, the abject poor, and workers in the informal sector. Such negative projections stem from the persistence of existing budgetary constraints on social security systems and inefficient public expenditure.

6 Dr Magdi Abdel Hamid is the Chairman of the Board of Directors of the Egyptian Association for Community Participation Enhancement.

Furthermore, the security agenda in most of the Arab countries lacks two main prerequisites: a human rights orientation and a long-term human development vision. Inadequate privatization and rapid liberalization of national economies, in addition to the influential role of charity and informal social ties, have served to undermine the urgent need to establish comprehensive national agendas for social security.

It is ultimately the responsibility of the state to ensure social security. States should effectively mobilize national resources in order to ensure the adequacy and outreach of social security systems. In the Arab countries, social solidarity reflected by family and community networks in addition to civil society schemes tends to be an effective alternative for a social insurance model targeting people who lack coverage. However, these actors can only complement the role of the state within a comprehensive national strategy; they can never be able to replace it.

In this regard, it is paramount for Arab states to adopt a rights-based approach when formulating and implementing national strategies for social development. The protection of human rights should be among the main factors strengthening the rise of nations. Therefore, social security should not be perceived as a service provided by a rentier state to its clients, but as an unconditional right of its citizens. Furthermore, the right to social security should not only be stated in constitutions and human rights conventions, but must be made effective through public laws and legal guarantees. Social security should be the top priority in national policy-making. ■

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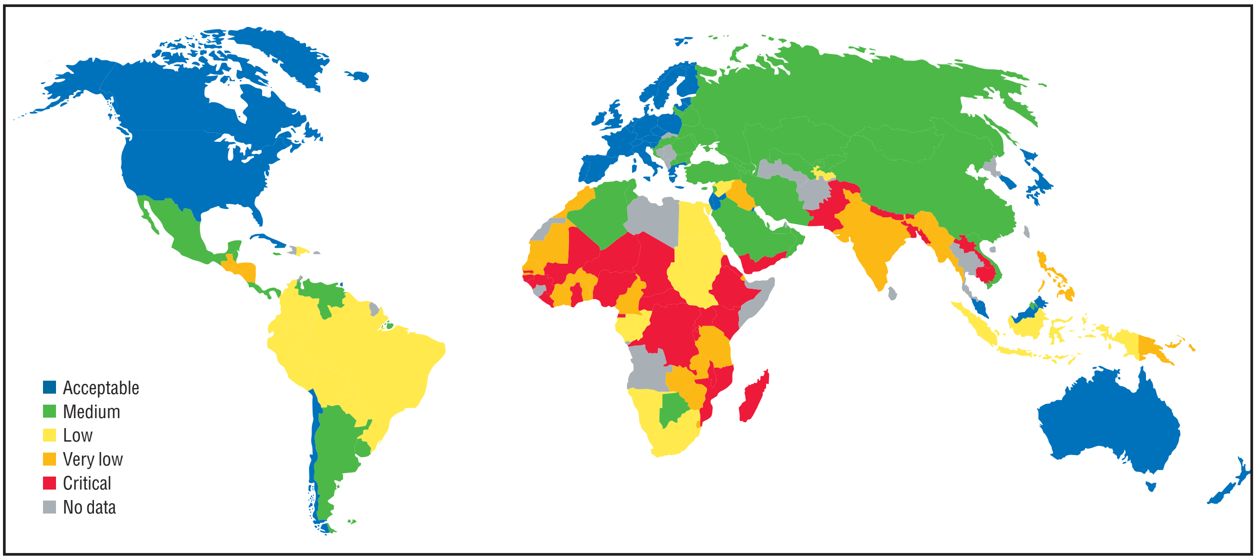
MEASURING PROGRESS

BASIC CAPABILITIES INDEX 2007

Half-way between 2000 and 2015: Far from where we should be

To reach an acceptable BCI does not imply a high level of social development. It merely signifies that the country has achieved universal coverage of minimum essential needs that are a prerequisite for advancing towards greater well-being. It is a departure point, not the destination. At the present rate of progress Sub-Saharan Africa will only arrive at this departure point in 2108. This is 93 years after the target date of 2015 set by the world leaders in 2000 to achieve basic social development goals. South Asia, with its significantly greater rate of progress, will only be arriving there 47 years after the Millennium Summit. And, except for Europe and North America, no region will be able to reach this minimum base level in less than 20 years if current rates of progress do not improve.



The year 2007 is half-way between 2000, when world leaders pledged to achieve specific targets in the fight against poverty, and 2015, the year set for these Millennium Development Goals to be achieved. Yet, at the current slow rate of progress, once that year has arrived, in many countries the commitments will not be achieved.

This conclusion emerges from watching the evolution of the Basic Capabilities Index (BCI), produced annually by Social Watch with the latest information available for each country. The BCI is a summary-index that compares and ranks countries according to their social development progress, based on the status of national societies in relation to several minimum basic capabilities. The BCI gets closer to 100% when countries ensure universal access to a minimum (or basic) set of social services (health, education, etc.). Achieving that level does not mean meeting all desirable social welfare objectives of any given society. It only marks a starting point.

The BCI numbers for 2007 reveal that half of the countries have a BCI reading of *low* level or below and 25 countries are in a *critical* situation (Table 1). Without a substantial acceleration in the rate of progress by 2015 the average BCI value for countries in South Asia and Sub-Saharan Africa will not surpass *very low*, and all other regions except Europe and North America will still be far from the '*acceptable*' level.

The BCI and minimum conditions for development

Social Watch has developed the Basic Capabilities Index (BCI) as a way not based on income to identify poverty situations.[1] The most widely poverty-related indicators used internationally are the World Bank estimates on the number of people living with less than one or two dollars per day or the United Nations Development Programme ranking based on the Human Development Index, which combines income figures with health and education related indicators. The BCI is comparatively easier to build and it is feasible to implement it at sub-national and municipal level, without requiring expensive household surveys as income-based indexes do. By not using income, the BCI is consistent with the definitions of poverty based on the deprivation of capabilities and the denial of human rights.

The BCI is based on three indicators: percentage of children who reach fifth grade, survival until the fifth year of age (based on mortality among children under five) and percentage of deliveries attended by skilled health personnel. Each of these indicators by themselves express different dimensions addressed by internationally agreed development goals (education, children's health and reproductive health). Also, research shows that, as a summary-index, the BCI provides a general picture consistent with the health status and the basic educational performance of a given population.

The highest possible BCI score is reached when all women are assisted when giving birth, no child leaves school before successfully completing the fifth grade, and infant mortality is reduced to its

1 The BCI is based on the Quality of Life Index developed by the non-governmental organization Action for Economic Reforms-Philippines, which was derived from the Capability Poverty Measure (CPM) proposed by Professor Amartya Sen and popularized by the United Nations Development Programme Human Development Index (HDI).

TABLE 1. BCI and BCI evolution by countries' BCI level

CRITICAL LEVEL			VERY LOW LEVEL			LOW LEVEL			MEDIUM LEVEL			ACCEPTABLE LEVEL		
Country	**BCI**	**BCI Evolution**	**Country**	**BCI**	**BCI Evolution**	**Country**	**BCI**	**BCI Evolution**	**Country**	**BCI**	**BCI Evolution**	**Country**	**BCI**	**BCI Evolution**
Gambia	69.7	→	El Salvador	79.8	⟶	Egypt	89.8	⟶	United Arab Emirates	97.9	II	Japan	99.9	→
Bhutan	69.1	II	Iraq	79.0	→	Brazil	89.1	←	Croatia	97.4	II	Sweden	99.9	→
Lesotho	68.5	⟵	Djibouti	78.3		Tuvalu	88.7	II	Brunei Darussalam	97.4	II	Austria	99.8	→
Guinea	68.4	→	Morocco	78.1	⟶	Colombia	88.7	⟶	Lithuania	97.4	II	Belgium	99.8	→
Kenya	68.3	→	Sao Tomé and Prin.	77.8		Kiribati	88.1	II	Hungary	97.3		France	99.8	→
Eritrea	66.9	⟶	Philippines	77.3	→	South Africa	87.2	II	Belarus	97.2	II	Germany	99.8	→
Ghana	66.4	II	Swaziland	76.9	II	Syria	87.0	←	Luxembourg	97.1	←	Greece	99.8	→
Mali	65.8	→	Côte d'Ivoire	76.9	⟶	Maldives	86.4	→	Oman	97.0	→	Spain	99.8	→
Yemen	63.8	←	Zimbabwe	76.3	←	Peru	86.0	⟶	Qatar	97.0	II	Switzerland	99.8	→
Madagascar	63.5	→	Honduras	76.3	⟶	Namibia	85.8	←	Samoa	97.0	II	Denmark	99.8	II
Uganda	63.0	→	Mauritania	75.3	⟶	Tajikistan	85.7	II	Bulgaria	96.9	⟶	Finland	99.8	II
Nigeria	62.8	II	Zambia	74.6	⟶	Paraguay	85.5	⟶	Russian Federation	96.8	II	New Zealand	99.8	→
Malawi	62.8	II	Nicaragua	74.0	→	Suriname	85.4	⟵	Ukraine	96.8	→	Iceland	99.8	II
Mozambique	60.8	→	Benin	73.3	⟵	Vanuatu	85.1	⟵	Macedonia	96.5	II	Israel	99.8	II
Pakistan	60.4	→	Myanmar	73.1	⟶	Dominican Rep.	84.9	←	Romania	96.3	II	Portugal	99.7	→
Cambodia	59.1	←	Papua New Guinea	72.9	⟶	Indonesia	84.9	→	Costa Rica	96.2	II	Norway	99.7	II
Equatorial G.	58.9	←	Comoros	72.5	II	Gabon	81.9	→	West Bank and Gaza	96.0	II	Ireland	99.7	II
Lao, PDR	58.0	⟶	Senegal	72.2	→	Guyana	81.2	⟵	Moldova	96.0	←	Netherlands	99.7	II
Bangladesh	57.1	II	Guatemala	71.7	⟶	Sudan	81.0	⟵	St. Lucia	95.9	←	Poland	99.6	II
Burundi	56.4	→	India	71.3	⟶	Ecuador	80.8	II	Lebanon	95.9	→	Malta	99.6	II
Nepal	54.8	⟶	Burkina Faso	71.1	⟶	Bolivia	80.2	⟶	Mongolia	95.8	→	Cyprus	99.6	II
Niger	54.6	II	Togo	70.2	II	Congo, Rep.	80.0		Kyrgyzstan	95.7	II	United Kingdom	99.5	→
Rwanda	51.3	→	Cameroon	70.2	←				Armenia	95.6	→	Czech Republic	99.3	II
Ethiopia	50.3	→	Tanzania	70.0	→				Uruguay	95.4	II	Chile	99.3	II
Chad	43.0	⟵							St. Vincent and Gren.	95.3	→	Bahrain	99.2	II
									Albania	95.1	←	Canada	99.2	→
									Georgia	95.0	II	United States	99.2	→
									Kazakhstan	94.9	II	Korea, Rep.	99.2	II
									Algeria	94.8	II	Estonia	99.2	II
									Saudi Arabia	94.7	II	Slovenia	99.1	→
									Tunisia	94.6	→	Australia	99.1	→
									Jamaica	94.6	→	Latvia	99.0	→
									Venezuela	94.3	II	Cuba	99.0	II
									Dominica	94.3	II	Kuwait	98.7	→
									Marshall Islands	94.1		Italy	98.7	II
									Mexico	94.0	→	St. Kitts and Nevis	98.7	→
									Tonga	94.0	II	Fiji	98.6	→
									Argentina	93.7	←	Mauritius	98.6	II
									China	93.0	⟶	Jordan	98.6	→
									Grenada	92.3	←	Barbados	98.5	→
									Cape Verde	92.1	II	Malaysia	98.1	II
									Turkey	91.6	→	Trinidad and Tobago	98.0	II
									Panama	91.5	II			
									Iran	91.3	←			
									Azerbaijan	91.2	II			
									Botswana	91.1	←			
									Belize	91.0	→			
									Viet Nam	90.0	⟶			

References: ⟵ Significant regression ← Slight regression II Stagnant → Slight progress ⟶ Significant progress lowest possible of less than five deaths for every one thousand children born alive. These indicators are closely associated with capabilities that all members of a society should have and which mutually interact to enable higher levels of individual and collective development. They particularly emphasize capabilities that contribute to the welfare of the youngest members of society and thereby foster the future development of nations.

The utility of the BCI lies in that it has proven to be highly correlated with measures of other human capabilities related to the social development of countries. This index gives each country a score and thereby enables its comparison with other countries and to assess its evolution over time.

An index that approaches 100 does not necessarily imply a high level of social development. It only means that the country achieved a complete coverage of all minimum essential conditions that will enable its progress toward better well-being. It is a starting point, not an arrival.

At what stage of the journey are countries today?

The BCI 2007 was calculated for 161 countries, which were then grouped into categories for the purposes of analysis. The most severe situations are found in countries with *critical* BCI scores (less than 70 points). In the *very low* BCI category (70-79 points) are countries that also face significant obstacles to achieving the well-being of the population. Countries with *low* BCI scores (80-89 points) are at an intermediate level in the satisfaction of basic needs and their performance varies in some development dimensions. The countries that have succeeded in ensuring most or all of these basic capabilities for their populations are in the two categories with the highest BCI values: *medium* (90-97 points) and *acceptable* (98-99+ points). As has already been pointed out, belonging to these last two groups does not imply a high level of development, but only the fulfilment of basic well-being levels.

Recent evolution: growing gaps

The evolution of the BCI in each country since 2000[2] shows that almost half of the countries have achieved some progress. However, 34% (54 countries) have regressed.

Countries with larger BCI regressions are mostly from Sub-Saharan Africa. Basic capabilities have also regressed in some countries from East Asia and the Pacific and Latin America and the Caribbean.

In seven cases, regression has been significant (more than 5% in the BCI score). This is worrisome since these countries are regressing from a *low*, *very low* and even *critical* BCI score. This means some countries keep falling back, which increases their gap with the rest of the world (Table 2).

TECHNICAL NOTES: BCI DESIGN IN COUNTRIES

Indicators that make up the BCI:

- Percentage of children in the first grade who reach the fifth grade
- Mortality among children under five
- Percentage of births assisted by skilled health personnel

To increase the number of countries, values were assigned for the indicators where information was lacking. This was done by assigning the average value of that indicator for the group the country was in as defined by its current situation in the thematic area in question.

The BCI was calculated using the non-weighted average of the original values of the three indicators in question (in the case of infant mortality a lineal transformation was previously applied to the indicator). To simplify the calculations all three indicators were given the same weight.

Child health is represented as I1 = (100 - M), where M is the under-5 mortality rate (expressed as a percentage) or the probability of death in the first five years of life expressed as per 1,000 live births.

Education is represented as I2, where I2 is the rate of school retention or the percentage of children enrolled in the first grade who reach the fifth grade in the required number of years.

Reproductive health is shown as I3, where I3 is the percentage of births assisted by skilled health personnel (doctors, nurses or midwives).

The Basic Capabilities Index value for a particular country is obtained by taking a simple average of the three components:

$$BCI = (I1 + I2 + I3) / 3$$

TABLE 2. Number of countries by present BCI level according to evolution since 2000

	Critical level	Very low level	Low level	Medium level	High level	Total
Significant regression	2	1	4	0	0	7
Slight regression	3	2	4	8	0	17
Stagnation	6	3	5	23	21	58
Slight progress	10	6	3	11	22	52
Significant progress	3	10	5	4	0	22
Total	24	22	21	46	43	156

TABLE 3. BCI change by region (%)

Region	BCI 2007	Change 2000-latest available data (%)
North America	99.0	3.6
Europe	98.6	0.8
Central Asia	93.3	1.0
Middle East & North Africa	91.2	1.3
Latin America & Caribbean	89.5	1.7
East Asia & Pacific	88.3	2.1
Sub-Saharan Africa	70.6	1.6
South Asia	66.3	4.8

Critical level

Countries with a critical BCI show serious difficulties in all of their social development dimensions. On average, only one every three women from this group of countries are assisted by skilled personnel upon giving birth. In the country with the worst situation, Ethiopia, only 5% of births have specialized medical care. On average, each year 142 out of 1,000 children die before the age of five. Niger's situation is extreme, since each year one out of four children dies before the age of five. Education indicators show a similar scenario. In countries with a critical BCI, slightly more than half the children that start school remain in the education system until they reach fifth grade. Other indicators, such as enrolment rates, show other educational needs,

2 The percent of change between the 2000 BCI and the BCI with latest available data was grouped in five categories: significant regression (more than 5%); slight regression (between 5% and 1%), stagnation (less than 1% change), slight progress (between 1% and 5%), and significant progress (more than 5%).

which compromise future chances of progressing toward higher development levels.

Regional disparities

World regions are deeply unequal in terms of living conditions. The BCI reflects these disparities. There is a very large gap between the region with the highest average BCI (North America, with 99) and the region with the lowest average (South Asia, with 66).

Recent evolution has been very important in South Asian countries. This evolution is taking place in a regional context which concentrates the highest deficiencies in terms of living conditions as measured by the BCI. Even with the progress of recent years (4.8%) their situation continues to be extremely critical (Table 3).

The situation of Sub-Saharan Africa is also critical since its BCI amounts to 70.6, while its average evolution does not forecast rapid improvement (1.6%).

The regions of Central Asia, Middle East & North Africa, Latin America & Caribbean, and East Asia & Pacific show worrisome average BCI scores. These regions have not fulfilled their minimum capabilities yet. The only regions with an acceptable level in this index are Europe and North America.

The 2015 deadline and the BCI's stopwatch: Far away from the starting point

Forecasts based on the current rate of progress show a discouraging scenario. By 2015 countries from South Asia and Sub-Saharan Africa will barely reach, on average, a *very low* level, with a BCI score of 73 points. The other regions will be at a *medium* level, far from reaching the *acceptable* level (Table 4).

Stressing once again that an *acceptable* BCI level implies minimum conditions leading toward higher levels of development, it is extremely worrisome that at the current rate of progress, Sub-Saharan Africa would reach that 'starting point' only in 2108. That is, 93 years after 2015, the deadline set by world leaders in 2000 to achieve basic social development goals. South Asia, whose rate of progress is significantly higher, would be reaching that point 47 years after the Millennium Summit. And, except for Europe and North America, no other region will be able to reach that basic minimum level before 20 years from now, if the current rate of progress does not improve. This is a race with hurdles hard to overcome if the international community's commitments are not honoured. ■

TABLE 4. Year in which regions would reach an acceptable level

Region	BCI 2007	BCI 2015	ACCEPTABLE level reached in
Sub-Saharan Africa	71	73	2108
South Asia	66	73	2047
Middle East & North Africa	91	94	2032
Latin America & Caribbean	90	93	2032
East Asia & Pacific	88	92	2030
Central Asia	93	95	2030
North America	99		
Europe	99		

ON THE EVOLUTION OF THREE COUNTRIES WITH CRITICAL BCI: CHAD, ERITREA AND NEPAL

CHAD (BCI =43) (% Change = -14.1%): the country with the worst BCI has also regressed more drastically

Poverty, food insecurity and lack of access to basic health and education services are setbacks against development in Chad, where more than 500,000 people suffer from food insecurity. The infant mortality rate is among the world's highest. Immunization coverage has not grown and children's critical situation is reflected in the percentage of children under five with malnourishment, with reached 37% in 2004. Maternal mortality rate has grown in the last decade, favoured by the undernourishment of pregnant women and the lack of access to health services. In 2004, only one in five women were attended by health personnel when giving birth, a proportion lower than one decade ago. The problems of access to education (aggravated by the inexistence of such services in many geographical areas) are compounded by a low survival rate in the education system. Overcrowding in schools (an average of 70 pupils per class) and a lack of resources cause eight out of ten children to take their classes standing up. The education budget has remained at around 2.5% of the GDP since 1995, while the average for Sub-Saharan Africa countries is 3.4% (UNDP Chad 2005).

ERITREA (BCI = 66.9) (% Change = +16.3%): a country with critical BCI and significant progress

The net primary school enrolment ratio rose from 30% in 1993-95 to 44% in 2001-03, an increase of 47%. These figures show that progress has been made in increasing primary school enrolments. The *Education Sector Development Programme* focuses on school construction, curriculum development, textbook production, teacher training and capacity building. Adequate allocation of resources for the programme and its effective implementation would be key to increasing enrolment. The infant mortality rate declined from 72 deaths per 1,000 births to 48 (1993-1995 to 2001-2003). These figures show that progress has been made in reducing child mortality. Continuation of the comprehensive malaria control programme launched by the government in 1999 is an important instrument for reducing child mortality (UNDP Eritrea 2005).

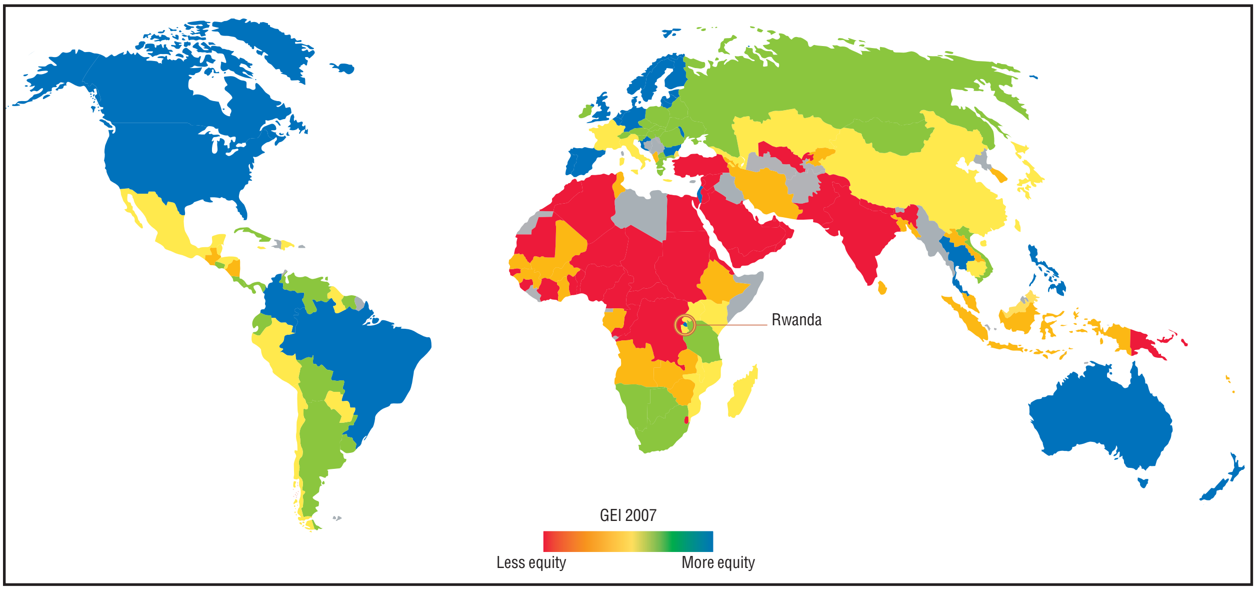
NEPAL (BCI = 54.8) (% Change = +10.5%), critical BCI and recovery: education policies and anti-discrimination

The government has been undertaking various policy reforms such as scholarship programmes for girls, compulsory female teachers in primary schools, tax exemptions for women when buying land, prohibition of socio-cultural discriminatory practices, affirmative action policies in the bureaucracy, and targeted and time-bound development programmes. In 1996, 42% of all Nepalese were living in poverty. Eight years later (in 2003-2004) this figure dropped to 31%. Probable reasons for this decline were: remittance-supported consumption, increased income from agricultural labour, a massive increment in the economically active population, rapid urbanization, and an increase in non-farm incomes (CBS/World Bank 2005, UNDP Nepal 2005).

GENDER EQUITY INDEX 2007

Inequity persists

The results of the 2007 Social Watch Gender Equity Index (GEI) clearly demonstrate that a country's level of wealth does not automatically determine its degree of equity. Rwanda, one of the world's least developed countries, ranks third on the list of GEI scores, after Sweden and Finland, thanks to intensive affirmative action efforts. In the meantime, a number of high-income countries rank far down on the list. The evolution of the GEI between 2004 and 2007 reveals a few global advances, but the general trend seen throughout the world is either very slow progress or no progress at all. The United States, a high-income country, is one of the 10 countries that have experienced the greatest regression. Obviously, the key to gender equity lies not in a country's economic power, but rather in its government's political will.



Gender-based inequity is a phenomenon that transcends borders, cultures, religions, nations and income levels. The achievement of gender equity is a challenge for the entire modern world because although its manifestations are diverse, the gap between women and men persists in all countries.

In most societies inequalities manifest in the division of responsibilities between men and women, in access to and control of resources and in decision-making processes.

In addition to affecting the life of everyone on the planet and in particular that of women, who comprise at least half of the population, this gap influences countries' economic and social development.

Social Watch Gender Equity Index

Gender equity is a complex, multifaceted concept and is difficult to measure. With the objective of making a contribution to the debate and to the consistent monitoring of women's situation, Social Watch has developed a Gender Equity Index. This index makes it possible to position and classify countries according to a selection of indicators relevant to gender inequity and based on internationally available and comparable information.

The GEI classifies 154 countries and conclusively verifies that in no country do women enjoy the same opportunities as men, that high income levels are not necessary for the elimination of gender disparities and that although over the years some aspects of women's situation have improved their opportunities in economic and political areas are still clearly limited.

The three dimensions included in the GEI are: economic activity, empowerment and education. The index's range of values is from 0 to 100, with lower values indicating greater inequity and higher values greater equity.

Sweden, Finland, Rwanda and Norway occupy the highest positions in the 2007 GEI. These countries register the least inequality between women and men. This good performance has been achieved by the application of affirmative action policies, particularly for political quota legislation and labour market equity.

The GEI presents information on 40 countries in Sub-Saharan Africa, 36 in Europe, 28 in Latin America and the Caribbean, 19 in the Middle East and North Africa, 18 in East Asia and the Pacific, 6 in Central Asia, 5 in South Asia and 2 in North America. Together these countries represent more than 90% of the world's population.

The GEI was created in 2004. Here we present trends during the 2004-2007 period as well as the latest available data on individual countries.

Key data:

- There are currently only 12 women who have been elected as Head of State or Government amongst a total of approximately 200 such positions in the world.
- Women owned only 23% of companies in the European Union in 2004.
- Of the 550 million low-paid workers in the world, it is estimated that 330 million, or 60%, are women (ILO).
- In some countries the 2006 gender wage gap was as high as 30% or 40%. This means that women are paid between 30% and 40% less.
- Of the 17 million women aged 15 to 49 who live with HIV/AIDS, 98% live in developing countries and 77% in Sub-Saharan Africa (WHO).

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TABLE 1. GEI VALUES IN 2007 AND RECENT GEI TRENDS (2004-2007)

Country	GEI	Evolution (%) (2004-2007)	Country	GEI	Evolution (%) (2004-2007)	Country	GEI	Evolution (%) (2004-2007)
Sweden	89	6	Switzerland	67	4	Iran	54	
Finland	84	5	Venezuela	67	7	Mauritius	54	4
Rwanda	84	18	Belarus	66	8	Indonesia	53	-1
Norway	83	8	Botswana	66	-10	Lao, PDR	53	-3
Barbados	80	3	Costa Rica	66	1	Angola	52	-21
Germany *	80		Cuba	66		Bangladesh	52	-9
Denmark	79	-3	Mongolia	66	-6	Guinea	52	
Iceland	79	5	Suriname	66		Mali	52	2
New Zealand	78	1	Viet Nam	66	1	Nicaragua	52	-5
Lithuania	77	2	Cyprus	65	5	Ethiopia	51	9
Netherlands	77	6	Dominican Republic	65	3	Gabon	51	-2
Spain	77	14	Georgia	65	-4	Samoa	51	
Australia	76	5	Mozambique	65	6	Tunisia	51	5
Latvia	76	0	Peru	65	9	Burkina Faso	50	1
Philippines	76	4	France	64	1	Gambia	50	-5
Bahamas	75	7	Kazakhstan	64	4	Guatemala	50	15
Canada	75	-2	Maldives	64		Sao Tomé and Principe	50	
Colombia	75	9	Uganda	64		Solomon Islands	50	
Belgium	74	9	Burundi	63	5	Guinea-Bissau	49	
Bulgaria	74	-4	Italy	63	0	Kuwait	49	0
Estonia	74	-1	Azerbaijan	62	2	Swaziland	49	2
Moldova	74	0	Belize	62	10	West Bank and Gaza	49	
United Kingdom	74	4	Chile	62	1	Algeria	48	4
United States of America	74	-7	Lesotho	62	12	Djibouti	48	
Brazil	73	4	Madagascar	62	-3	Lebanon	48	4
Croatia	73	5	Cambodia	61	-2	Qatar	48	
Israel	73	7	Cape Verde	61	15	Syria	48	5
Portugal	73	3	China	61	6	United Arab Emirates	48	1
Thailand	73	-3	Honduras	61	-3	Cameroon *	47	
Austria *	72		Jamaica	61	-3	Congo, DR *	47	
Ecuador	72	17	Mexico	61	1	Jordan	47	2
Namibia	72	3	Paraguay *	61		Niger	47	6
Poland	72	-4	Guyana	60		Turkey	47	-13
Slovenia	72	-1	Japan	60	-1	Bahrain	46	1
Tanzania	72		Kenya	60	-3	Egypt	45	-10
Ukraine	72	0	Luxembourg	60	1	Eritrea	45	-8
Romania	71	1	Malawi	60	4	Nigeria	45	
Russian Federation	71	-4	St. Vincent and Grenadines	60		Congo, Rep. *	44	
Argentina	70	5	Malta	59	8	Nepal	44	7
Hong Kong	70		Armenia	58	-5	Oman	43	5
Hungary	70	1	Ghana	58	-3	Morocco	42	-4
Slovakia *	70		Malaysia	58	-10	Pakistan	42	-2
South Africa	70	0	Sri Lanka	58	-5	Saudi Arabia	42	-4
Czech Republic *	69		Zambia	58	5	Benin	41	-4
El Salvador	69	10	Albania	57	-3	Central African Republic	41	-11
Ireland	69	6	Kyrgyzstan	57	-6	Chad	41	-4
Panama	69	11	Fiji	56	4	India	41	
Trinidad and Tobago	69	-1	Korea, Rep.	56	-1	Togo	41	4
Bolivia	68	6	St. Lucia	56		Côte d'Ivoire	39	4
Macedonia	68	0	Vanuatu	56		Sierra Leone	39	9
Uruguay *	68		Zimbabwe	56	-1	Yemen	31	11
Greece	67	6	Senegal	55	3			

* For these countries, GEI was calculated using the gaps in gross primary and secondary education enrolment rates as there was a lack of data on net rates. For methodological reasons GEI trends were not calculated in these cases.
NOTE: For the measurement of GEI trends necessary values were imputed in order to ensure comparability.

Inequity: a problem both current and global

An analysis of the 2007 general values reveals first of all that the gender gap persists in all countries of the world.

Equity as policy

Nordic countries that have implemented affirmative action to eliminate gender inequalities occupy the upper GEI positions with higher equity levels. However, Rwanda is also amongst the top 10 countries, which demonstrates that it is not necessary to achieve high levels of economic growth or industrialization in order to implement effective policies that generate more equity.

After the 1994 Rwandan genocide, in which a million people died, civil society, the state and international stakeholders made a major effort for the reconstruction of the country that had been devastated by war. The initiatives undertaken incorporated gender equity, an essential dimension in a country where women had to develop strategies to maintain their families, take on responsibility in the community and support each other to overcome the physical and psychological consequences of the genocide.

Women joined forces in spontaneous and informal ways, as well as in an organized way, to help widows and orphans. Much effort was put into improving the situation of women in terms of economic independence, a more equitable distribution of responsibilities between the sexes, enhanced social service provision, juridical reforms and the protection of girls and adolescents.

The geography of inequity

GEI values range from 31 (Yemen) to 89 (Sweden). A majority of countries with the worst performance in relation to gender inequality are from Sub-Saharan Africa (Table 1).

GEI performance by region (Table 3) has North America in first place (74), Europe second (72), Latin America and the Caribbean third (65) and East Asia and the Pacific fourth (62). The regions with the lowest GEI values are, in descending order, Central Asia (60), Sub-Saharan Africa (54), South Asia (52) and the Middle East and North Africa (48). The GEI trends show that although North America has the highest GEI values it is the region that has most regressed in recent years.

Reading Table 4 we could say that a country's wealth is related to its level of gender inequality. However, upper-middle income countries have higher average GEI values than high-income countries that do not belong to the Organisation for Economic Co-operation and Development (OECD). This may indicate the survival of inequitable social structures in countries with significant economic growth, such as several Arab countries. This data suggest that the modification of inequitable situations does not fundamentally depend on economic development but rather on the transformation of cultural patterns and power distribution.

Education and empowerment: decisive factors

Amongst the 10 countries with the highest GEI values the dimension with the greatest equity is education, where (except for Rwanda) the values are at, or close to, 100 (perfect equity) (Table 5).

THE CASE OF RWANDA: THE POWER OF AFFIRMATIVE ACTION

Why does Rwanda occupy such a high GEI position? Its surprisingly good performance is related to the recent implementation of affirmative action policies involving legally binding regulations, sometimes of a constitucional nature, designed to promote change in social factors, including structural ones.

The following are examples of rapid changes that have taken place in this country over recent years:

- 30% of decision-making related positions were assigned to women.
- Local funds and micro-credits were provided for production projects led by women.
- In 2003 Article 187 of the new Rwandan Constitution formalized equity promotion structures such as the National Council of Women.
- A Gender Issues Monitoring Office was created, to facilitate the participation of women in public life and to ensure that development initiatives are egalitarian in generating benefits for both sexes.

As a result of these changes many women entered public life as political leaders. In the Chamber of Deputies seats held by women increased to 48.8%. There was also a significant increase in the participation of women at ministerial and local government levels.

The most interesting conclusion to be made is that a high level of economic development is not necessary in order to implement effective gender inequity reduction measures.

TABLE 2. GEI indicator values: Rwanda, 2004 and 2007

Empowerment					
Gaps	Professionals and technicians gap	Managers and directors gap	Parliamentarians gap	Ministerial gap	Empowerment gender gap
2004	no data	no data	96	05	50
2007	no data	no data	95	67	81
Economic activity					
Gaps	Activity rate gap		Income gap	Economic activity gender gap	
2004	88		no data	88	
2007	95		74	85	
Education					
Gaps	Literacy gap	Primary enrolment gap	Secondary enrolment gap	Tertiary enrolment gap	Education gender gap
2004	96	89	no data	50	78
2007	98	100	no data	62	87

TABLE 3. GEI average values by region

Region	GEI
North America	74
Europe	72
Latin America and the Caribbean	65
East Asia and the Pacific	62
Central Asia	60
Sub-Saharan Africa	54
South Asia	52
Middle East and North Africa	48

TABLE 4. GEI average values in relation to country income levels

Groups of countries by income	GEI
High income countries	73
Upper-middle income countries	64
High income countries (non OECD)	62
Lower-middle income countries	60
Low income countries	54

TABLE 5. GEI dimension values: the 10 most equitable countries				
Country	Education	Economic activity	Empowerment	GEI
Sweden	100	84	84	89
Finland	100	79	75	84
Rwanda	87	85	81	84
Norway	100	81	67	83
Germany	99	67	75	80
Barbados	100	83	58	80
Denmark	100	79	59	79
Iceland	99	79	58	79
New Zealand	100	76	57	78
Netherlands	100	70	63	77

TABLE 6. GEI dimension values: the 10 least equitable countries				
Country	Education	Economic activity	Empowerment	GEI
Saudi Arabia	96	19	13	42
Pakistan	74	34	19	42
Morocco	85	29	12	42
Benin	52	56	16	41
Central African Republic	43	70	11	41
Togo	57	50	17	41
Chad	39	75	9	41
Sierra Leone	52	53	14	39
Côte d'Ivoire	62	38	17	39
Yemen	52	35	7	31

In the least equitable countries the most inequitable dimension is empowerment, in which there are situations such as that in Yemen where the value is seven (Table 6).

Nearly insignificant progress

During the 2004-2007 period the general gender equity trend was for limited or non-existent progress.

Three regions registered progress: in first place, Latin America and the Caribbean, second Europe and third the Middle East and North Africa, but in all cases progress measured less than 6%.

East Asia and the Pacific along with Sub-Saharan Africa registered almost insignificant variations. Three regions suffered GEI regression: South Asia, Central Asia and North America. North America registered the most significant gender equity regression, basically because the United States' GEI performance fell by 7% (Table 7).

TABLE 7. GEI change by geographical region - 2004-2007 (%)	
Region	GEI 2004 - 2007: Percentage variation
Latin America and the Caribbean	5.13
Europe	2.52
Middle East and North Africa	2.23
Sub-Saharan Africa	0.86
East Asia and the Pacific	-0.33
South Asia	-2.62
Central Asia	-3.29
North America	-4.37

Income and equity are not directly related

Examining the variations in relation to income levels we find that low-income countries have not progressed. However, the differences between countries with high, middle and lower-middle incomes are not significant, which confirms that the relation between a country's income and gender equity is not direct.

Among the ten countries that most regressed are ones with a low, lower-middle, upper-middle and high income, for example in the latter category the United States.

TABLE 8. GEI change by income group - 2004-2007 (%)	
Income group	GEI 2004 - 2007: Percentage variation
High Income	3.21
High Income (no OECD)	3.00
Upper-Middle Income	1.32
Lower-Middle Income	2.78
Low Income	-0.27

Measuring variation as a percentage, the countries that registered the most progress during this period were in first place Rwanda, followed by Ecuador, Cape Verde and Guatemala. ■

TECHNICAL NOTES: THE CONSTRUCTION OF THE GEI

1. Dimensions and indicators

- Empowerment (% of women in technical positions, % of women in management and government positions, % of women in parliaments, % of women in ministerial posts).
- Economic activity (income gap, activity rate gap).
- Education (literacy rate gap, primary school enrolment rate gap, secondary school enrolment rate gap, tertiary education enrolment rate gap).

2. Gaps

To construct the gaps in the indicators that did not register them originally, two transformations were carried out. First the percentages for men were calculated, then the differences for women:

% of men in technical positions,
% of men in management and government positions,
% of men in parliaments,
% of men in ministerial posts.

Secondly, for each country the weight of the female population in relation to the male was calculated for the relevant age ranges (over 19 years old, except for the economically active population indicator, for which over 14 years old was used).

Weight of female population = % female population / % male population

The gap was calculated for each indicator for each country, with the rate for women as the numerator and the rate for men as the denominator, weighted by the inverse of the weight of the female population.[1]

% female rate * (weight of female population)$^{-1}$ / % male rate

3. The construction of the components of the index in each dimension

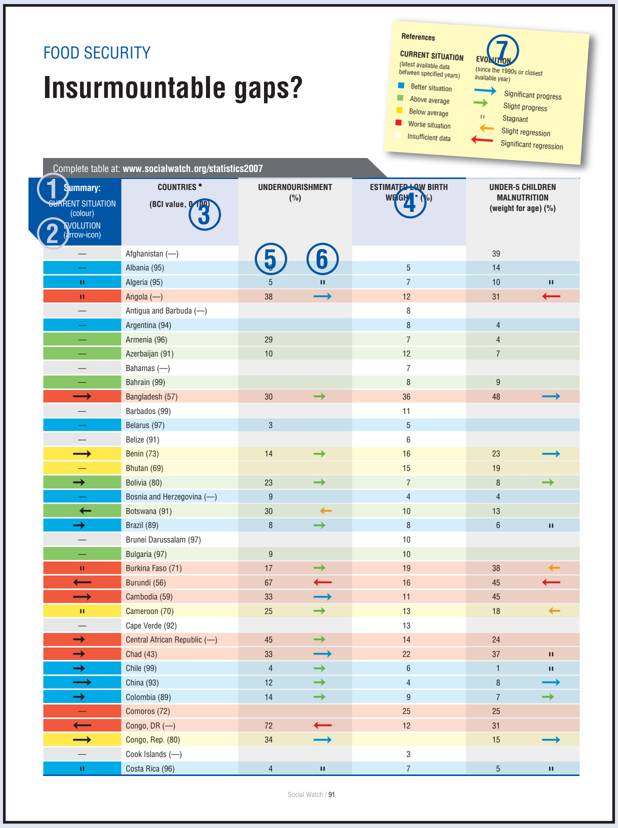
For each dimension the average of the indicators of the gaps was calculated, but no values were given for countries for which information was available for less than half the indicators of the dimension in question.

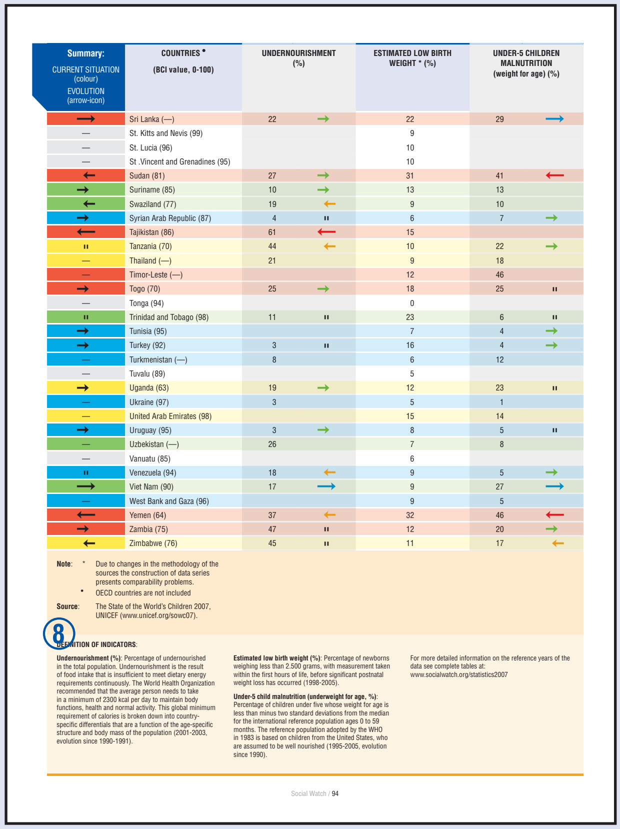
4. Construction of the index

The index was calculated as an average of the values obtained in the three dimensions (the average of the gaps in each dimension).

1 The value 0 was re-codified as 0.01 to allow algebraic calculations. At the other end of the scale, values greater than 1 were re-codified as 1, since this is the normative limit employed for the purposes of the index.

How to read the thematic area tables





The thematic area tables present the statistical information available for each indicator. But in addition, they include a group of tools – both quantitative and qualitative – aimed at enriching the analysis and evaluation of the statistical information in the context of the corresponding area of development.

1. Current situation in the area: Illustrates the current situation of the countries in the corresponding dimension through a summarizing measurement that evaluates countries based on their performance on the set of indicators included for which information is available (see box "Methodological notes: Thematic tables"). The different categories are colour coded (see References: 7).The categories are: Countries in better situation, Countries above average, Countries below average, Countries in worse situation.

2. Evolution in the area: Presents the evolution of country situations as an average of the evolution in indicators for which sufficient information is available (see box "Methodological notes: Thematic tables"). The categories are indicated by symbols (see References: 7). Categories are: Significant regression, Slight regression, Stagnant, Slight progress, Significant progress.

3. Basic Capabilities Index (BCI) value: Presents the values of the BCI for each country, a measurement designed by Social Watch that evaluates country status with regard to the basic conditions of development (for more information, see the box "Technical notes: BCI design in countries" in the "Basic Capabilities Index 2007" article in this Report). Countries with the highest BCI scores are listed first.

4. Indicator: Each thematic area includes indicators that are pertinent to evaluating the dimension in question and for which information is available from a large number of countries. This makes it possible to visualize the situation in each country while comparing the distances between them. The definitions of each indicator can be found at the foot of the corresponding table (see 8).

5. Current situation: This column presents the latest data available for each country according to the source consulted. These figures allow us to evaluate and compare the present situation in the countries of the world. Given that in many cases, the latest available figures are not up to date, it is important to take into account the time period to which the data correspond.

6. Evolution: Based on current and initial data,[1] the rate of progress or regression over the intervening time period is calculated for each country, taking into consideration the evolution of all of the countries in this indicator (see box "Methodological notes: Thematic tables"). The result is expressed graphically (see References: 7), facilitating the reading and evaluation of performance in the indicator during this period. The categories are: Significant regression, Slight regression, Stagnant, Slight progress, Significant progress.

7. References: Shows the categories of the current situation in a country in the area and the recent evolution for each indicator and for the area. These variables are constructed by Social Watch to facilitate the evaluation of countries in each area based on the information available (see box "Methodological notes: Thematic tables").

8. Definitions, Notes and Sources: The definition of each indicator as well as the source(s) of the information used are provided at the foot of the corresponding table. The information used for the indicators is obtained from recognized international organizations that compile the statistics produced by the countries. Notes have been added with information needed to read the tables.

1 Initial data or starting point: Presents the available information from as close as possible to 1990 (the year that is taken as the starting point in the international commitments that set quantitative goals in different aspects of social development).

Methodological notes: thematic tables

Measurement of the current situation of countries and the rate of change

The **situation** a country is in, according to each indicator, is given by the latest available value for that indicator.

Each country is assigned a value from 1 to 4 (1 indicates the worst situation and 4 indicates the best situation) according to the distribution of values on each indicator,[1] and an average of these values is then given for all the indicators in that area. In this way a self-referential ranking is obtained, independent of distance from goals or from specific conceptually defined levels.

This ranking was only applied to those countries with information available for at least half the indicators that make up each overall thematic area.

To avoid giving a false impression that the data are exact values, the average values were rescaled[2] to create four country categories:

Countries in better situation

Countries above average

Countries below average

Countries in worse situation

Countries for which sufficient information to be included in the ranking is lacking (*Countries with insufficient data to summarize the area*) are also shown.

Recent evolution

For each country, evolution in each indicator is evaluated between 1990 (or the closest year for which information is available) and the most recent year for which information is available.

In order to assess the evolution of each indicator, two aspects were taken into account: initial and final levels, and the rate of change of progress or regression.

The **rate of change** for each country is obtained by considering the variation in the values of the indicator over the time period within which the measurements were made. The ratio between the variation in the indicator and the time period reflects the rate of change for the item in question.

In the case of information from a specific period (e.g. 1990-1994) rather than a specific year, the criterion adopted was to use the data for the middle of the interval (e.g. 1992) as a means of calculating the rate of change.

The values for this rate of change have also been rescaled in sections (using a reference scale of 1 to 5), and in the tables these appear in a column to the right of the current indicator value. A series of symbols are used to illustrate changes in order to make the information easier to read (numerical values are not used because they would tend to give the impression that the information is exact, which in this case it is not).

The categories defined in this rescaling are as follows:

→ *Significant progress*

→ *Slight progress*

" *Stagnant*

← *Slight regression*

← *Significant regression*

Significant progress applies to those countries which are progressing at rates above the average for all countries making progress.

Slight progress applies to those countries which are progressing at rates below the average for all countries making progress.

Stagnant refers to those countries where no changes (or quantitatively insignificant changes) have been recorded over the period in question.

Slight regression applies to those countries which are regressing at rates below the average for all countries regressing (i.e. they are regressing more slowly).

Significant regression applies to those countries which are regressing at rates above the average for all countries regressing (i.e. they are regressing more rapidly).

In addition, an average of progress and regression of the indicators is built for each dimension for which information on recent evolution is available. The average appears in the column "Recent evolution" of the area, and values are also rescaled to obtain the aforementioned five categories.[3] ■

1 For this, the variable was normalized (by subtracting the mean and dividing by the standard deviation) and then the mean positive values and the mean negative values for the normalized indicator were calculated. The four categories were established according to the values above and below the mean positive values for the normalized indicator, and the values above and below the mean negative values for the normalized indicator.

2 The possible range for the average of the area was divided into four groups as follows: group 1 (between 4 and 3.26); group 2 (between 3.25 and 2.6); group 3 (between 2.5 and 1.76); group 4 (between 1.75 and 1).

3 The five groups were divided as follows: significant regression (1 to 1.8), slight regression (1.81 to 2.59), stagnant (2.6 to 3.39), slight progress (3.4 to 4.19), significant progress (4.2 to 5).

Insurmountable gaps?

References

CURRENT SITUATION (latest available data)	EVOLUTION (since 1990 or closest available year)
Better situation	⟶ Significant progress
Above average	→ Slight progress
Below average	‖ Stagnant
Worse situation	← Slight regression
Insufficient data	⟵ Significant regression

Complete table at: **www.socialwatch.org/statistics2007**

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES [1] (BCI value, 0-100)	UNDERNOURISHMENT (%)		ESTIMATED LOW BIRTH WEIGHT [2] (%)	UNDER-5 CHILD MALNUTRITION (weight for age) (%)	
—	Afghanistan (—)				39	
—	Albania (95)	6		5	14	
‖	Algeria (95)	5	‖	7	10	‖
‖	Angola (—)	38	⟶	12	31	⟵
—	Antigua and Barbuda (—)			8		
—	Argentina (94)			8	4	
—	Armenia (96)	29		7	4	
—	Azerbaijan (91)	10		12	7	
—	Bahamas (—)			7		
—	Bahrain (99)			8	9	
⟶	Bangladesh (57)	30	→	36	48	⟶
—	Barbados (99)			11		
—	Belarus (97)	3		5		
—	Belize (91)			6		
⟶	Benin (73)	14	→	16	23	⟶
—	Bhutan (69)			15	19	
→	Bolivia (80)	23	→	7	8	→
—	Bosnia and Herzegovina (—)	9		4	4	
←	Botswana (91)	30	←	10	13	
→	Brazil (89)	8	→	8	6	‖
—	Brunei Darussalam (97)			10		
—	Bulgaria (97)	9		10		
‖	Burkina Faso (71)	17	→	19	38	←
⟵	Burundi (56)	67	⟵	16	45	⟵
⟶	Cambodia (59)	33	⟶	11	45	
‖	Cameroon (70)	25	→	13	18	←
—	Cape Verde (92)			13		
→	Central African Republic (—)	45	→	14	24	
→	Chad (43)	33	⟶	22	37	‖
→	Chile (99)	4	→	6	1	‖
⟶	China (93)	12	→	4	8	⟶
→	Colombia (89)	14	→	9	7	→
—	Comoros (72)			25	25	
⟵	Congo, DR (—)	72	⟵	12	31	
⟶	Congo, Rep. (80)	34	⟶		15	⟶
—	Cook Islands (—)			3		
‖	Costa Rica (96)	4	‖	7	5	‖

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES [1] (BCI value, 0-100)	UNDERNOURISHMENT (%)		ESTIMATED LOW BIRTH WEIGHT [2] (%)	UNDER-5 CHILD MALNUTRITION (weight for age) (%)	
II	Cote d'Ivoire (77)	14	→	17	17	←
—	Croatia (97)	7		6	1	
—	Cuba (99)			5	4	
—	Djibouti (78)			16	27	
—	Dominica (94)			11		
→	Dominican Republic (85)	27	II	11	5	→
→	Ecuador (81)	5	→	16	12	→
→	Egypt (90)	3	II	12	6	→
→	El Salvador (80)	11	II	7	10	→
—	Equatorial Guinea (59)			13	19	
II	Eritrea (67)	73		14	40	II
—	Estonia (99)	3		4		
⟶	Ethiopia (50)	46		15	38	⟶
—	Fiji (99)			10		
→	Gabon (82)	5	→	14	12	
←	Gambia (70)	27	←	17	17	
—	Georgia (95)	13		7	3	
⟶	Ghana (66)	12	⟶	16	22	⟶
—	Grenada (92)			8		
→	Guatemala (72)	23	←	12	23	⟶
⟶	Guinea (68)	24	⟶	16	26	
—	Guinea-Bissau (—)			22	25	
⟶	Guyana (81)	9	⟶	13	14	→
⟶	Haiti (—)	47	⟶	21	17	⟶
II	Honduras (76)	22	II	14	17	II
⟶	India (71)	20	→	30	47	⟶
⟶	Indonesia (85)	6	→	9	28	⟶
II	Iran (91)	4	II	7	11	
—	Iraq (79)			15	12	
—	Israel (99+)			8		
→	Jamaica (95)	10	→	10	4	→
←	Jordan (99)	7	←	12	4	II
—	Kazakhstan (95)	8		8	4	
⟶	Kenya (68)	31	⟶	10	20	→
—	Kiribati (88)			5		
—	Korea, DR (—)	35		7	23	
→	Kuwait (99)	5	⟶	7	10	II
—	Kyrgyzstan (96)	4		7	11	
→	Lao, PDR (58)	21	→	14	40	→
—	Latvia (99)	3		5		
II	Lebanon (96)	3	II	6	4	
II	Lesotho (69)	12	→	13	20	←
⟵	Liberia (—)	49	⟵		26	
—	Libya (—)			7	5	
—	Lithuania (97)			4		
—	Macedonia, FYR (97)			6	6	

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES [1] (BCI value, 0-100)	UNDERNOURISHMENT (%)		ESTIMATED LOW BIRTH WEIGHT [2] (%)	UNDER-5 CHILD MALNUTRITION (weight for age) (%)	
←	Madagascar (63)	38	←	17	42	II
⟶	Malawi (63)	34	⟶	16	22	→
→	Malaysia (98)	3	II	9	11	⟶
—	Maldives (86)			22	30	
II	Mali (66)	28	II	23	33	II
—	Malta (99+)			6		
—	Marshall Islands (94)			12		
⟶	Mauritania (75)	10	→		32	⟶
→	Mauritius (99)	6	II	14	15	⟶
→	Mexico (94)	5	II	8	8	⟶
—	Micronesia (—)			18		
—	Moldova (96)	11		5	4	
→	Mongolia (96)	28	→	7	7	→
II	Morocco (78)	6	II	15	10	II
⟶	Mozambique (61)	45	⟶	15	24	
→	Myanmar (73)	5	→	15	32	II
→	Namibia (86)	23	⟶	14	24	II
→	Nepal (55)	17	→	21	48	
→	Nicaragua (74)	27	→	12	10	II
⟶	Niger (55)	32	⟶	13	40	→
→	Nigeria (63)	9	→	14	29	→
—	Niue (—)			0		
—	Oman (97)			8	18	
II	Pakistan (60)	23	II	19	38	II
—	Palau (—)			9		
—	Panama (91)	25		10	8	
—	Papua New Guinea (73)			11		
→	Paraguay (85)	15	→	9	5	II
⟶	Peru (86)	12	⟶	11	8	→
→	Philippines (77)	19	→	20	28	→
—	Qatar (97)			10	6	
—	Romania (96)			8	3	
—	Russian Federation (97)	3		6	3	
→	Rwanda (51)	36	→	9	23	→
—	Samoa (97)			4		
—	Sao Tomé and Principe (78)			20	13	
II	Saudi Arabia (95)	4	II	11	14	
→	Senegal (72)	23	II	18	17	→
—	Serbia and Montenegro (—) [3]	10		4	2	
←	Sierra Leone (—)	50	←	23	27	II
—	Singapore (—)			8	3	
—	Slovakia (—)	6		7		
—	Slovenia (99)	3		6		
—	Solomon Islands (—)			13		
—	Somalia (—)				26	
—	South Africa (87)			15	12	

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES [1] (BCI value, 0-100)	UNDERNOURISHMENT (%)		ESTIMATED LOW BIRTH WEIGHT [2] (%)	UNDER-5 CHILD MALNUTRITION (weight for age) (%)	
→	Sri Lanka (—)	22	→	22	29	→
—	St. Kitts and Nevis (99)			9		
—	St. Lucia (96)			10		
—	St. Vincent and Grenadines (95)			10		
←	Sudan (81)	27	→	31	41	←
→	Suriname (85)	10	→	13	13	
←	Swaziland (77)	19	←	9	10	
→	Syrian Arab Republic (87)	4	II	6	7	→
←	Tajikistan (86)	61	←	15		
II	Tanzania (70)	44	←	10	22	→
—	Thailand (—)	21		9	18	
—	Timor-Leste (—)			12	46	
→	Togo (70)	25	→	18	25	II
—	Tonga (94)			0		
II	Trinidad and Tobago (98)	11	II	23	6	II
→	Tunisia (95)			7	4	→
→	Turkey (92)	3	II	16	4	→
—	Turkmenistan (—)	8		6	12	
—	Tuvalu (89)			5		
→	Uganda (63)	19	→	12	23	II
—	Ukraine (97)	3		5	1	
—	United Arab Emirates (98)			15	14	
→	Uruguay (95)	3	→	8	5	II
—	Uzbekistan (—)	26		7	8	
—	Vanuatu (85)			6		
II	Venezuela (94)	18	←	9	5	→
→	Viet Nam (90)	17	→	9	27	→
—	West Bank and Gaza (96)			9	5	
←	Yemen (64)	37	←	32	46	←
→	Zambia (75)	47	II	12	20	→
←	Zimbabwe (76)	45	II	11	17	←

Notes: (1) OECD countries are not included.
(2) Due to changes in the methodology of the sources the construction of data series presents comparability problems.
(3) Prior to separation.

Source: The State of the World's Children 2007, UNICEF (www.unicef.org/sowc07).

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Undernourishment (%): Percentage of undernourished in the total population. Undernourishment is the result of food intake that is insufficient to meet dietary energy requirements continuously. The World Health Organization recommended that the average person needs to take in a minimum of 2300 kcal per day to maintain body functions, health and normal activity. This global minimum requirement of calories is broken down into country-specific differentials that are a function of the age-specific structure and body mass of the population.
Last available data: 2001-2003; evolution since 1990-1991.

Estimated low birth weight (%): Percentage of newborns weighing less than 2.500 grams, with measurement taken within the first hours of life, before significant postnatal weight loss has occurred.
Last available data: 1998-2005.

Under-5 child malnutrition (underweight for age, %): Percentage of children under five whose weight for age is less than minus two standard deviations from the median for the international reference population ages 0 to 59 months. The reference population adopted by the WHO in 1983 is based on children from the United States, who are assumed to be well nourished.
Last available data: 1995-2005; evolution since 1990.

FOOD SECURITY
Insurmountable gaps?

There are hundreds of millions of hungry people in the world, and this cannot be explained by lack of resources, since enough quality food is produced on the planet for the whole of the world's population. Nevertheless, every five seconds a child dies from hunger-related causes.[1] Food is a human right, and states are under the obligation to ensure access to sufficient quantities of appropriate supplies for all their citizens. This is a basic right, and failure to fulfil it puts all other rights at risk, starting with the right to life itself.

According to the UN Food and Agriculture Organization (FAO), "The Right to Food is the right of every person to have regular access to sufficient, nutritionally adequate and culturally acceptable food for an active, healthy life. It is the right to feed oneself in dignity, rather than the right to be fed."[2] The challenge that countries face when it comes to fulfilling the right to food is not just to achieve food security but to achieve genuine food sovereignty.

The concept of food security is the notion that "all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs."[3] This means food should be available, people should be able to acquire it, the supply should be stable, and the products should be of good quality, hygienic and safe.

The problem of hunger goes beyond the serious effects of widespread famine; it also has an impact on people's future development. "Most poor people who battle hunger deal with chronic undernourishment and vitamin or mineral deficiencies, which result in stunted growth, weakness and heightened susceptibility to illness."[4]

There are enormous food security gaps between different countries in the world, and this can be summed up in one simple fact: in the countries in the better situation, one in 20 children under five suffers from malnutrition, whereas in the countries in the worse situation the ratio is one in three. In Bangladesh, India and Nepal, for example, nearly half of all children under five are the victims of malnutrition.

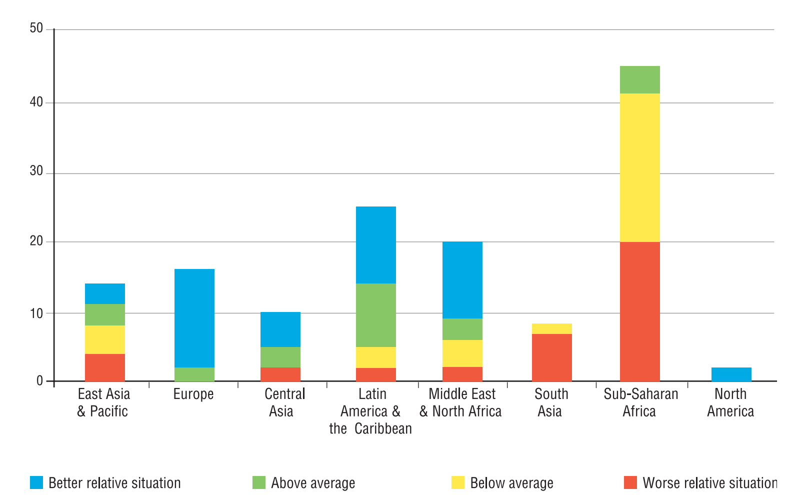
Hunger on the planet is not distributed randomly, as can be seen from the chart that shows food security in different geographical regions. There is a stark contrast between the reality in North America and Europe, which are in the better situation group, and what is happening in Sub-Saharan Africa and above all in South Asia, where most of the countries are in the worse relative situation in terms of food security. In the other regions of the world countries are very different as regards their capability to provide food security for their populations. It should be noted that for many of the more developed countries no information is available for the indicators that make up this dimension, and this is a relative classification, so the countries in the better relative situation group are not necessarily up to the level of the developed countries in terms of food security.

As to recent evolution, the countries that have made progress on these indicators form the predominant group, but the data also show a discouraging evolution in some places. There has been significant regression in five countries – Burundi, Liberia, the Democratic Republic of the Congo, Tajikistan and Yemen – and all five are currently in the worse relative situation group. Another worrying aspect is that various countries have not improved in this respect, but rather have stagnated or even regressed slightly. ■

Averages by indicator of countries in better and worse relative situations in food security

		Under-5 child malnutrition (underweight for age) (%)	Undernourishment (%)	Estimated low birth weight (%)
Worse relative situation	Average	35	39	69
	Number of countries	30	27	30
Better relative situation	Average	6	7	7
	Number of countries	40	35	45
Total	Average	18	20	12
	Number of countries	125	109	129

Current situation in food security by region (number of countries)



Current situation and evolution in food security (number of countries)

	←	←	=	→	→	Total
Countries in worse situation	5	3	5	6	8	27
Countries below average	0	2	5	9	7	23
Countries above average	0	2	3	8	4	17
Countries in better situation	0	1	5	13	1	20
Total	5	8	18	36	20	87

1 Black, R., Morris, S. and Bryce, J. (2003). "Where and Why Are 10 Million Children Dying Every Year?" *The Lancet*, Vol 361, 28 June. Available from: <www.cfwshops.org/download/child_survival.pdf>.

2 <www.fao.org/righttofood/index_en.htm>

3 FAO (1996). World Food Summit, Plan of Action, Para. 1. Rome, 13-17 November. Available from: <www.fao.org/wfs/index_en.htm>.

4 Bread for the World Institute (2004). *Are We On Track To End Hunger? Hunger Report 2004. 14th Annual Report on the State of World Hunger.* Washington, D.C.

EDUCATION

Information society vs. hundreds of millions of illiterate people

References

CURRENT SITUATION (latest available data)
- Better situation
- Above average
- Below average
- Worse situation
- Insufficient data

EVOLUTION (since 1990 or closest available year)
- ⟶ Significant progress
- → Slight progress
- II Stagnant
- ← Slight regression
- ⟵ Significant regression

Complete table at: **www.socialwatch.org/statistics2007**

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	LITERACY (15-24 years old) (%)	PRIMARY SCHOOL ENROLMENT RATE (net) (%)	CHILDREN REACHING 5TH GRADE (%)	SECONDARY SCHOOL ENROLMENT RATE (net) (%)	TERTIARY EDUCATION ENROLMENT RATE (gross) (%)
—	Afghanistan (—)	34.3				1.1
→	Albania (95)	99.4 →	95.6 II		73.9 →	16.4 →
⟶	Algeria (95)	90.1 ⟶	96.7 →	96.2 →	66.2 →	19.6 →
II	Andorra (—)		88.5 ←		71.4 →	9.4 →
—	Angola (—)	72.2				0.8 II
—	Anguilla (—)		88.3		92.9	
→	Argentina (94)	98.9 II	98.8	84.3 ←	80.8 →	61.1 ⟶
→	Armenia (96)	99.8 II	93.7 ⟶		88.7 →	26.2 →
II	Aruba (—)	99	96.6 ←	96.3	74.3 ←	28.6 →
→	Australia (99)		94.8 ←	98.7	85.3 →	72.2 ⟶
—	Austria (99+)				89.2 II	48.7 →
II	Azerbaijan (91)	99.9	83.8 ←		77 →	14.8 ←
—	Bahamas (—)		83.7 ←		73.8 ⟵	
→	Bahrain (99)	97 II	96.8 II	99.8 →	89.9 →	34.4 →
→	Bangladesh (57)		93.8	65.1 →	48 →	6.5 II
→	Barbados (99)		97.2 →	96.8 →	95.1 →	
→	Belarus (97)	99.8 II	89.9 →		87.3 ⟶	60.5 →
→	Belgium (99+)		98.6 II		96.9 →	62.5 ⟶
⟶	Belize (91)		95.2 II	91 ⟶	71.4 ⟶	2.6
II	Benin (73)	45.3 →	82.6 ⟶	69.4 ⟵		
—	Bermuda (—)			93.4 ←		62.3
—	Bhutan (69)			91 →		
→	Bolivia (80)	97.3 →	95.2 II	86.4 →	73.6 ⟶	40.6 →
—	Bosnia and Herzegovina (—)	99.8				
→	Botswana (91)	94 ⟶	82.1 II	91.2 →	60.9 ⟶	6.2 II
⟶	Brazil (89)	96.8 →	92.1 →	83 [1]	74.5 ⟶	20.1 →
II	Brunei Darussalam (97)	98.9 II		93 ←		14.7 →
→	Bulgaria (97)	98.2 II	94.2 →		88.3 ⟶	40.8 →
→	Burkina Faso (71)	31.2 →	40.5 →	75.8 →	9.5 II	1.7 II
→	Burundi (56)	73.3 ⟶	57 →	63 →		2.3 II
⟶	Cambodia (59)	83.4 →	97.6 ⟶	59.7 →	25.8 ⟶	2.9 II
—	Cameroon (70)			63.7 ⟵		5.3 II
—	Canada (99)					57.2 ⟵
II	Cape Verde (92)		91.8 II	91.2 ←	55 →	5.5 →
—	Cayman Islands (—)		87.2 ⟵	93.4 *	90.9 →	
—	Central African Republic (—)	58.5 →				
II	Chad (43)	37.6 ⟵	56.9 ⟶	45.8 ←	10.8 →	1.2
→	Chile (99)	99 II		99 II	77.8 ⟶	43.2 ⟶
—	China (93)	98.9 →		99 [3]		19.1 →
⟶	Colombia (89)	98 →	83.2 →	77.5 ⟶	54.9 ⟶	26.9 →
—	Comoros (72)			62.7		2.3 →
—	Congo, DR (—)	70.4 II				

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	LITERACY (15-24 years old) (%)	PRIMARY SCHOOL ENROLMENT RATE (net) (%)	CHILDREN REACHING 5TH GRADE (%)	SECONDARY SCHOOL ENROLMENT RATE (net) (%)	TERTIARY EDUCATION ENROLMENT RATE (gross) (%)
—	Congo, Rep. (80)			66.3		3.6 ‖
‖	Costa Rica (96)	97.6 ‖		92.4 →	50.2 →	19 ←
⟶	Cote d'Ivoire (77)	60.7 →	56 →	87.6 ⟶	20 →	
→	Croatia (97)	99.6 ‖	87.3 →		85 ⟶	38.7 →
→	Cuba (99)	100 ‖	96.2 →	97.7 →	86.6 →	33 →
→	Cyprus (99+)	99.8 ‖	96.1 →	99.2 →	92.8 ⟶	32 →
→	Czech Republic (99)			98.4 ‖	90.4 →	36.9 ⟶
→	Denmark (99+)		99.9 ‖	100 ‖	94.6 →	66.8 ⟶
⟶	Djibouti (78)		32.8 →	87.7 [3] ⟶	18.7 →	1.6 →
—	Dominica (94)		87.7	84.3 ←	90.4	
→	Dominican Republic (85)	94.2 →	86 ⟶	59.2 ⟵	49.3 ⟶	32.9
‖	Ecuador (81)	96.4 ‖	97.7 ‖	76.3 ←	52.2 →	
→	Egypt (90)	84.9 ⟶	94.3 →	98.6 ‖	79.1	28.5 →
⟶	El Salvador (80)		92.3 ⟶	72.8 →	48.1 ⟶	18.5 ‖
—	Equatorial Guinea (59)	94.9 ‖	85.3 ←	32.6		
‖	Eritrea (67)		46 ⟶	80.3 ⟵	23.6 →	1.1 ‖
→	Estonia (99)	99.8 ‖	94.6 ←	98.6 ‖	87.9 →	64.5 ⟶
⟶	Ethiopia (50)		56.3 ⟶	61.1 [2] →	27.8 ⟶	2.5 ‖
→	Fiji (99)		96.2 ←	98.7 →	82.6 →	15.3 →
→	Finland (99+)		99.5 ‖	99.9 ‖	94 ‖	86.9 ⟶
→	France (99+)		99.1 ‖	98 *	95.3 →	56 →
—	Gabon (82)			69.3		
⟶	Gambia (70)		75.2 ⟶		44.9 ⟶	1.2 ‖
‖	Georgia (95)		92.8 ←		80.7 →	41.5 →
‖	Ghana (66)	70.7 ⟵	65 →	63.3 ←	37 →	3.1 ‖
→	Greece (99+)	98.9 ‖	97.7 →		84.5 ‖	72.2 ⟶
—	Grenada (92)		83.9	79	78.2	
⟶	Guatemala (72)	82.2 →	93 ⟶	77.9 ⟶	33.7 ⟶	9.6
⟶	Guinea (68)	46.6	63.8 ⟶	82	21.2 ⟶	2.2 ‖
—	Guyana (81)		93.5 →	64.3 ⟵		9.1
→	Honduras (76)	88.9 →	90.6 ‖			16.4 →
‖	Hong Kong (China) (—)		93 ⟵	99.9 ‖	77.7 ⟶	32.1 →
→	Hungary (97)		89 ‖		91.6 →	51.9 ⟶
→	Iceland (99+)		99 ‖	99.7 ‖	86.3 →	61.7 ⟶
⟶	India (71)	76.4 ⟶	87.4 →	78.9 ⟶		11.5 →
→	Indonesia (85)	98.7 →	94.6 ‖	92.1 ←	55 →	16.2 →
←	Iran, Islamic Rep. (91)		88.6 ←	87.8 ⟵	78.1	22.5 →
⟶	Iraq (79)	84.8 ⟶	87.7 ←	77.4 ⟶	37.9 ⟶	15.4 →
⟶	Ireland (99+)		96 →	99.8 →	85.2 →	55.3 ⟶
→	Israel (99+)	99.8 ‖	98.1 →	99.9 ‖	88.6 →	57 ⟶
→	Italy (99)	99.8 ‖	98.6 ‖	96.5 ‖	91.2 →	63.1 ⟶
‖	Jamaica (95)		88.5 ←	89 ‖	75 →	19 →
→	Japan (99+)		99.9 ‖		99.8 →	54 ⟶
→	Jordan (99)	99.1 ‖	92.8 ‖	98.8 →	82.1 →	35 →
→	Kazakhstan (95)	99.8 ‖	92.6 →		92.1 ⟶	48 →
—	Kenya (68)	80.3 ⟵	76.4 ⟶	75.3	40.1	2.9
—	Kiribati (88)			81.9 ⟶	70.4	
→	Korea, Rep. (99)		99.6 ‖	98.1 →	88.3 ‖	88.5 ⟶
→	Kuwait (99)	99.7 ⟶	86 ⟶		77.6 ⟵	22.3 ‖
—	Kyrgyzstan (96)	99.7	90.1 ‖			39.7 ⟶
⟶	Lao, PDR (58)	78.5 →	84.4 ⟶	62.6 →	37.1 ⟶	5.9 →
→	Latvia (99)	99.8 ‖			87.4 →	71 ⟶
⟶	Lebanon (96)		93.2 ⟶	97.6 →		47.6 ⟶
‖	Lesotho (69)		85.9 →	63.4 ←	23.1 →	2.8 ‖
—	Libya (—)					56.2 ⟶

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	LITERACY (15-24 years old) (%)	PRIMARY SCHOOL ENROLMENT RATE (net) (%)	CHILDREN REACHING 5TH GRADE (%)	SECONDARY SCHOOL ENROLMENT RATE (net) (%)	TERTIARY EDUCATION ENROLMENT RATE (gross) (%)
—	Liechtenstein (—)		88.2		65.2	25.1
→	Lithuania (97)	99.7 ıı	92.4 ←		94.1 →	69 ⟶
←	Luxembourg (97)		90.3 ⟵	92 ←	80 ıı	12.4 →
→	Macao (China) (—)	99.6 ıı	89.2 →	99.7 ıı	76.8 ⟶	68.8 ⟶
ıı	Macedonia, FYR (97)	98.7	90.9 ←		81.1 →	27.4 →
→	Madagascar (63)	70.2 ıı	88.8 ⟶	57 →		2.5 ıı
→	Malawi (63)	76 ⟶	95.3 ⟶	43.8 ıı	24.7 ıı	
→	Malaysia (98)	97.2 ıı	93.2 ⟵	98.4 ⟶	69.9 ıı	28.8 ⟶
ıı	Maldives (86)	98.2 ıı	89.7 ⟵		51.3 ⟶	
ıı	Mali (66)	24.2 ←	46.5 ⟶	78.6 ıı		2.1 ıı
ıı	Malta (99+)	96 ıı	94.3 ←	99.3 ıı	85.9 →	29.9 →
—	Marshall Islands (94)		89.6		74.4	17
⟶	Mauritania (75)	61.3 ⟶	74.3 ⟶	81.6 ⟶	14.1 ıı	3.5 ıı
→	Mauritius (99)	94.5 →	94.5 →	98.9 ıı	82.5 ⟶	17.2 →
→	Mexico (94)	97.6 ıı	97.6 ıı	92.6 →	62.4 ⟶	22.5 →
←	Moldova (96)	99.5 ıı	77.5 ⟵		68.7 ıı	31.7 ←
→	Mongolia (96)	97.7 ıı	84.2 ←		82.3 ⟶	38.9 ⟶
—	Montserrat (—)		94.3		100	
→	Morocco (78)	70.5 ⟶	86.1 ⟶	75.6 ←	35.1 →	10.6 ıı
→	Mozambique (61)		71 ⟶	49.2 →	4 →	1.2 ıı
→	Myanmar (73)	94.5 →	87.6 ←	69.9 ⟶	37.6 ⟶	11.3 →
→	Namibia (86)	92.3 →	73.7 ıı	88.1 →	37.5 →	6.1 →
—	Nauru (—)			30.8		
→	Nepal (55)	70.1 ⟶	79.2	60.8 →		5.6 ıı
→	Netherlands (99+)		99.2 →	99.6 ıı	88.9 →	58 →
ıı	Netherlands Antilles (—)			88.5 →	76.9 ←	23.6 ıı
→	New Zealand (99+)		99.3 ıı		92.3 →	71.6 ⟶
⟶	Nicaragua (74)	86.2 ⟶	87.9 →	58.8 →	40.7 ⟶	17.9 →
→	Niger (55)	36.5 ⟶	39.2 →	73.6 ıı	6.8 ıı	0.8 ıı
—	Nigeria (63)		60.1	72.6	27.3	10.2
→	Norway (99+)		99.5 ıı	99.6 ıı	95.4 →	80.3 ⟶
⟶	Oman (97)	97.3 ⟶	77.9 →	97.6 →	74.7 ⟶	12.9 →
⟶	Pakistan (60)	65.5 ⟶	66.2 ⟶		21.8	3.2 ıı
—	Palau (—)			84.2 *		40.2 ⟶
→	Panama (91)	96.1 ıı	98.2 →	84.3 ←	63.7 →	45.8 ⟶
—	Papua New Guinea (73)	66.7 ıı		67.8 ıı		
⟶	Paraguay (85)			81.5 →	51.1 ⟶	25.9 ⟶
ıı	Peru (86)	96.8 ıı	97.9 ←	89.7 →	69.2 →	31.5 ıı
→	Philippines (77)	95.1 ıı	93.8 ←	75.3 →	59.2 ⟶	29.4 ıı
→	Poland (99+)		97.9 ıı	99.7 →	91.5 →	59.5 ⟶
→	Portugal (99+)		98.9 ıı		82.3 ıı	55.5 ⟶
→	Qatar (97)	95.9 →	96.1 →		87.2 →	17.8 ←
→	Romania (96)	97.8 ıı	90 →		81.1 →	36.3 ⟶
ıı	Russian Federation (97)	99.7 ıı	89.1 ←		75.6	68.2 →
→	Rwanda (51)	77.6 →	73.2 →	45.8 ıı		2.7 →
ıı	Samoa (97)		90.4 ⟵	93.8 ⟶	65.7 ←	
—	Sao Tomé and Principe (78)		98.2	66.5 ⟶	26	
→	Saudi Arabia (95)	95.9 →	53.1 ←	93.6 ←	52.4 ⟶	27.7 →
→	Senegal (72)	49.1 →	66.1 ⟶	78.2 →	15.3 ⟶	4.9 ıı
←	Seychelles (—)	99.1	96.4 ←	98.7 ←	93.1 ←	
—	Sierra Leone (—)	47.6				2.1 ıı
—	Singapore (—)	99.5 ıı				
—	Slovakia (—)				88 →	34 ⟶
→	Slovenia (99)		96.4 ıı		95.3 →	70.1 ⟶

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	LITERACY (15-24 years old) (%)	PRIMARY SCHOOL ENROLMENT RATE (net) (%)	CHILDREN REACHING 5TH GRADE (%)	SECONDARY SCHOOL ENROLMENT RATE (net) (%)	TERTIARY EDUCATION ENROLMENT RATE (gross) (%)
—	Solomon Islands (—)		79.6		26.4 ⟶	
→	South Africa (87)	93.9 →	88.8 ıı	84.1 →		15.3 →
→	Spain (99+)		99.5 ıı		94.8 →	65.7 ⟶
—	Sri Lanka (—)	95.6 ıı	98.6			
—	St. Kitts and Nevis (99)		94	86.5	98.3	
→	St. Lucia (96)		97.6 ıı	90.1 ıı	62.6 →	14.4 →
⟶	St. Vincent and the Grenadines (95)		93.9 →	88 ⟶	62.3 →	
—	Sudan (81)	77.2 ⟶		91.9 →		
—	Suriname (85)	94.9	92.4 →		63.2 ıı	12.4
ıı	Swaziland (77)	88.4 →	76.7 ıı	76.8 ←	29 ıı	5.2 ıı
→	Sweden (99+)		99.5 ıı		98.3 →	81.8 ⟶
⟶	Switzerland (99+)		94.3 →		82.6 →	47 ⟶
→	Syrian Arab Republic (87)	92.2 ⟶	91.8 ıı	92.4 →	58.1 →	
→	Tajikistan (86)	99.8 ıı	96.7 ⟶		79.4 ⟶	16.4 ←
ıı	Tanzania (70)	78.4 ←	91.4 ⟶	75.8 ←		1.2 ıı
—	Thailand (—)	98 ıı				41 ⟶
—	Timor-Leste (—)					10.2
⟶	Togo (70)	74.4 ⟶	78.8 →	76 →		
ıı	Tonga (94)	99.3	92.7 ıı	92.5	67.7 ıı	6.1 →
ıı	Trinidad and Tobago (98)		92.2 ıı	100 ıı	71.9 ıı	11.9 →
→	Tunisia (95)	94.3 →	97.2 →	96.5 →	64 ⟵	26.2 →
→	Turkey (92)	95.6 →	89.5 ıı	94.6		28 →
—	Turkmenistan (—)	99.8				
—	Turks and Caicos Islands (—)		81.5 ⟵	45.9	77.7 ⟵	
—	Tuvalu (89)			69.9 ⟵		
→	Uganda (63)	76.6 →		63.6 ⟶	13 →	3.4 ıı
ıı	Ukraine (97)	99.8 ıı	82.1 ıı		83.5 ←	65.5 →
ıı	United Arab Emirates (98)		71.2 ⟵	94.7 →	62.4 →	22.5 →
→	United Kingdom (99)		100 ıı		95.5 →	60.1 ⟶
ıı	United States of America (99)		93.9 ←		88.7 →	82.4 →
→	Uruguay (95)			88.4 ıı	73.2 →	37.8 →
—	Uzbekistan (—)					15.3 ⟵
→	Vanuatu (85)		93.9 →	72.1 [2]	39.3 ⟶	5 ıı
→	Venezuela (94)	97.2 ıı	92 →	91 ıı	61.2 ⟶	39.3 →
→	Viet Nam (90)	93.9 ıı	92.9 →	86.8 →	64.8 →	10.2 →
—	Virgin Islands (UK) (—)		94.7 ıı	96.2	79.5 ıı	
→	West Bank and Gaza (96)	99	86.3 ⟵		89.4 ⟶	37.9 ⟶
ıı	Yemen (64)		75.3 ⟶	73.2 ⟵		9.4 ←
→	Zambia (75)	69.5 ⟵	79.8 ⟶	98.5 ⟶	23.7 →	
←	Zimbabwe (76)		81.9 ıı	69.7 ⟵	33.9 ←	3.7 ıı

Note: (*) Data refers to years or periods other than those specified in the indicator definition.

Sources: UNESCO Website Database (www.uis.unesco.org/), February 2007.

Except for:

(1) Ministério da Educação e Cultura, 2006, Brazil.

(2) Education for All - Global Monitoring Report 2006, UNESCO.

(3) Education for All - Global Monitoring Report 2007, UNESCO.

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Literacy (15-24 years old, %): Percentage of people aged 15-24 who can, with understanding, read and write a short, simple statement on their everyday life.
Last available data: 2000-2005; evolution since 1990.

Primary school enrolment ratio (net, %): Number of children enrolled in primary school who belong to the age group that officially corresponds to primary schooling, as percentage of the total population of the same age group.
Last available data: 2003-2005; evolution since 1991.

Children reaching 5th grade of primary school (%): Percentage of children entering first grade of primary school who eventually reach grade five.
Last available data: 2000-2004; evolution since 1999.

Secondary school enrolment ratio (net, %): Number of children enrolled in secondary school who belong to the age group that officially corresponds to secondary schooling, as percentage of the total population of the same age group.
Last available data: 2003-2004; evolution since 1991.

Tertiary education enrolment ratio (gross): Ratio of total enrolment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Tertiary education, whether or not to an advanced research qualification, normally requires, as a minimum condition of admission, successful completion of education at secondary level.
Last available data: 2004; evolution since 1991.

Information society vs. hundreds of millions of illiterate people

The paradox lingers on: while large swathes of the world's population are engaged in new educational challenges to join the information society, there are still millions of people on the planet who are illiterate.

Not only are there 77 million children who do not go to school, but there are 781 million adults who cannot read and write. Two thirds of these people are women, which goes to show how gender inequity in education is still very much with us. In fact, 30% of the countries in the world have not achieved gender equity even at the level of primary education.[1] But while a significant proportion of the world's population is deprived of this basic necessity, the number of years that people in the developed countries spend in education is increasing progressively.

Illiteracy is overwhelmingly concentrated in Asia and Sub-Saharan Africa. In recent years the total number of people in these regions who are illiterate has increased, so a greater global effort is needed to remedy this situation.

One essential factor for achieving universal literacy and primary education (global enrolment today stands at 86%) is the strong political will to channel national and international resources towards educational goals. There are serious challenges to be addressed to reach even these minimum targets, notably the school dropout rate and cultural differences within countries.

These resources should be supplemented with programmes geared to early childhood. As was stated by UNESCO in its 2007 Education For All Report, "Holistic early childhood programmes have a leading role to play in any strategy to attain basic education for all and to reduce poverty, the overarching objective of the Millennium Development Goals. Programmes of good quality improve health and nutrition, combat HIV/AIDS and prepare children for a smooth transition to primary school."[2]

Taking the world's population as a whole, progress has been made, especially as regards enrolments in primary education, but the most pressing inequalities in literacy, school dropout, educational quality and enrolment at all levels have to be tackled to be able to reach an acceptable level from which to make progress towards fulfilment of rights for all.

The group of countries in the better relative situation are well established on the road to the full exercise of the right to education. Literacy stands at nearly 100%, enrolment in primary education and the proportion of children who reach the 5th grade are both above 97%, enrolment in secondary education is just under 90%, and almost 60% of the population have tertiary education. But at the other end of the scale, in the group of countries in the worse situation, inequality is the rule rather than the exception. Only 60% of the people can read and write, and all the other indicators show a reality that falls far short of current world education development goals. These countries face deficiencies in all the dimensions covered by education indicators.

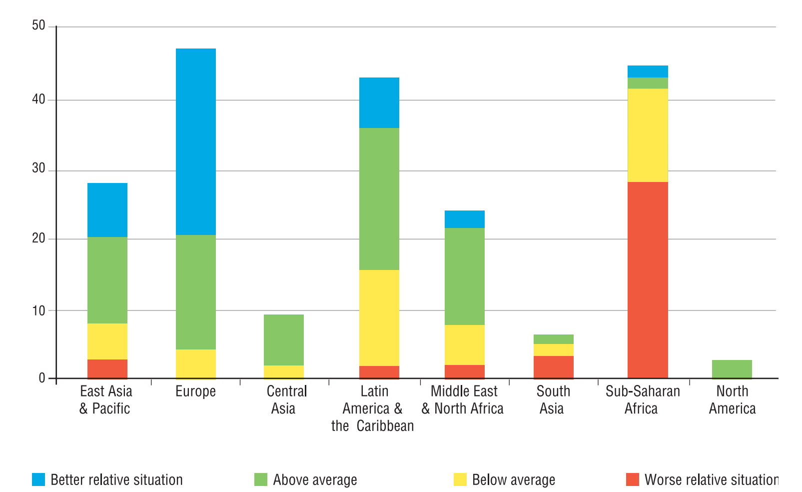
More than half the countries in Sub-Saharan Africa are in the worse education situation group, and there is only one country from this region, the Seychelles, in the better relative situation group. In contrast, no North American, European or Central Asian country is in the worse relative situation group. The panorama in the other regions of the world is not homogenous, and the situation varies widely from country to country.

Most countries have made progress (107 of the 143 countries for which there is sufficient information available to calculate the evolution of education), but only 25 have made significant progress and a considerable number of countries have stagnated in this respect. There are also five countries that have recently regressed, and the worst case is Zimbabwe which is regressing and in the worse relative situation group. ■

Averages by indicator of countries in better and worse relative situations in education

		Literacy (15-24 years old) (%)	Primary school enrolment rate (net) (%)	Children reaching 5th grade (%)	Secondary school enrolment rate (net) (%)	Tertiary education enrolment rate (gross) (%)
Worse relative situation	Average	59	69	69	25	4
	Number of countries	19	30	29	23	29
Better relative situation	Average	99	97	98	89	60
	Number of countries	13	33	25	34	32
Total	Average	88	87	84	66	29
	Number of countries	96	149	119	140	140

Current situation in education by region (number of countries)



Current situation and evolution in education (number of countries)

	←	←	=	→	→	Total
Countries in worse situation	0	1	7	12	8	28
Countries below average	0	1	6	12	9	28
Countries above average	0	2	17	30	5	54
Countries in better situation	0	1	1	28	3	33
Total	0	5	31	82	25	143

1 UNESCO (2007). "Highlights of the EFA Report 2007". Available from: <www.unesco.org/education/GMR/2007/highlights.pdf>.

2 UNESCO (2007). *EFA Global Monitoring Report 2007. Strong foundations - Early childhood care and education.* Available from: <unesdoc.unesco.org/images/0014/001477/147785E.pdf>.

INFORMATION, SCIENCE AND TECHNOLOGY

Overlapping inequalities

References

CURRENT SITUATION (latest available data)
- Better situation
- Above average
- Below average
- Worse situation
- Insufficient data

EVOLUTION (since 1990 or closest available year)
- ⟶ Significant progress
- → Slight progress
- II Stagnant
- ← Slight regression
- ⟵ Significant regression

Complete table at: **www.socialwatch.org/statistics2007**

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	INTERNET USERS (per 1,000 people)	PERSONAL COMPUTERS (per 1,000 people)	TELEPHONE MAINLINES (per 1,000 people)	SCIENTISTS AND ENGINEERS IN RESEARCH AND DEVELOPMENT (per million people)	INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE (% of GDP)	RESEARCH AND DEVELOPMENT EXPENDITURE (% of GDP)
—	Afghanistan (—)	1 →		3 II			
→	Albania (95)	60 →	12 →	88 →			
→	Algeria (95)	58 →	11 →	78 →		2.4 II	
—	American Samoa (—)			182			
→	Angola (—)	11 →	2 →	6 II			
—	Antigua and Barbuda (—)	350 ⟶		467 ⟶			
→	Argentina (94)	177 →	83 →	227 ⟶	720 →	7.1 →	0.4 II
→	Armenia (96)	53 →	66 →	192 →			0.3 II
→	Australia (99)	698 ⟶	683 ⟶	564 ⟶	3759 →	6.2 II	1.7 II
→	Austria (99+)	486 ⟶	607 ⟶	450 →	2968 ⟶	5.5 II	2.3 II
→	Azerbaijan (91)	81 →	23	130 →			0.3 II
—	Bahamas (—)	319 ⟶		439 ⟶			
⟶	Bahrain (99)	213 ⟶	169 ⟶	270 →			
→	Bangladesh (57)	3 →	12 →	8 →		2.4 II	0.6 II
⟶	Barbados (99)	594 ⟶	148 →	500 ⟶			
⟶	Belarus (97)	347 ⟶		336 ⟶			0.6 II
→	Belgium (99+)	458 ⟶	348 ⟶	461 →	3065 →	5.8 II	1.9 II
⟶	Belize (91)	130 →	132 ⟶	114 →			
→	Benin (73)	50 →	4 →	9 →			
⟶	Bermuda (—)	664 ⟶	543 ⟶	895 ⟶			
→	Bhutan (69)	39 →	20 →	51 →			
→	Bolivia (80)	52 →	23 →	70 →	120 →	5.5 →	0.3 II
—	Bosnia and Herzegovina (—)	206 ⟶		248 ⟶			
→	Botswana (91)	34 →	45 →	75 →			
→	Brazil (89)	195 →	105 →	230 ⟶	344	7.8 →	1 II
⟶	Brunei Darussalam (97)	277 ⟶	85 →	224 →	274		0
II	Bulgaria (97)	206 ⟶	59 →	321 →	1263 ⟵	3.8 II	0.5 II
→	Burkina Faso (71)	5 →	2 II	7 →			
→	Burundi (56)	5 →	5 →	4 II			
→	Cambodia (59)	3 →	3 →	3 II			
→	Cameroon (70)	15 →	10 →	6 II		5 →	
→	Canada (99)	520 ⟶	700 ⟶	566 →	3597 ⟶	5.9 II	1.9 II
⟶	Cape Verde (92)	49 →	97 ⟶	141 ⟶	127 →		
→	Central African Republic (—)	3 →	3 →	2 II			
II	Chad (43)	4 →	2 II	1 II			
→	Chile (99)	172 →	141 →	211 ⟶	444 →	6.1 II	0.6 II
→	China (93)	85 →	41 →	269 ⟶	708 →	5.3 →	1.4 →
→	Colombia (89)	104 →	42 →	168 ⟶	109 →	8.5 II	0.2 II
→	Comoros (72)	33 →	9 →	28 →			
II	Congo, Rep. (80)	13 →	4 →	4 ←	30 ←		
⟶	Costa Rica (96)	254 ⟶	219 ⟶	321 ⟶		7.7 →	0.4 II
→	Cote d'Ivoire (77)	11 →	15 →	14 →			
⟶	Croatia (97)	327 ⟶	190 ⟶	425 ⟶	1296 →		1.1 II
→	Cuba (99)	17 →	34 →	75 →			0.6 II

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	INTERNET USERS (per 1,000 people)	PERSONAL COMPUTERS (per 1,000 people)	TELEPHONE MAINLINES (per 1,000 people)	SCIENTISTS AND ENGINEERS IN RESEARCH AND DEVELOPMENT (per million people)	INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE (% of GDP)	RESEARCH AND DEVELOPMENT EXPENDITURE (% of GDP)
→	Cyprus (99+)	430 →	337 →	554 →	630 →		0.4 II
→	Czech Republic (99)	270 →	240 →	314 →	1594 →	7.1 II	1.3 II
→	Denmark (99+)	527 →	656 →	619 →	5016 →	6 II	2.6 →
→	Djibouti (78)	13 →	24 →	14 →			
→	Dominica (94)	361 →	182 →	293 →			
—	Dominican Republic (85)	169 →		101 →			
II	Ecuador (81)	47 →	39 →	129 →	50 ←	3.2 II	0.1 II
→	Egypt (90)	68 →	38 →	140 →		1.5 II	0.2 II
→	El Salvador (80)	93 →	51 →	141 →	47 →		
→	Equatorial Guinea (59)	14 →	14 →	20 →			
→	Eritrea (67)	16 →	8 →	9 →			
→	Estonia (99)	513 →	483 →	328 →	2523 →		0.9 II
→	Ethiopia (50)	2 →	3 →	9 →			
—	Faeroe Islands (—)	646 →		419			
→	Fiji (99)	77 →	52 →	122 →			
→	Finland (99+)	534 →	481 →	404 ←	7832 →	6.9 ←	3.5 →
→	France (99+)	430 →	575 →	586 →	3213 →	6.3 II	2.2 II
→	French Polynesia (—)	214 →	109 →	208 →			
→	Gabon (82)	48 →	33 →	28 →			
→	Gambia (70)	33 →	16 →	29 →			
→	Georgia (95)	39 →	43 →	151 →			0.3 II
→	Germany (99+)	455 →	545 →	667 →	3261 →	6.1 II	2.5 II
→	Ghana (66)	18 →	5 →	15 →			
→	Greece (99+)	180 →	89 →	568 →	1413 →	4.1 II	0.6 II
—	Greenland (—)	668 →		448 →			
→	Grenada (92)	182 →	151 →	309 →			
—	Guam (—)	383 →		506 →			
→	Guatemala (72)	79 →	19 →	99 →			
→	Guinea (68)	5 →	5 →	3 II			
—	Guinea-Bissau (—)	20 →		7 II			
→	Guyana (81)	213 →	39 →	147 →			
—	Haiti (—)	70 →		17 →			
→	Honduras (76)	36 →	16 →	69 →		4.6 II	0 II
→	Hong Kong (—)	508 →	601 →	546 →	1564 →	8.9 →	0.6 II
→	Hungary (97)	297 →	146 →	333 →	1472 →	5.8 ←	0.9 II
→	Iceland (99+)	869 →	479 →	653 →	6807 →		3 →
→	India (71)	55 →	16 →	45 →	119 * ←	5.8 →	0.8 II
→	Indonesia (85)	73 →	14 →	58 →	207	3.4 →	0.1
→	Iran (91)	103 →	109 →	278 →	1279 →	2.5 →	
—	Iraq (79)	1 →	8	37 II			
→	Ireland (99+)	276 →	494 →	489 →	2674 →	4.4 ←	1.2 II
→	Israel (99+)	470 →	740 →	424 →		8.3 II	4.5 →
→	Italy (99)	478 →	367 →	427 →	1213 ←	4.3 II	1.1 II
→	Jamaica (95)	404 →	63 →	129 →		10.6 II	0.1
→	Japan (99+)	668 →	542 →	460 →	5287 →	7.5 ←	3.1 II
→	Jordan (99)	118 →	56 →	119 →	1927 *	8.4 II	
II	Kazakhstan (95)	27 →		167 →	629 ←		0.2 II
→	Kenya (68)	32 →	9 →	8 II		2.8 II	
→	Kiribati (88)	20 →	10 →	47 →			
—	Korea, DR (—)			44 →			
→	Korea, Rep. (99)	684 →	545 →	492 →	3187 →	6.9 II	2.6 II
→	Kuwait (99)	276 →	237 →	201 →		1.4 II	0.2 II
→	Kyrgyzstan (96)	54 →	19 →	85 →			0.2 II
→	Lao, PDR (58)	4 →	17 →	13 →			
→	Latvia (99)	448 →	217 →	318 →	1434 →		0.4 II

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	INTERNET USERS (per 1,000 people)	PERSONAL COMPUTERS (per 1,000 people)	TELEPHONE MAINLINES (per 1,000 people)	SCIENTISTS AND ENGINEERS IN RESEARCH AND DEVELOPMENT (per million people)	INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE (% of GDP)	RESEARCH AND DEVELOPMENT EXPENDITURE (% of GDP)
→	Lebanon (96)	196 →	115 →	277 →			
—	Lesotho (69)	24 →		27 →			0
—	Liberia (—)	0 ‖		2 ‖			
—	Libya (—)	36 →	24	133 →	361		
—	Liechtenstein (—)	633 →		574 ←			
→	Lithuania (97)	358 →	155 →	235 →	2136 →		0.8 ‖
→	Luxembourg (97)	690 →	635 →	535 →	4301 →		1.8 ‖
→	Macao (—)	369 →	295 →	379 →	41		
→	Macedonia, FYR (97)	79 →	222 →	262 →	504 ←		0.3 ‖
‖	Madagascar (63)	5 →	5 →	4 ‖	15 ‖		0.1 ‖
→	Malawi (63)	4 →	2 ‖	8 →			
→	Malaysia (98)	435 →	197 →	172 →	299 →	7 ‖	0.7 ‖
→	Maldives (86)	59 →	112 →	98 →			
→	Mali (66)	4 →	3 →	6 →			
→	Malta (99+)	315 →	165 →	501 →	681 ←		0.3
→	Marshall Islands (94)	35 →	82 →	76 →			
→	Mauritania (75)	7 →	14 →	13 →			
→	Mauritius (99)	146 →	162 →	289 →			0.4 ‖
→	Mexico (94)	181 →	136 →	189 →	268 →	3.3 ‖	0.4 ‖
—	Micronesia (—)	127 →		113 →			
→	Moldova (96)	96 →	27 →	221 →			
—	Monaco (—)				41		
→	Mongolia (96)	105 →	133 →	61 →			0.3 ‖
→	Morroco (78)	153 →	25 →	44 →		6.3 →	0.6 ‖
→	Mozambique (61)	7 →	6 →	4 ‖			0.6
→	Myanmar (73)	2 →	8 →	9 →	17 ‖		0.1 ‖
→	Namibia (86)	37 →	110 →	64 →			
→	Nepal (55)	4 →	4 →	17 →	59		0.7
→	Netherlands (99+)	739 →	682 →	466 ‖	2482 →	6.3 ‖	1.8 ‖
—	Netherlands Antilles (—)	11 * →		461 →			
—	New Caledonia (—)	324 →		236 →			
→	New Zealand (99+)	672 →	474 →	422 ←	3945 →	9.8 ←	1.2 ‖
→	Nicaragua (74)	27 →	43 →	43 →			0 ‖
‖	Niger (55)	2 →	1 ‖	2 ‖			
→	Nigeria (63)	38 →	7 →	9 →		3.5 ‖	
→	Norway (99+)	735 →	573 →	460 ←	4587 →	5.1 ←	1.7 ‖
→	Oman (97)	111 →	47 →	103 →			
→	Pakistan (60)	67 →	4 →	34 →		6.9 ‖	0.2 ‖
‖	Panama (91)	64 →	46 →	136 →	97 ←	8.4 ←	0.3 ‖
→	Papua New Guinea (73)	23 →	64 →	11 →			
→	Paraguay (85)	34 →	78 →	54 →	79		0.1
→	Peru (86)	165 →	100 →	80 →		6.6 ‖	0.1 ‖
→	Philippines (77)	54 →	45 →	41 →	48 ←	7 →	0.1
→	Poland (99+)	262 →	193 →	309 →	1581 →	4.2 ‖	0.6 ‖
→	Portugal (99+)	279 →	134 →	401 →	1949 →	4.4 ‖	0.8 ‖
—	Puerto Rico (—)	221 →		285 →			
→	Qatar (97)	269 →	171 →	253 →			
→	Romania (96)	208 →	113 →	203 →	976 ←	3.6 ‖	0.4 ‖
‖	Russian Federation (97)	152 →	122 →	280 →	3319 ←	3.6 ‖	1.2 ‖
—	Rwanda (51)	6 →		3 ‖			
→	Samoa (97)	32 →	7 →	73 →			
—	San Marino (—)	536	857	741			
—	Sao Tomé and Principe (78)	131 →		46 →			
→	Saudi Arabia (95)	70 →	376 →	164 →		2.3 ‖	
→	Senegal (72)	46 →	21 →	23 →		8.3 →	

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	INTERNET USERS (per 1,000 people)		PERSONAL COMPUTERS (per 1,000 people)		TELEPHONE MAINLINES (per 1,000 people)		SCIENTISTS AND ENGINEERS IN RESEARCH AND DEVELOPMENT (per million people)		INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE (% of GDP)		RESEARCH AND DEVELOPMENT EXPENDITURE (% of GDP)	
→	Seychelles (—)	249	→	189	→	253	→	19				0.1	
—	Sierra Leone (—)	2	→			5	‖						
→	Singapore (—)	571	→	621	→	425	→	4999	→	9.4	‖	2.3	→
→	Slovakia (—)	464	→	358	→	222	→	1984	→	5.6	‖	0.5	‖
→	Slovenia (99)	545	→	404	→	408	→	2543	→	3.1	→	1.6	‖
→	Solomon Islands (—)	8	→	46	→	16	‖						
→	Somalia (—)	11	→	6	→	12	→						
→	South Africa (87)	109	→	85	→	101	→	307	←	9.9	→	0.8	
→	Spain (99+)	348	→	277	→	422	→	2195	→	3.7	‖	1.1	‖
→	Sri Lanka (—)	14	→	27	→	63	→	128	←	5.5	→	0.1	‖
→	St. Kitts and Nevis (99)	214	→	234	→	532	→						
→	St. Lucia (96)	339	→	160	→	321	→					0.4	
→	St. Vincent and Grenadines (95)	84	→	135	→	189	→					0.2	
→	Sudan (81)	77	→	90	→	18	→					0.3	‖
—	Suriname (85)	71	→	46		180	→						
→	Swaziland (77)	32	→	32	→	31	→						
→	Sweden (99+)	764	→	763	→	717	→	5416	→	7.4	‖	3.7	‖
→	Switzerland (99+)	498	→	865	→	689	→	3601	→	7.5	‖	2.6	‖
→	Syrian Arab Republic (87)	58	→	42	→	152	→						
—	Tajikistan (86)	1	‖			39	←						
→	Tanzania (70)	9	→	7	→	4	‖						
→	Thailand (—)	110	→	58	→	110	→	287	→	4.1	→	0.3	‖
→	Togo (70)	49	→	30	→	10	→						
→	Tonga (94)	29	→	49	→	111	→						
→	Trinidad and Tobago (98)	123	→	79	→	248	→					0.1	‖
→	Tunisia (95)	95	→	57	→	125	→	1013	→	5.8	→	0.6	‖
→	Turkey (92)	222	→	52	→	263	→	341	→	7.9	‖	0.7	‖
—	Turkmenistan (—)	8	→			80	→						
→	Uganda (63)	17	→	9	→	3	‖					0.8	‖
→	Ukraine (97)	97	→	38	→	256	→			8	‖	1.2	‖
→	United Arab Emirates (98)	308	→	197	→	273	→			3.6	‖		
→	United Kingdom (99)	474	→	600	→	528	→	2706 *	→	7.3	←	1.9	‖
→	United States of America (99)	630	→	762	→	606	→	4605	→	8.8	←	2.7	‖
→	Uruguay (95)	193	→	125	→	290	→	366	→	7.9	→	0.3	‖
—	Uzbekistan (—)	34	→			67	‖						
→	Vanuatu (85)	38	→	15	→	33	→						
→	Venezuela (94)	125	→	82	→	136	→			3.9	‖	0.3	‖
→	Viet Nam (90)	129	→	13	→	191	→	115	←	15.1	→	0.2	
→	Yemen (64)	9	→	15	→	39	→						
→	Zambia (75)	20	→	10	→	8	‖	51 *	‖				

Notes: (*) Data refers to years or periods other than those specified in the indicator definition.

Figure 0 means a value under 0.5.

Source: World Development Indicators 2006, World Bank (www.worldbank.org).

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Internet users (per 1,000 people): People with access to the internet, per 1,000 people.
Last available data: 2001-2004; evolution since 1990.

Personal computers (per 1,000 people): Personal computers are self-contained computers designed to be used by a single individual, per 1,000 people.
Last available data: 2001-2005; evolution since 1990.

Telephone mainlines (per 1,000 people): Telephone lines connecting a customer's equipment to the public switched telephone network. Data are presented per 1,000 people for the entire country.
Last available data: 2001-2005; evolution since 1990.

Scientists and engineers in research and development (per million people): People trained to work in any field of science who are engaged in professional R&D (research and development) activity, per million people. Most such jobs require completion of tertiary education.
Last available data: 2004; evolution since 1996.

Information and communication technology expenditure (% of GDP): Includes external spending on information technology ('tangible' spending on information technology products purchased by businesses, households, governments, and education institutions from vendors or organizations outside the purchasing entity), internal spending on information technology ('intangible' spending on internally customized software, capital depreciation, and the like), and spending on telecommunications and other office equipment. Expressed as percentage of gross domestic product (GDP).
Last available data: 2005; evolution since 2000.

Research and development expenditure (% of GDP): Expenditures for research and development are current and capital expenditures (both public and private) on creative work undertaken systematically to increase knowledge, including knowledge of humanity, culture, and society, and the use of knowledge for new applications. R&D covers basic research, applied research, and experimental development.
Last available data: 2000-2005; evolution since 1996.

Overlapping inequalities

The expression 'to close the digital gap' sums up various objectives related to inequalities in access to information, science and technology in the world. The accelerated revolution resulting from new technologies and the growing importance of data management have brought the term 'information society' into our lives.

But this process has generated new inequities which are intertwined with the old. In order to understand inequality and implement policies to reduce it in the modern world, it is essential to have a grasp of how much access countries have to information and how far they participate in scientific and technical progress.

It is possible to take an optimistic view of how things have developed in recent years, and point out, for example, that between 2000 and 2007 internet connectivity in Africa increased by more than 600%. But it is impossible to ignore the gaps between different regions of the world: 7 out of 10 people in North America have access to the internet but in Africa the rate is only 1 in 30.[1]

As was pointed out in *Global Information Society Watch 2007*, "increase in access to ICTs (Information and communication technologies) will not, by itself, reduce poverty or secure freedoms on a sustainable basis. But there is a real danger that lack of access to ICTs, and to the spaces where decisions are made about information and communications infrastructure, content and services, can deepen existing social exclusion and create new forms of exclusion."[2] Therefore it is essential for countries and communities to be able to access and autonomously utilize the new productive and cultural systems that scientific and technical progress have made available.

In 2005, the international community adopted the Tunis Commitment, which reaffirmed its will "to build a people-centred, inclusive and development-oriented Information Society, premised on the purposes and principles of the Charter of the United Nations, international law and multilateralism, and respecting fully and upholding the Universal Declaration of Human Rights, so that people everywhere can create, access, utilize and share information and knowledge, to achieve their full potential."[3] It is important to note that, as this declaration suggests, these processes are closely linked to human rights and to the problems of poverty and gender inequity.

A comparison of the countries in the better situation with those in the worse situation sheds light on the vast gaps that exist, especially in access to personal computers, telephone mainlines and the internet. There are almost 20 times more personal computers per capita in the group of countries in a better relative situation, and the gaps in telephone mainlines and opportunities for internet access are similarly enormous.

The indicators of public expenditure on education are more worrying still, and the same applies to investment in research and development. The inequities in these areas are so vast that they compromise the possibility of closing these gaps in the future since investment is a necessary condition for improvement in scientific and technological development and the possibility to join the information society. Investment in research and development is nearly eight times greater in the countries in the better situation than in those in the worse situation (2.3% and 0.3% of GDP, respectively).

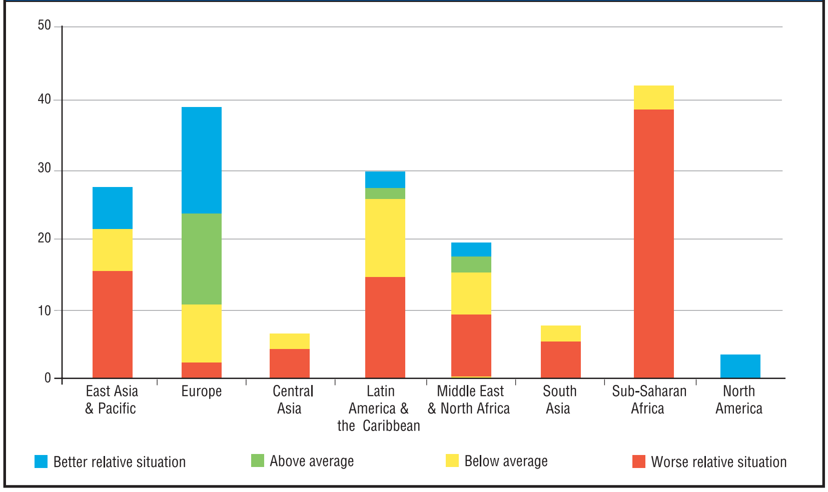
An analysis of the current situation by region shows the gap very clearly indeed. Nearly all the countries in South Asia and Sub-Saharan Africa are in the worse situation. In Europe a good proportion of the countries are in the better relative situation but there are still some quite marked contrasts.

An analysis of recent evolution in this field shows that almost all countries have made progress. This is good news, but it does not necessarily mean that the science and technology gap between the two ends of the spectrum has narrowed, since the relative distance between the two groups may not have changed even though all countries have moved forward. In nine countries evolution in this area is stagnant, which amounts to a slow approach to the global information society. This has happened in Europe (Bulgaria) and also in Africa (Chad, Madagascar, Niger, the Republic of the Congo), in Central Asia (Kazakhstan and the Russian Federation) and in Latin America (Ecuador and Panama). ■

Averages by indicator of countries in better and worse relative situations in information, science and technology

		Internet users (per 1,000 people)	Personal computers (per 1,000 people)	Telephone mainlines (per 1,000 people)	Scientists and engineers in R& D (per million people)	Information and communication technology expenditure (% of GDP)	R & D expenditure (% of GDP)
Worse relative situation	Average	40	30	57	141	6	0.3
	Number of countries	88	86	88	21	23	34
Better relative situation	Average	573	577	545	3,952	7	2.3
	Number of countries	27	27	27	22	19	23
Total	Average	191	162	205	1,719	6	1.0
	Number of countries	170	167	170	76	74	96

Current situation in information, science and technology by region (number of countries)



Current situation and evolution in information, science and technology (number of countries)

	⟵	←	=	→	⟶	Total
Countries in worse situation	0	0	7	72	5	84
Countries below average	0	0	2	22	14	38
Countries above average	0	0	0	9	8	17
Countries in better situation	0	0	0	13	13	26
Total	0	0	9	116	40	165

1 <www.internetworldstats.com>.

2 Esterhuysen, A. and Bissio, R. (2007). "Preface" in *Global Information Society Watch 2007. Focus on Participation*. Montevideo: APC / ITeM. Available from: <www.globaliswatch.org/en/preface2007>.

3 World Summit on the Information Society (2005). "Tunis Commitment". Document WSIS-05/TUNIS/DOC/7-E, 18 November 2005. Available from: <www.itu.int/wsis/docs2/tunis/off/7.html>.

PUBLIC EXPENDITURE

A tool to reduce inequity

References

CURRENT SITUATION (latest available data)
- Better situation
- Above average
- Below average
- Worse situation
- Insufficient data

EVOLUTION (since 1990 or closest available year)
- ⟶ Significant progress
- → Slight progress
- ıı Stagnant
- ← Slight regression
- ⟵ Significant regression

Complete table at: **www.socialwatch.org/statistics2007**

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	PUBLIC HEALTH EXPENDITURE (% of GDP)		PUBLIC EDUCATION EXPENDITURE (% of GDP)		TOTAL DEBT SERVICE (% of GNI)		MILITARY EXPENDITURE (% of GDP)	
—	Afghanistan (—)	0.7	→						
→	Albania (95)	3.0	→	2.9		1.0	ıı	1.4	→
→	Algeria (95)	2.6	ıı			6.1	⟶	2.8	ıı
—	Andorra (—)			2.6					
ıı	Angola (—)	1.5	ıı	2.6		7.8	←	5.0	→
→	Antigua and Barbuda (—)	3.4	ıı	3.8	→				
→	Argentina (94)	4.3	←	3.5	ıı	6.0	ıı	1.0	ıı
→	Armenia (96)	1.4	ıı	3.2	ıı	2.8	←	2.7	ıı
—	Aruba (—)			5.1	ıı				
ıı	Australia (99)	6.5	→	4.8	ıı			1.8	ıı
ıı	Austria (99+)	7.8	ıı	5.5	ıı			0.7	ıı
←	Azerbaijan (91)	0.9	ıı	2.5	⟵	2.2	←	2.1	ıı
ıı	Bahamas (—)	3.4	ıı	3.6	ıı			0.7	ıı
ıı	Bahrain (99)	2.7	ıı					4.3	ıı
ıı	Bangladesh (57)	0.9	ıı	2.5	ıı	1.3	ıı	1.1	ıı
ıı	Barbados (99)	4.5	ıı	6.9	ıı	3.3	→	0.9	ıı
→	Belarus (97)	4.6	ıı	6.0	ıı	2.3	←	1.2	ıı
ıı	Belgium (99+)	6.9	→	6.2	ıı			1.2	ıı
←	Belize (91)	2.7	ıı	5.4	ıı	23.0	⟵	1.4 *	ıı
ıı	Benin (73)	2.5	ıı	3.5	→	1.6	ıı		
—	Bermuda (—)			1.9	←				
→	Bhutan (69)	3.0	←	5.6	ıı	0.8	ıı		
→	Bolivia (80)	4.1	→	6.4	⟶	5.9	→	1.9	ıı
ıı	Bosnia and Herzegovina (—)	4.1	←			2.6	ıı	1.8	⟶
⟶	Botswana (91)	4.0	⟶	10.7	⟶	0.5	→	2.5	→
ıı	Brazil (89)	4.8	⟶	4.1	←	8.1	←	1.6	ıı
ıı	Brunei Darussalam (97)	2.6	ıı	4.4	→			6.6	ıı
→	Bulgaria (97)	4.6	→	4.2	ıı	21.5	⟵	2.4	ıı
→	Burkina Faso (71)	3.3	⟶	4.7	→	0.9	ıı	1.5	ıı
→	Burundi (56)	0.8	ıı	5.1	→	5.0	ıı	0.0	→
→	Cambodia (59)	1.7	→	1.9	ıı	0.5	→	1.8	ıı
→	Cameroon (70)	1.5	ıı	1.8	←	4.9	ıı	1.3	ıı
ıı	Canada (99)	6.8	→	5.2	←			1.1	ıı
ıı	Cape Verde (92)	3.9	→	6.6	→	3.5	←	0.7	ıı
ıı	Central African Republic (—)	1.5	ıı	1.9	ıı	0.4	→	1.1	ıı
→	Chad (43)	1.5	⟵	2.1	ıı	1.4	ıı	0.9	→
ıı	Chile (99)	2.9	ıı	3.7	ıı	7.3	→	3.8	ıı
ıı	China (93)	1.8	ıı	1.9	ıı	1.2	ıı	2.0	ıı
ıı	Colombia (89)	6.7	→	4.8	→	8.7	ıı	3.7	←
ıı	Comoros (72)	1.6	ıı	3.9	ıı	1.0	ıı		
ıı	Congo, Rep. (80)	1.2	ıı	2.2	⟵	3.0	⟶	1.4	
→	Costa Rica (96)	5.1	ıı	4.9	→	3.1	→		
→	Cote d'Ivoire (77)	0.9	ıı	4.6	⟶	3.0	⟶	1.6	ıı

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	PUBLIC HEALTH EXPENDITURE (% of GDP)		PUBLIC EDUCATION EXPENDITURE (% of GDP)		TOTAL DEBT SERVICE (% of GNI)		MILITARY EXPENDITURE (% of GDP)	
←	Croatia (97)	6.1	←	4.7	II	13.2	←	1.6	→
II	Cuba (99)	5.5	II	9.8	II				
→	Cyprus (99+)	2.6	II	7.4	→			1.5	→
→	Czech Republic (99)	6.5	→	4.5	→	5.0	II	1.8	II
II	Denmark (99+)	7.1	II	8.4	→			1.4	II
→	Djibouti (78)	4.4	II	7.9	→	2.3	II	4.3	→
←	Dominica (94)	4.2	II	5.0	←	6.6	←		
II	Dominican Republic (85)	1.9	II	1.8	II	3.2	II	0.6	II
II	Ecuador (81)	2.2	→			12.0	II	2.4	II
→	Egypt (90)	2.2	II			2.8	→	2.8	→
II	El Salvador (80)	3.5	II	2.8	II	4.0	II	0.6	→
←	Equatorial Guinea (59)	1.2	II	0.6	←	1.0	→	2.1 *	←
→	Eritrea (67)	1.8	←	5.4	→	2.1	←	19.3	→
←	Estonia (99)	4.0	II	5.7	←	12.8	←	1.6	II
→	Ethiopia (50)	2.7	II	5.0	→	0.8	II	3.1	→
→	Fiji (99)	2.9	II	6.4	II	0.6	→	1.2	II
II	Finland (99+)	5.7	→	6.5	II			1.2	II
→	France (99+)	8.2	→	5.9	II			2.5	II
→	Gabon (82)	3.1	II	3.9	→	1.5	→	1.4	→
II	Gambia (70)	1.8	II	2.0	←	6.5	→	0.3	II
→	Georgia (95)	1.5	II	2.9	→	2.9	←	3.1	←
II	Germany (99+)	8.2	II	4.7	II			1.4	II
→	Ghana (66)	2.8	II	5.4	→	2.7	→	0.7	II
II	Greece (99+)	4.2	II	4.0	→			4.5	II
II	Grenada (92)	5.0	→	5.2	II	7.5	←		
II	Guatemala (72)	2.3	II			1.5	→	0.4	II
II	Guinea (68)	0.7	II	2.0	II	5.0	II	2.9	II
←	Guinea-Bissau (—)	1.3	II	5.2		11.3	←	3.1	←
→	Guyana (81)	4.4	II	8.5	→	4.4	→	0.8 *	II
II	Haiti (—)	2.9	→			1.4	II	0.1 *	II
→	Honduras (76)	4.0	II			4.8	→	0.6	II
—	Hong Kong (—)			4.2	→				
→	Hungary (97)	5.7	→	5.9	II	22.9	←	1.3	II
→	Iceland (99+)	8.3	→	8.1	→			0.0	II
II	India (71)	0.9	II	3.7	II	3.0	II	2.9	II
II	Indonesia (85)	1.0	II	0.9	II	6.5	→	0.9	II
II	Iran (91)	3.2	→	4.7	II	1.3	II	4.5	←
—	Iraq (79)	4.2	→						
→	Ireland (99+)	5.7	→	4.5	II			0.6	II
II	Israel (99+)	6.1	II	7.3	II			7.9	→
→	Italy (99)	6.5	→	4.9	→			1.8	II
II	Jamaica (95)	2.8	←	4.5	II	10.8	→	0.7	II
←	Japan (99+)	6.3	II	3.7	←			1.0	II
II	Jordan (99)	4.7	II	4.9	←	4.7	→	7.7	→
←	Kazakhstan (95)	2.3	II	2.3	←	25.5	←	1.1	II
→	Kenya (68)	1.8	II	6.7	II	1.3	→	1.5	II
	Kiribati (88)	12.7	→	16.5	→				
—	Korea, DPR (—)	3.0	II						
II	Korea, Rep. (99)	2.9	→	4.6	II			2.6	II
→	Kuwait (99)	2.2	II	5.1	II			5.7	→
←	Kyrgyzstan (96)	2.3	II	4.4	←	5.4	←	2.8	←
→	Lao, PDR (58)	0.8	II	2.3	→	6.6	←	2.1	→
II	Latvia (99)	4.0	→	5.3	→	19.8	←	1.7	II
→	Lebanon (96)	3.2	II	2.6	II	16.5	←	3.8	→
→	Lesotho (69)	5.5	→	13.4	→	3.1	II	2.4	→

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	PUBLIC HEALTH EXPENDITURE (% of GDP)		PUBLIC EDUCATION EXPENDITURE (% of GDP)		TOTAL DEBT SERVICE (% of GNI)		MILITARY EXPENDITURE (% of GDP)	
→	Liberia (—)	3.6	→			0.2	ıı	7.5	ıı
→	Libya (—)	2.8	→	2.7				1.9	→
←	Lithuania (97)	4.9	ıı	5.2	ıı	10.3	←	1.8	ıı
→	Luxembourg (97)	7.2	→	3.6	ıı			0.9	ıı
—	Macao (—)			2.3	ıı				
←	Macedonia, FYR (97)	5.7	ıı	3.4	←	4.2	←	2.2	ıı
→	Madagascar (63)	1.8	→	3.2	ıı	1.6	→	1.4	ıı
→	Malawi (63)	9.6	→	5.8	→	4.7	→	0.7	ıı
→	Malaysia (98)	2.2	→	8.0	→	7.6	→	1.9	ıı
→	Maldives (86)	6.3	→	7.1	ıı	4.6	ıı		
→	Mali (66)	3.2	→	4.3	→	1.7	ıı	1.9	ıı
→	Malta (99+)	7.0	→	4.5	ıı			0.7	ıı
←	Marshall Islands (94)	14.7	→	11.8	←				
→	Mauritania (75)	2.0	ıı	2.3	←	3.5	→	1.0	→
ıı	Mauritius (99)	2.4	ıı	4.5	ıı	4.5	→	0.2	ıı
→	Mexico (94)	3.0	→	5.8	→	5.8	ıı	0.4	ıı
→	Micronesia (—)	6.5	→	7.3	ıı				
ıı	Moldova (96)	4.2	→	4.3	ıı	7.6	←	0.3	ıı
—	Monaco (—)	7.5	→	4.4					
←	Mongolia (96)	4.0	←	5.3	←	2.5	→	1.7	→
→	Morocco (78)	1.7	ıı	6.7	→	5.3	→	4.3	ıı
ıı	Mozambique (61)	2.7	←	3.7	→	1.5	→	1.4	→
→	Myanmar (73)	0.3	ıı	1.3	→			1.3	→
ıı	Namibia (86)	4.7	ıı	6.9	ıı			3.1	→
ıı	Nepal (55)	1.5	ıı	3.4	→	1.6	ıı	2.0	ıı
ıı	Netherlands (99+)	5.7	→	5.3	ıı			1.6	ıı
ıı	New Zealand (99+)	6.5	→	6.8	ıı			1.0	ıı
ıı	Nicaragua (74)	3.9	ıı	3.1	ıı	3.6	←	0.7	→
ıı	Niger (55)	2.2	ıı	2.3	ıı	1.1	→	1.1	ıı
ıı	Nigeria (63)	1.4	ıı			10.2	→	0.9	ıı
ıı	Norway (99+)	8.1	→	7.7	ıı			1.6	ıı
ıı	Oman (97)	2.4	ıı	3.6	ıı	4.3	ıı	12.2	→
→	Pakistan (60)	0.4	ıı	2.3	ıı	2.3	→	3.4	→
→	Palau (—)	8.8	ıı	10.3	→				
←	Panama (91)	5.2	ıı	3.8	ıı	14.5	←	1.0 *	ıı
→	Papua New Guinea (73)	3.0	ıı			9.6	→	0.5	→
ıı	Paraguay (85)	2.6	←	4.3	→	6.7	ıı	0.8	ıı
←	Peru (86)	1.9	←	2.4	ıı	7.5	←	1.2	ıı
ıı	Philippines (77)	1.4	ıı	3.2	ıı	9.2	ıı	0.8	ıı
→	Poland (99+)	4.3	→	5.6	ıı	11.6	←	1.8	ıı
→	Portugal (99+)	7.0	→	5.9	→			2.1	ıı
←	Qatar (97)	1.8	ıı	1.6	←				
ıı	Romania (96)	3.4	ıı	3.6	ıı	7.1	←	2.1	→
ıı	Russian Federation (97)	3.7	ıı	3.7	ıı	5.6	←	3.7	→
→	Rwanda (51)	4.3	→	3.8	→	1.1	ıı	2.2	→
←	Samoa (97)	4.1	←	4.5	←	5.9	←		
—	San Marino (—)	5.8	←						
ıı	Sao Tomé and Principe (78)	9.9	→			14.4	←		
→	Saudi Arabia (95)	2.5	←	6.8	ıı			8.2	→
→	Senegal (72)	2.4	→	5.4	→	2.4	→	1.5	ıı
ıı	Seychelles (—)	4.6	→	5.4	ıı	8.4	←	1.8	→
ıı	Sierra Leone (—)	1.9	ıı	3.8	←	2.1	→	1.1	ıı
ıı	Singapore (—)	1.3	ıı	3.7	ıı			4.7	ıı
←	Slovakia (—)	5.3	ıı	4.4	ıı	13.2	←	1.8	ıı

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	PUBLIC HEALTH EXPENDITURE (% of GDP)		PUBLIC EDUCATION EXPENDITURE (% of GDP)		TOTAL DEBT SERVICE (% of GNI)		MILITARY EXPENDITURE (% of GDP)	
II	Slovenia (99)	6.6	II	6.0	→			1.7	II
II	Solomon Islands (—)	5.6	→	3.3	II	4.7	II		
—	Somalia (—)	1.2	II						
II	South Africa (87)	3.5	II	5.4	II	2.0	II	1.4	→
II	Spain (99+)	5.7	→	4.3	II			1.0	II
II	Sri Lanka (—)	2.0	II	3.1	II	1.9	→	2.7	II
II	St. Kitts and Nevis (99)	3.3	II	9.3	→	12.2	←		
←	St. Lucia (96)	3.3	II	5.8	←	4.2	←		
II	St. Vincent and Grenadines (95)	3.9	II	8.2	→	6.0	←		
II	Sudan (81)	1.5	→			1.5	II	2.3	II
—	Suriname (85)	3.6	II						
→	Swaziland (77)	4.0	→	6.2	II	1.5	→	1.7	II
II	Sweden (99+)	7.7	→	7.5	II			1.6	II
II	Switzerland (99+)	6.7	→	6.1	II			1.0	II
→	Syrian Arab Republic (87)	2.2	II			0.8	→	6.2	II
←	Tajikistan (86)	1.0	II	3.5	←	3.5	←	2.2	←
II	Tanzania (70)	1.7	II	2.2	II	1.1	→	1.1	II
→	Thailand (—)	2.3	II	4.2	II	11.3	←	1.1	II
—	Timor-Leste (—)	8.8	→						
II	Togo (70)	1.1	II	2.6	←	0.8	→	1.5	→
→	Tonga (94)	5.0	II	4.8	←	1.5	II		
→	Trinidad and Tobago (98)	1.4	II	4.2	II	2.8	→	0.5 *	II
→	Tunisia (95)	2.8	II	8.1	→	7.6	→	1.5	II
→	Turkey (92)	5.2	→	4.0	→	11.6	←	3.2	←
←	Turkmenistan (—)	3.3	II			4.1	←	2.9 *	←
→	Uganda (63)	2.5	→	5.2	→	2.0	II	2.5	II
←	Ukraine (97)	3.7	→	6.4	II	7.2	←	2.4	←
II	United Arab Emirates (98)	2.0	←	1.3	II			1.9	→
II	United Kingdom (99)	7.0	→	5.5	II			2.6	II
II	United States of America (99)	6.9	→	5.9	II			4.1	II
II	Uruguay (95)	3.6	II	2.2	II	13.7	←	1.4	→
II	Uzbekistan (—)	2.4	II			5.7	←	0.5	→
→	Vanuatu (85)	3.1	II	9.6	→	0.7	II		
II	Venezuela (94)	2.0	←			4.0	→	1.1	II
→	Viet Nam (90)	1.5	II			1.9	II	2.6 *	→
II	Yemen (64)	1.9	II	9.6	←	1.6	→	5.6	→
→	Zambia (75)	3.4	→	2.0	II	3.5	→	0.6	II
←	Zimbabwe (76)	3.5	II	4.6	←	7.0	II	3.4	II

Note: (*) Data refers to years or periods other than those specified in the indicator definition.

Source: World Development Indicators 2007 website (www.worldbank.org).

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Public health expenditure (% of GDP): Recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and non-governmental organizations), and social (or compulsory) health insurance funds, as percentage of gross domestic product (GDP).
Last available data: 2001-2005; evolution since 2000.

Public education expenditure (% of GDP): Public spending on public education plus subsidies to private education at primary, secondary, and tertiary levels, as percentage of gross domestic product (based on World Bank and OECD GDP estimates).
Last available data: 2001-2005; evolution since 1991.

Total debt service (% of GNI): Sum of principal repayments and interest actually paid in foreign currency, goods, or services on long-term debt, interest paid on short-term debt, and repayments (repurchases and charges) to the IMF, as percentage of gross national income (GNI).
Last available data: 2001-2005; evolution since 1990.

Military expenditure (% of GDP): (Based on the NATO definition) Includes all current and capital expenditures on the armed forces, including peacekeeping forces; defence ministries and other government agencies engaged in defence projects; paramilitary forces, if these are judged to be trained and equipped for military operations; and military space activities. Expressed as percentage of Gross Domestic Product. Such expenditures include military and civil personnel, including retirement pensions of military personnel and social services for personnel; operation and maintenance; procurement; military research and development; and military aid (in the military expenditures of the donor country). Excluded are civil defence and current expenditures for previous military activities, such as for veterans' benefits, demobilization, conversion, and destruction of weapons.
Last available data: 2000-2005; evolution since 1990.

PUBLIC EXPENDITURE

A tool to reduce inequity

The real priorities of governments can be seen not just from their declarations and expressions of intent but also, and perhaps more clearly, from an analysis of the resources they allocate in the national budget to different sectors of state activity. Countries have to honour many commitments made in a wide range of international contexts such as the Millennium Summit and previous summit meetings on social matters. Commitments made internationally to take action to improve health and education services should be backed up with significant allocations of resources in national budgets.

In fact, by signing the International Covenant on Economic, Social and Cultural Rights, countries have committed themselves to taking a range of measures including allocating the greatest possible amount of resources to guaranteeing their citizens the free exercise of all their rights. The progressive allocation of resources to social development areas like education and health works towards achieving the commitments governments have made. However, the amount of resources that governments allocate to social programmes is limited by national budget allocations to service the external debt and by maintaining defence spending at a high level.

This is why public expenditure is a crucial aspect when it comes to analyzing social development. Decisions about where resources are to be allocated have repercussions throughout society, but their effect is felt more in the poorest sectors because these people depend directly on public services and tend to suffer more when there are budget cuts. Public expenditure is a tool that can increase or reduce inequity, and its redistributive consequences can make a powerful impact.

In recent years, the monitoring of commitments and goals that countries have assumed has begun to be accompanied by different proposals for analyzing the budget, which have come mainly from civil society organizations. In each different national context it is very interesting to compare the level of budget allocations for social development with other expenditure, and also to analyze how this has evolved in function of goals that have been set to enable the population to fully exercise their rights.

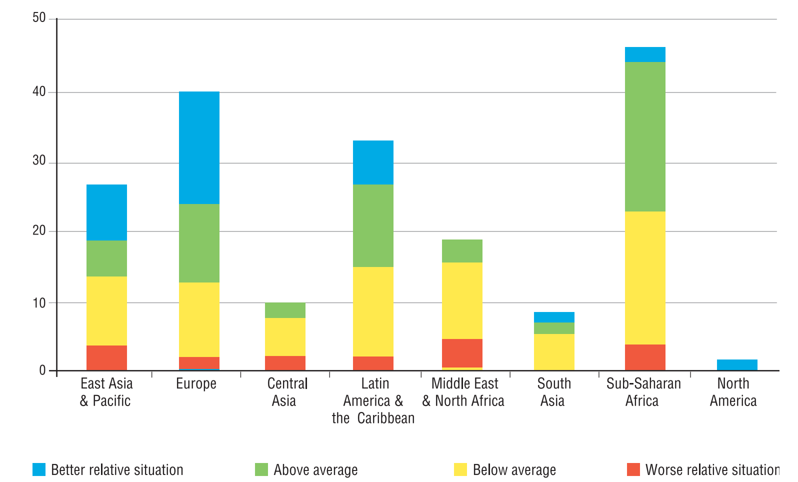
The biggest differences between the countries in the worse and better situations emerge in expenditure on health. On average, the countries in the worse situation allocate only 1.8% of GDP to this area, whereas the average for the countries in the better situation is 6.7%.

One area of expenditure that seriously compromises investment in development is debt servicing. The countries in the worse situation allocate an average of 8.3% of their budget to this, which is nearly three times higher than the average allocation in the countries in the better situation. In fact, the countries in the worse situation spend five times more on debt servicing than on health services.

Averages by indicator of countries in better and worse relative situations in public expenditure

		Public health expenditure (% of GDP)	Public education expenditure (% of GDP)	Total debt service (% of GNI)	Military expenditure (% of GDP)
Worse relative situation	Average	1.8	3.0	8.3	3.6
	Number of countries	13	13	8	12
Better relative situation	Average	6.7	7.1	2.9	1.1
	Number of countries	33	29	11	25
Total	Average	3.8	4.9	5.4	2.2
	Cantidad de países	178	160	132	155

Current situation in public expenditure by region (number of countries)



Current situation and evolution in public expenditure (number of countries)

	←	←	=	→	→	Total
Countries in worse situation	1	1	6	5	0	13
Countries below average	0	16	35	25	0	76
Countries above average	0	4	23	27	1	55
Countries in better situation	0	2	16	13	1	32
Total	1	23	80	70	2	176

A geographical analysis of this dimension shows that the countries that allocate the least resources to social development are not concentrated in any one particular region, as is the case with other social indicators. Nevertheless, it can be seen that in Europe a high proportion of the countries are in the better relative position, whereas not one country from the Middle East, North Africa or Central Asia is in this group. The situation in South Asia is unfavourable as most of the countries in that region are below the world average, but there is one exception, the Maldives, whose budget allocations place it in the better relative situation group.

Given that the distribution of public expenditure has effects that are felt over time, the recent evolution of these indicators shows a scenario that is very worrying. The structure of expenditure has evolved in a positive way in fewer than half of the world's countries (only 72 out of 176). Only two countries, Botswana and Malawi, have made significant progress, and 24 have regressed. The country that has regressed the most is Guinea-Bissau, which is in the worse relative situation. ■

Distorted and insufficient figures

TRENDS IN OFFICIAL DEVELOPMENT ASSISTANCE (% OF GNI) A

Net Official Development Assistance from DAC Countries and Multilateral Organizations to Developing Countries

	1989-90 AVERAGE B	1994-95 AVERAGE	2001	2002	2003	2004	2005	2006 PRELIMINARY
Australia	0.36	0.34	0.25	0.26	0.25	0.25	0.25	0.30
Austria	0.16	0.22	0.34	0.26	0.20	0.23	0.52	0.48
Belgium	0.46	0.35	0.37	0.43	0.60	0.41	0.53	0.50
Canada	0.44	0.40	0.22	0.28	0.24	0.27	0.34	0.30
Denmark	0.94	0.99	1.03	0.96	0.84	0.85	0.81	0.80
Finland	0.64	0.31	0.32	0.35	0.35	0.37	0.46	0.39
France	0.60	0.58	0.31	0.37	0.40	0.41	0.47	0.47
Germany	0.42	0.32	0.27	0.27	0.28	0.28	0.36	0.36
Greece			0.17	0.21	0.21	0.16	0.17	0.16
Ireland	0.16	0.27	0.33	0.40	0.39	0.39	0.42	0.53
Italy	0.36	0.21	0.15	0.20	0.17	0.15	0.29	0.20
Japan	0.31	0.28	0.23	0.23	0.20	0.19	0.28	0.25
Luxembourg	0.20	0.38	0.76	0.77	0.81	0.83	0.82	0.89
Netherlands	0.93	0.79	0.82	0.81	0.80	0.73	0.82	0.81
New Zealand	0.22	0.23	0.25	0.22	0.23	0.23	0.27	0.27
Norway	1.11	0.94	0.80	0.89	0.92	0.87	0.94	0.89
Portugal	0.24	0.29	0.25	0.27	0.22	0.63	0.21	0.21
Spain	0.17	0.26	0.30	0.26	0.23	0.24	0.27	0.32
Sweden	0.93	0.86	0.77	0.84	0.79	0.78	0.94	1.03
Switzerland	0.31	0.35	0.34	0.32	0.39	0.41	0.44	0.39
United Kingdom	0.29	0.30	0.32	0.31	0.34	0.36	0.47	0.52
United States	0.18	0.12	0.11	0.13	0.15	0.17	0.22	0.17
TOTAL DAC	0.32	0.28	0.22	0.23	0.25	0.26	0.33	0.3

Notes: A: Net disbursements at current prices and exchange rates.
B: Including debt forgiveness of non-ODA claims in 1990, except for total DAC.

Sources: OECD, Website Database May 2007 (www.oecd.org).

Official development assistance (% of GNI): Grants or loans to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a Grant Element (q.v.) of at least 25 per cent]. In addition to financial flows, Technical Co-operation (q.v.) is included in aid. Grants, loans and credits for military purposes are excluded. Transfer payments to private individuals (e.g. pensions, reparations or insurance payouts) are in general not counted. Expressed as percentage of gross national income (GNI).

In the 1970s the rich countries of the world made a commitment to allocating 0.7% of their gross domestic product (GDP) to official development assistance (ODA); this objective was subsequently changed to 0.7% of gross national income (GNI). At the ninth Social Development Summit in Copenhagen in 1995, this commitment was ratified. But in practice, most countries have not reached this goal: only Denmark, Luxembourg, Norway, the Netherlands and Sweden allocate at least 0.7% of GNI to ODA. The total combined amounts contributed by countries on the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) do not come to even half of the target that was set. In 2006, the total percentage amounted to only 0.25% of the GNI of these countries. The gap between promises and real effective assistance is USD 100 billion per year.

To make matters worse, in recent years these countries have started counting amounts allocated to debt relief programmes as development assistance, which distorts the concept and artificially inflates the putative totals. It is true that debt relief benefits countries, but forgiving these debts (which in any case are usually seen by the creditors as high risk debts that will not be repaid) cannot be compared to effective flows of capital. Contributions in the form of debt relief are not additional funds that can be used to extend development programmes. Therefore the figures for real assistance that is actually given are lower than what these countries claim. Furthermore, according to the OECD, assistance will be reduced in 2007 because debt forgiveness programmes that are computed as assistance will contribute less.

Official development assistance promises are a long way from being kept, and in any case, assistance is not a magic solution for the problems of development. As critics of the system have pointed out, the millions donated "...are not sufficient to rectify the enormous imbalances in the world economic order, in which the raw materials that the developing countries export have lost more than 50% of their commercial value in the last 15 years (and) for every dollar given as assistance, the banks retain another three in foreign debt interest payments from the Third World, so the poor countries end up paying even more to the rich countries than they receive." [1]

1 <www.canalsolidario.org>

ENVIRONMENT

The ongoing struggle for water and sanitation

References

CURRENT SITUATION (latest available data)

- Better situation
- Above average
- Below average
- Worse situation
- Insufficient data

EVOLUTION (since 1990 or closest available year)

- ⇒ Significant progress
- → Slight progress
- II Stagnant
- ← Slight regression
- ⇐ Significant regression

Complete table at: **www.socialwatch.org/statistics2007**

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	POPULATION WITH ACCESS TO SANITATION (%)		POPULATION WITH ACCESS TO IMPROVED WATER SOURCES (%)	
⇒	Afghanistan (—)	34	⇒	39	⇒
II	Albania (95)	91	II	96	II
←	Algeria (95)	92	→	85	⇐
II	Andorra (—)	100	II	100	II
→	Angola (—)	31	II	53	⇒
II	Anguilla (—)	99	II	60	II
II	Antigua and Barbuda (—)	95	II	91	II
→	Argentina (94)	91	→	96	II
II	Armenia (96)	83	II	92	II
II	Aruba (—)			100	II
II	Australia (99)	100	II	100	II
II	Austria (99+)	100	II	100	II
→	Azerbaijan (91)	54	II	77	→
II	Bahamas (—)	100	II	97	II
→	Bangladesh (57)	39	⇒	74	II
II	Barbados (99)	100	II	100	II
II	Belarus (97)	84	II	100	II
II	Belize (91)	47	II	91	II
⇒	Benin (73)	33	⇒	67	→
II	Bhutan (69)	70	II	62	II
⇒	Bolivia (80)	46	⇒	85	⇒
II	Bosnia and Herzegovina (—)	95	II	97	II
→	Botswana (91)	42	→	95	II
→	Brazil (89)	75	→	90	→
II	Bulgaria (97)	99	II	99	II
⇒	Burkina Faso (71)	13	→	61	⇒
←	Burundi (56)	36	⇐	79	→
⇒	Cambodia (59)	17	→	41	⇒
⇒	Cameroon (70)	51	→	66	⇒
II	Canada (99)	100	II	100	II
→	Cape Verde (92)	43	→	80	II
⇒	Central African Republic (—)	27	→	75	⇒
→	Chad (43)	9	II	42	⇒
→	Chile (99)	91	→	95	→
⇒	China (93)	44	⇒	77	→
→	Colombia (89)	86	→	93	II
←	Comoros (72)	33	II	86	←
→	Congo, Rep. (80)	27	II	58	→
→	Cook Islands (—)	100	→	94	II
II	Costa Rica (96)	92	II	97	II
⇒	Cote d'Ivoire (77)	37	⇒	84	⇒
II	Croatia (97)	100	II	100	II
II	Cuba (99)	98	II	91	II
II	Cyprus (99+)	100	II	100	II
II	Czech Republic (99)	98	II	100	II
⇒	Congo, DR (—)	30	⇒	46	→
II	Denmark (99+)			100	II
→	Djibouti (78)	82	→	73	II

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	POPULATION WITH ACCESS TO SANITATION (%)		POPULATION WITH ACCESS TO IMPROVED WATER SOURCES (%)	
II	Dominica (94)	84	II	97	II
⇒	Dominican Republic (85)	78	⇒	95	→
⇒	Ecuador (81)	89	⇒	94	⇒
⇒	Egypt (90)	70	⇒	98	→
⇒	El Salvador (80)	62	→	84	⇒
II	Equatorial Guinea (59)	53	II	43	II
→	Eritrea (67)	9	II	60	⇒
II	Estonia (99)	97	II	100	II
→	Ethiopia (50)	13	→	22	II
→	Fiji (99)	72	→	47	II
II	Finland (99+)	100	II	100	II
II	France (99+)			100	II
II	French Guiana (—)	78	II	84	II
II	French Polynesia (—)	98	II	100	II
→	Gabon (82)	36	II	88	→
II	Gambia (70)	53	II	82	II
←	Georgia (95)	94	←	82	II
II	Germany (99+)	100	II	100	II
⇒	Ghana (66)	18	→	75	⇒
II	Grenada (92)	96	II	95	II
II	Guadeloupe (—)	64	II	98	II
II	Guam (—)	99	II	100	II
⇒	Guatemala (72)	86	⇒	95	⇒
→	Guinea (68)	18	→	50	→
→	Guinea-Bissau (—)	35	→	59	→
II	Guyana (81)	70	II	83	II
→	Haiti (—)	30	→	54	→
⇒	Honduras (76)	69	⇒	87	→
II	Hungary (97)	95	II	99	II
II	Iceland (99+)	100	II	100	II
⇒	India (71)	33	⇒	86	⇒
→	Indonesia (85)	55	→	77	→
II	Iran (91)	83 *	II	94	II
II	Iraq (79)	79	II	81	II
II	Israel (99+)			100	II
→	Jamaica (95)	80	→	93	II
II	Japan (99+)	100	II	100	II
II	Jordan (99)	93	II	97	II
II	Kazakhstan (95)	72	II	86	II
⇒	Kenya (68)	43	→	61	⇒
⇒	Kiribati (88)	40	⇒	65	⇒
II	Kyrgyzstan (96)	59	II	77	II
→	Lao, PDR (58)	30	→	51	→
II	Latvia (99)	78		99	II
II	Lebanon (96)	98	II	100	II
II	Lesotho (69)	37	II	79	II
←	Liberia (—)	27	⇐	61	→
II	Libya (—)	97	II	71 *	II

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	POPULATION WITH ACCESS TO SANITATION (%)		POPULATION WITH ACCESS TO IMPROVED WATER SOURCES (%)	
II	Luxembourg (97)			100	II
→	Madagascar (63)	32	→	46	→
→	Malawi (63)	61	→	73	→
II	Malaysia (98)	94		99	II
←	Maldives (86)	59	→	83	←
→	Mali (66)	46	→	50	→
II	Malta (99+)			100	II
←	Marshall Islands (94)	82	→	87	←
→	Mauritania (75)	34	→	53	→
II	Mauritius (99)	94		100	II
→	Mexico (94)	79	→	97	→
→	Micronesia (—)	28	II	94	→
II	Moldova (96)	68	II	92	II
II	Monaco (—)	100	II	100	II
II	Mongolia (96)	59	II	62	II
II	Montserrat (—)	100	II	100	II
→	Morocco (78)	73	→	81	→
→	Mozambique (61)	32	→	43	→
→	Myanmar (73)	77	→	78	→
→	Namibia (86)	25	II	87	→
→	Nepal (55)	35	→	90	→
II	Netherlands (99+)	100	II	100	II
→	Nicaragua (74)	47	II	79	→
→	Niger (55)	13	→	46	→
→	Nigeria (63)	44	→	48	II
II	Niue (—)	100	II	100	II
→	Northern Mariana Islands (—)	95	→	99	II
II	Norway (99+)			100	II
→	Oman (97)	88 *	→	82 *	II
→	Pakistan (60)	59	→	91	→
→	Palau (—)	80	→	85	→
II	Panama (91)	73	II	90	II
II	Papua New Guinea (73)	44	II	39	II
→	Paraguay (85)	80	→	86	→
→	Peru (86)	63	→	83	→
→	Philippines (77)	72	→	85	II
II	Qatar (97)	100	II	100	II
II	Romania (96)			57	II
→	Russian Federation (97)	87	II	97	→
→	Rwanda (51)	42	→	74	→
←	Samoa (97)	100	II	88	←
II	Sao Tomé and Principe (78)	25	II	79	II
II	Saudi Arabia (95)			92 *	II
→	Senegal (72)	57	→	76	→
II	Serbia and Montenegro (—) [1]	87	II	93	II
II	Seychelles (—)			88	II
II	Sierra Leone (—)	39	II	57	II
II	Singapore (—)	100	II	100	II
II	Slovakia (—)	99	II	100	II
II	Solomon Islands (—)	31	II	70	II
II	Somalia (—)	26	II	29	II
II	South Africa (87)	65	←	88	→
II	Spain (99+)	100	II	100	II
→	Sri Lanka (—)	91	→	79	→
II	St. Kitts and Nevis (99)	95	II	100	II
II	St. Lucia (96)	89	II	98	II
→	Sudan (81)	34	II	70	→
→	Suriname (85)	94	→	92	II
II	Swaziland (77)	48	II	62	II
II	Sweden (99+)	100	II	100	II
II	Switzerland (99+)	100	II	100	II
→	Syrian Arab Republic (87)	90	→	93	→
←	Tajikistan (86)	51	II	59	←
→	Tanzania (70)	47	II	62	II
→	Thailand (—)	99	→	99	→
II	Timor-Leste (—)	36	II	58	II
II	Togo (70)	35	II	52	II
→	Tokelau (—)	78	←	88	→
II	Tonga (94)	96	II	100	II
II	Trinidad and Tobago (98)	100	II	91	II
→	Tunisia (95)	85	→	93	→
→	Turkey (92)	88	→	96	→
II	Turkmenistan (—)	62	II	72	II
←	Turks and Caicos Islands (—)	96	II	100	←
→	Tuvalu (89)	90	→	100	→
→	Uganda (63)	43	→	60	II
II	Ukraine (97)	96	II	96	II
II	United Arab Emirates (98)	98	II	100	II
II	United Kingdom (99)		II	100	
II	United States of America (99)	100	II	100	II
II	Uruguay (95)	100	II	100	II
II	Uzbekistan (—)	67	←	82	→
II	Vanuatu (85)	50	II	60	II
II	Venezuela (94)	68	II	83	II
→	Viet Nam (90)	61	→	85	→
II	Virgin Islands (UK) (—)	100		100	
II	Wallis and Futuna (—)	80	II	100	II
	West Bank and Gaza (96)	73		92	
II	Yemen (64)	43	←	67	→
→	Zambia (75)	55	→	58	→
→	Zimbabwe (76)	53	→	81	→

Notes: (*) Data refers to years or periods other than those specified in indicator definition.
(1) Prior to separation.

Source: Joint Monitoring Programme for Water Supply & Sanitation, UNICEF and WHO (www.wssinfo.org).

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Population with access to sanitation (%): Percentage of the population with at least adequate excreta disposal facilities (private or shared, but not public) that can effectively prevent human, animal, and insect contact with excreta. Improved facilities range from simple but protected pit latrines to flush toilets with a sewerage connection. To be effective, facilities must be correctly constructed and properly maintained.
Last available data: 2004; evolution since 1990.

Population with access to improved water sources (%): Percentage of the population who use any of the following types of water supply for drinking: piped water, public tap, borehole or pump, protected well, protected spring or rainwater. Improved water sources do not include vendor-provided waters, bottled water, tanker trucks or unprotected wells and springs.
Last available data: 2004; evolution since 1990.

The ongoing struggle for water and sanitation

Lack of access to improved water sources and household sanitation facilities are basic deficiencies in the quality of people's lives, and prevent citizens from exercising their right to a decent life.

There are a billion people in the world who do not have access to a safe source of drinking water and are thus obliged to use water that is potentially harmful, making them vulnerable to many illnesses. Without a doubt, the most serious aspect of this problem is that 4,500 children in the world die every day from illnesses connected to water quality. Perhaps the paradigm case is child mortality caused by diarrhoea.

But illnesses are not the only consequence of lack of access to improved water sources: a wide range of other threats to social development are also involved. Some of these have been listed by UNICEF: "Children – and particularly girls – are denied their right to education because they are busy fetching water or are deterred by the lack of separate and decent sanitation facilities in schools. Women are forced to spend large parts of their day fetching water. Poor farmers and wage earners are less productive due to illness, and national economies suffer."[1]

There are approximately 2.6 billion people in the world today who do not have access to adequate sanitation, and more than half of them live in China and India. Sanitation problems arise in the context of poverty and the growth of cities. Many millions of people live in precarious settlements where they do not have the minimum conditions for a decent life. It is shocking to think that more than 40% of the human race is living without even the minimum sanitation facilities required by society today.

On average, the countries in the better relative situation have achieved nearly universal access to improved water sources (more than 98%) and sanitation (more than 95%) for their populations. In the countries in the worse relative situation, however, an average of 44% of the population does not have access to improved water sources, and when it comes to sanitation, the situation is even more alarming: two out of three people do not have access to basic sanitation facilities.

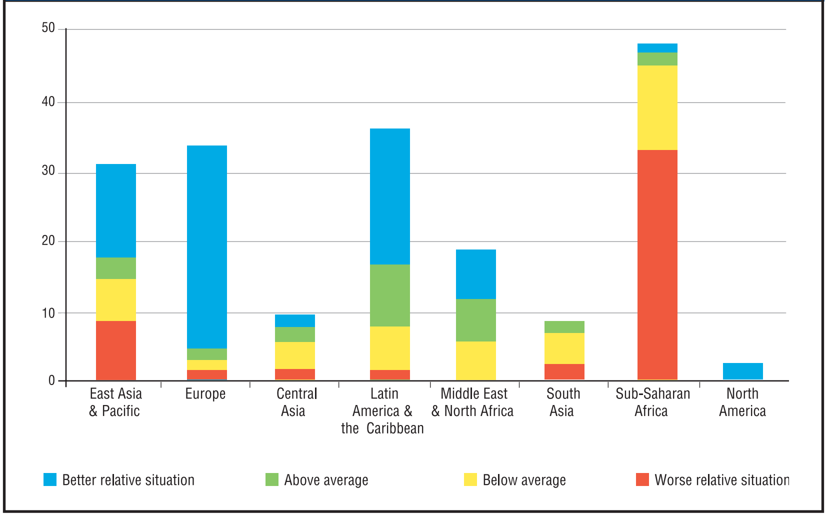
In almost every region in the world there are some countries that are in some way deficient as regards water and sanitation, but the differences between regions are striking. There is not one country from South Asia in the better relative situation group, and most of the countries of Sub-Saharan Africa are in the worse relative situation group.

Although most of the European countries are in the better relative situation group, Romania is among the countries in the worse relative situation worldwide.

Averages by environmental indicator of countries in better and worse relative situations

		Population with access to improved water sources (%)	Population with access to sanitation (%)
Worse relative situation	Average	56	33
	Number of countries	45	44
Better relative situation	Average	98	95
	Number of countries	75	67
Total	Average	83	69
	Number of countries	187	176

Current situation in water and sanitation by region (number of countries)



Current situation and evolution in environmental indicators (number of countries)

	←	←	=	→	→	Total
Countries in worse situation	0	3	13	17	12	45
Countries below average	0	2	12	12	14	40
Countries above average	0	2	12	7	6	27
Countries in better situation	0	3	59	8	5	75
Total	0	10	96	44	37	187

In recent years no countries have regressed significantly in this area, but it is very noticeable that in most countries progress has stagnated. It is true that many of these countries have already achieved acceptable levels, but there are also many below the world average, such as the Comoros and Maldives, where the situation has worsened, and also countries in the worse relative situation, such as Burundi, Liberia and Tajikistan, that have regressed on these indicators. ■

1 UNICEF. "Water, environment and sanitation". Available from: <www.unicef.org/wes/index.html>.

HEALTH

A scenario of vulnerability

References

CURRENT SITUATION (latest available data)
- Better situation
- Above average
- Below average
- Worse situation
- Insufficient data

EVOLUTION (since 1990 or closest available year)
- ⟶ Significant progress
- → Slight progress
- II Stagnant
- ← Slight regression
- ⟵ Significant regression

Complete table at: **www.socialwatch.org/statistics2007**

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	MALARIA (cases per 1,000 people)		TUBERCULOSIS (cases per 1,000 people)		PEOPLE LIVING WITH HIV/AIDS (15-49 years old)		INFANT MORTALITY (per 1,000 live births)		UNDER-5 MORTALITY (per 1,000 live births)	
→	Afghanistan (—)	24.7	II	661	⟶			165	II	257	II
⟶	Albania (95)			31	→			16	⟶	18	⟶
→	Algeria (95)	<0.1	II	54	←	0.1	II	34	⟶	39	⟶
—	Andorra (—)			17	→			3		3	
II	Angola (—)	106.9	⟵	310	⟶	3.7	II	154	II	260	II
—	Antigua and Barbuda (—)			10	→			11		12	
→	Argentina (94)	<0.1	II	53	→	0.6	II	15	→	18	→
→	Armenia (96)	<0.1	II	98	←	0.1	II	26	⟶	29	⟶
II	Australia (99)			6	II	0.1	II	5	II	6	→
→	Austria (99+)			11	→	0.3	II	4	→	5	→
II	Azerbaijan (91)	0.1	II	90	←	0.1		74	→	89	→
→	Bahamas (—)			50	→	3.3	II	13	→	15	→
→	Bahrain (99)			50	→			9	→	11	→
⟶	Bangladesh (57)	0.4	II	435	⟶	<0.1		54	⟶	73	⟶
→	Barbados (99)			12	→	1.5	II	11	→	12	→
II	Belarus (97)			68	←	0.3		10	→	12	→
→	Belgium (99+)			10	→	0.3	II	4	→	5	→
⟶	Belize (91)	3.7	→	59	→	2.5	II	15	⟶	17	⟶
→	Benin (73)	122	⟵	142	→	1.8	II	89	⟶	150	⟶
⟶	Bhutan (69)	1.7	→	184	⟶	<0.1		65	⟶	75	⟶
⟶	Bolivia (80)	2.3	II	290	⟶	0.1	II	52	⟶	65	⟶
⟶	Bosnia and Herzegovina (—)			53	⟶	<0.1		13	→	15	→
←	Botswana (91)	12.6	←	553	⟵	24.1	⟶	87	⟵	120	⟵
→	Brazil (89)	2.1	II	77	→	0.5	II	31	⟶	33	⟶
II	Brunei Darussalam (97)			63	→	<0.1	II	8	II	9	II
II	Bulgaria (97)			36	→	<0.1		12	II	15	II
→	Burkina Faso (71)	114.9	←	365	←	2	→	96	⟶	191	→
II	Burundi (56)	274	⟵	564	⟵	3.3	⟶	114	II	190	II
→	Cambodia (59)	5	→	709	⟶	1.6	→	98	←	143	←
II	Cameroon (70)	46	→	227	←	5.4	→	87	II	149	←
II	Canada (99)			4	→	0.3	II	5	II	6	II
⟶	Cape Verde (92)	0.3	II	314	⟶			26	⟶	35	⟶
—	Cayman Islands (—)			6	→						
II	Central African Republic (—)	24.7	→	549	⟵	10.7	→	115	←	193	←
←	Chad (43)	47.7	←	566	⟵	3.5	→	124	←	208	←
→	Chile (99)			16	→	0.3	II	8	→	10	→
→	China (93)	<0.1	II	221	⟶	0.1	II	23	→	27	→
→	Colombia (89)	3.7	II	75	→	0.6	II	17	→	21	→
⟶	Comoros (72)	5.1	→	95	⟶	<0.1		53	⟶	71	⟶
←	Congo, DR (—)	83.1	⟵	551	⟵	3.2	→	129	II	205	II
II	Congo, Rep. (80)	5.3	→	464	⟵	5.3	II	81	II	108	II
→	Cook Islands (—)			51	→			17	→	20	→
→	Costa Rica (96)	0.2	II	15	→	0.3	II	11	→	12	→
←	Cote d'Ivoire (77)	24.9	→	651	⟵	7.1	II	118	←	195	⟵
→	Croatia (97)			65	→	<0.1		6	→	7	→
→	Cuba (99)			12	→	0.1	II	6	→	7	→

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	MALARIA (cases per 1,000 people)		TUBERCULOSIS (cases per 1,000 people)		PEOPLE LIVING WITH HIV/AIDS (15-49 years old)		INFANT MORTALITY (per 1,000 live births)		UNDER-5 MORTALITY (per 1,000 live births)	
→	Cyprus (99+)			4	→			4	→	5	→
→	Czech Republic (99)			11	→	0.1	II	3	→	4	→
→	Denmark (99+)			6	→	0.2	II	4	→	5	→
→	Djibouti (78)	7.2	II	1137	→	3.1	II	88	→	133	→
II	Dominica (94)			23	→			13	II	15	II
→	Dominican Republic (85)	0.1	II	118	→	1.1	II	26	→	31	→
→	Ecuador (81)	4	→	196	→	0.3	II	22	→	25	→
→	Egypt (90)	0	II	35	→	<0.1	II	28	→	33	→
→	El Salvador (80)	<0.1	II	74	→	0.9	II	23	→	27	→
←	Equatorial Guinea (59)			322	←	3.2		123	←	205	←
→	Eritrea (67)	17.4	→	437	→	2.4	II	50	→	78	→
→	Estonia (99)			49	→	1.3	II	6	→	7	→
II	Ethiopia (50)	8	←	533	←			109	→	164	→
→	Fiji (99)			41	→	0.1	II	16	II	18	→
II	Finland (99+)			7	→	0.1	II	3	II	4	II
→	France (99+)			10	→	0.4	II	4	II	5	→
—	French Polynesia (—)			56	→						
II	Gabon (82)	66.8	←	339	→	7.9	←	60	II	91	II
→	Gambia (70)	100.5	→	329	→	2.4	←	97	→	137	→
II	Georgia (95)	0.1	II	89	←	0.2	II	41	II	45	II
→	Germany (99+)			6	→	0.1	II	4	II	5	→
→	Ghana (66)	169.8	←	376	→	2.3	→	68	→	112	→
→	Greece (99+)			17	→	0.2	II	4	→	5	→
→	Grenada (92)			8	II			17	→	21	→
—	Guam (—)			91	→						
→	Guatemala (72)	2.5	II	107	→	0.9	II	32	→	43	→
→	Guinea (68)	109.5	←	410	←	1.5	→	98	→	150	→
→	Guinea-Bissau (—)	134.6	←	306	→	3.8		124	→	200	→
→	Guyana (81)	36.1	←	185	←	2.4	II	47	→	63	→
→	Haiti (—)	1.2	II	387	→	3.8	→	84	→	120	→
→	Honduras (76)	1.5	→	97	→	1.5	II	31	→	40	→
→	Hungary (97)			30	→	0.1		7	→	8	→
→	Iceland (99+)			2	→	0.2	II	2	→	3	→
→	India (71)	1.7	II	312	→	0.9	II	56	→	74	→
→	Indonesia (85)	1	II	275	→	0.1	II	28	→	36	→
→	Iran (91)	0.2	II	35	→	0.2	II	31	→	36	→
←	Iraq (79)	<0.1	II	200	→			102	←	125	←
→	Ireland (99+)			9	→	0.2	II	5	II	6	→
→	Israel (99+)			7	→			5	→	6	→
→	Italy (99)			6	→	0.5	II	4	→	4	→
II	Jamaica (95)			9	→	1.5	II	17	II	20	II
II	Japan (99+)			39	→	<0.1	II	3	II	4	II
→	Jordan (99)			5	→			22	→	26	→
←	Kazakhstan (95)			160	←	0.1	II	63	←	73	←
II	Kenya (68)	3.9	→	888	←	6.1	→	79	←	120	←
→	Kiribati (88)			59	→			48	→	65	→
—	Korea, DR (—)	0.7		178	→						
→	Korea, Rep. (99)	<0.1	II	125	→	<0.1	II	5	II	5	→
→	Kuwait (99)			30	→			9	→	11	→
II	Kyrgyzstan (96)	0.1	II	137	←	0.1	II	58	→	67	→
→	Lao, PDR (58)	3.3	II	318	→	0.1	II	62	→	79	→
II	Latvia (99)			71	←	0.8	II	9	→	11	→
→	Lebanon (96)			12	→	0.1	II	27	→	30	→
←	Lesotho (69)			544	←	23.2	→	102	←	132	←
←	Liberia (—)	301.5	←	447	←			157	II	235	II
→	Libya (—)			20	→			18	→	19	→
—	Liechtenstein (—)							3	→	4	→

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	MALARIA (cases per 1,000 people)		TUBERCULOSIS (cases per 1,000 people)		PEOPLE LIVING WITH HIV/AIDS (15-49 years old)		INFANT MORTALITY (per 1,000 live births)		UNDER-5 MORTALITY (per 1,000 live births)	
ıı	Lithuania (97)			67	ıı	0.2	ıı	7	ıı	9	→
→	Luxembourg (97)			9	→	0.2	ıı	4	ıı	5	→
→	Macedonia, FYR (97)			34	→	<0.1	ıı	15	⟶	17	→
→	Madagascar (63)	121.5	⟵	351	→	0.5	ıı	74	⟶	119	⟶
→	Malawi (63)	240.4	⟶	501	←	14.1	ıı	79	⟶	125	⟶
→	Malaysia (98)	0.2	ıı	133	→	0.5	ıı	10	→	12	→
⟶	Maldives (86)			57	⟶			33	⟶	42	⟶
→	Mali (66)	62.2	←	578	⟶	1.7	ıı	120	⟶	218	⟶
→	Malta (99+)			5	→	0.1	ıı	5	→	6	→
⟶	Marshall Islands (94)			59	⟶			51	→	58	⟶
→	Mauritania (75)	59.6	←	502	⟶	0.7	ıı	78	→	125	→
→	Mauritius (99)	<0.1	ıı	135	→	0.6		13	→	15	→
→	Mexico (94)	<0.1	ıı	43	→	0.3	ıı	22	→	27	→
⟶	Micronesia (—)			59	⟶			34	→	42	→
ıı	Moldova (96)			214	←	1.1		14	→	16	→
ıı	Monaco (—)			2	ıı			4	ıı	5	→
⟶	Mongolia (96)			209	⟶	<0.1	ıı	39	⟶	49	⟶
⟶	Morocco (78)	<0.1	ıı	105	→	0.1		36	⟶	40	⟶
ıı	Mozambique (61)	269.7	⟵	635	⟵	16.1	⟵	100	⟶	145	⟶
⟶	Myanmar (73)	14.5	→	180	⟶	1.3	ıı	75	→	105	⟶
→	Namibia (86)	223.4	→	586	ıı	19.6	→	46	→	62	⟶
—	Nauru (—)			35	→			25		30	
⟶	Nepal (55)	0.4	ıı	257	⟶	0.5	ıı	56	⟶	74	⟶
→	Netherlands (99+)			6	→	0.2	ıı	4	ıı	5	→
—	New Caledonia (—)			117	⟶						
ıı	New Zealand (99+)			11	ıı	0.1	ıı	5	ıı	6	→
⟶	Nicaragua (74)	1.2	→	80	⟶	0.2	ıı	30	⟶	37	⟶
⟶	Niger (55)	59.1	⟶	288	→	1.1	ıı	150	⟶	256	⟶
→	Nigeria (63)	21	←	531	⟵	3.9	→	100	⟶	194	⟶
—	Niue (—)			57	→						
—	Northern Mariana Islands (—)			68	⟶						
→	Norway (99+)			4	→	0.1	ıı	3	→	4	→
→	Oman (97)	<0.1	→	12	→			10	→	12	→
⟶	Pakistan (60)	0.8	ıı	329	⟶	0.1	ıı	79	⟶	99	⟶
→	Palau (—)			91	→			10	→	11	→
→	Panama (91)	2.9	←	45	→	0.9	ıı	19	→	24	→
→	Papua New Guinea (73)	12.3	→	448	⟶	1.8	←	55	→	74	→
→	Paraguay (85)	0.2	ıı	107	→	0.4	ıı	20	→	23	→
⟶	Peru (86)	2.9	ıı	216	⟶	0.6	ıı	23	⟶	27	⟶
→	Philippines (77)	0.5	ıı	463	⟶	<0.1	ıı	25	→	33	⟶
→	Poland (99+)			32	→	0.1		6	→	7	→
→	Portugal (99+)			35	→	0.4	ıı	4	→	5	→
—	Puerto Rico (—)			6	→						
ıı	Qatar (97)			77	ıı			18	ıı	21	→
ıı	Romania (96)			188	←	<0.1		16	→	19	→
ıı	Russian Federation (97)			160	←	1.1	ıı	14	→	18	→
ıı	Rwanda (51)	102.1	⟶	660	⟵	3.1	→	118	←	203	←
ıı	Samoa (97)			43	←			24	→	29	→
→	San Marino (—)			5	→			3	→	3	→
→	Sao Tomé and Principe (78)	393.5	→	253	⟶			75	ıı	118	ıı
→	Saudi Arabia (95)	<0.1	ıı	55	→			21	→	26	→
ıı	Senegal (72)	119.3	←	451	←	0.9	ıı	77	→	136	→
→	Seychelles (—)			83	→			12	→	13	→
←	Sierra Leone (—)	95.4	⟵	847	⟵	1.6		165	→	282	→
→	Singapore (—)			41	→	0.3	ıı	3	→	3	→
→	Slovakia (—)			23	→	<0.1		7	→	8	→
→	Slovenia (99)			17	→	<0.1	ıı	3	→	4	→

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	MALARIA (cases per 1,000 people)		TUBERCULOSIS (cases per 1,000 people)		PEOPLE LIVING WITH HIV/AIDS (15-49 years old)		INFANT MORTALITY (per 1,000 live births)		UNDER-5 MORTALITY (per 1,000 live births)	
→	Solomon Islands (—)	189.9	→	59	→			24	→	29	→
→	Somalia (—)	2.4	‖	673	→	0.9		133	‖	225	‖
←	South Africa (87)	0.3	‖	670	←	18.8	→	55	←	68	←
→	Spain (99+)			20	→	0.6	‖	4	→	5	→
→	Sri Lanka (—)	0.6	→	91	→	<0.1	‖	12	→	14	→
→	St. Kitts and Nevis (99)			15	→			18	→	20	→
→	St. Lucia (96)			21	→			12	→	14	→
‖	St. Vincent and Grenadines (95)			39	←			17	→	20	→
→	Sudan (81)	91.8	→	370	→	1.6	‖	62	→	90	→
→	Suriname (85)	33.7	←	98	→	1.9	‖	30	→	39	→
←	Swaziland (77)	34	←	1120	←	33.4	→	110	←	160	←
‖	Sweden (99+)			3	‖	0.2	‖	3	‖	4	‖
→	Switzerland (99+)			6	→	0.4	‖	4	‖	5	→
→	Syrian Arab Republic (87)	<0.1	‖	51	→			14	→	15	→
→	Tajikistan (86)	0.9	‖	277	←	0.1		59	→	71	→
→	Tanzania (70)	289.7	→	479	←	6.5	→	76	→	122	→
→	Thailand (—)	0.6	→	208	→	1.4	‖	18	→	21	→
→	Timor-Leste (—)	40.9		692	→			52	→	61	→
→	Togo (70)	92.1	→	718	→	3.2	→	78	→	139	→
→	Tonga (94)			42	→			20	→	24	→
→	Trinidad and Tobago (98)			12	→	2.6	‖	17	→	19	→
→	Tunisia (95)			24	→	0.1	‖	20	→	24	→
→	Turkey (92)	0.1	‖	45	←			26	→	29	→
‖	Turkmenistan (—)	<0.1	‖	83	→	<0.1		81	‖	104	←
—	Turks and Caicos Islands (—)			31	→						
→	Tuvalu (89)			57	→			31	→	38	→
‖	Uganda (63)	477.9	←	646	←	6.7	←	79	→	136	→
‖	Ukraine (97)			151	←	1.4	‖	13	→	17	→
→	United Arab Emirates (98)			26	→			8	→	9	→
‖	United Kingdom (99)			9	‖			5	‖	6	→
→	United States of America (99)			4	→	0.6	‖	6	‖	7	→
‖	Uruguay (95)			33	←	0.5	‖	14	→	15	→
‖	Uzbekistan (—)	<0.1	‖	156	←	0.2	‖	57	→	68	→
→	Vanuatu (85)	71.9	→	64	→			31	→	38	→
‖	Venezuela (94)	1.2	‖	52	←	0.7	‖	18	→	21	→
→	Viet Nam (90)	0.5	‖	232	←	0.5	‖	16	→	19	→
→	West Bank and Gaza (96)			36	→			21	→	23	→
→	Yemen (64)	13.2	←	144	←			76	→	102	→
‖	Zambia (75)	190.2	→	707	←	17	‖	102	‖	182	‖
←	Zimbabwe (76)	97.6	←	673	←	20.1	→	81	←	132	←

Sources: Malaria: World Malaria Report 2005, UNICEF and WHO (www.rbm.who.int/wmr2005/).

Tuberculosis: Communicable Disease Global Atlas Database, WHO (www.who.int/GlobalAtlas).

People living with HIV/AIDS: 2007 Report on the global AIDS epidemic, UNAIDS.

Infant mortality: The State of the World's Children 2007, UNICEF (www.unicef.org/sowc07).

Under-5 mortality: The State of the World's Children 2007, UNICEF (www.unicef.org/sowc07).

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Malaria (cases per 1,000 people): Total number of malaria cases reported to the World Health Organization by countries in which malaria is endemic, per 1,000 people. Many countries report only laboratory-confirmed cases, but many in Sub-Saharan Africa report clinically diagnosed cases as well.
Last available data: 2003; evolution since 1990.

Tuberculosis (cases per 100,000 people): Total number of tuberculosis cases reported to the World Health Organization per 100,000 people. A tuberculosis case is defined as a patient in whom tuberculosis has been bacteriologically confirmed or diagnosed by a clinician.
Last available data: 2004; evolution since 1990.

People living with HIV/AIDS (15-49 years old, %): Percentage of adults (15-49 years) living with HIV/AIDS.
Last available data: 2005; evolution since 2001.

Infant mortality (per 1,000 live births): Number of infants dying before reaching one year of age, per 1,000 live births in a given year.
Last available data: 2005; evolution since 1990.

Under-5 mortality (per 1,000 live births): Probability of dying between birth and exactly five years of age expressed per 1,000 live births.
Last available data: 2005; evolution since 1990.

HEALTH

A scenario of vulnerability

The asymmetries and contradictions of today's world are especially visible in the sphere of health. Thanks to scientific and technical progress millions of people can live longer and have a better quality of life, but at the same time there are glaring inequalities in many parts of the world that impede progress and have even caused regression in the field of health. As the World Health Organization (WHO) has pointed out, the new viruses that have appeared are just one more element in the complicated situation, and avian influenza or 'bird flu', for example, is just one aspect of a world scenario plagued by new problems and challenges. Economic globalization, the increase in trade and capital flows and the increasing mobility and movement of people have contributed to helping illnesses to spread faster and faster.

These inequalities are present in a scenario of universal vulnerability stemming from deficiencies in habitat and the distribution of resources, and people's eating habits and lifestyles. But the capabilities of different countries to deal with these problems are markedly different depending on the level of social development in each case.

The HIV/AIDS pandemic is a still a crucial problem for health services in the world, although in 2006 progress was made in expanding treatment coverage in low- and middle-income countries. At the end of last year, more than two million people with HIV/AIDS were receiving treatment in these countries, which amounts to an increase of more than 50% over the 1.3 million who were being treated a year before.[1]

As initiatives like Global Health Watch have made clear, the biggest health epidemic threatening the global community is poverty. There is no doubt that poverty lies behind the most serious statistics on maternal and child mortality, malnutrition, deaths due to HIV/AIDS, and vulnerability to illnesses in general. This whole scenario is made worse by the fact that national health systems are often ineffective when it comes to improving care for the population.

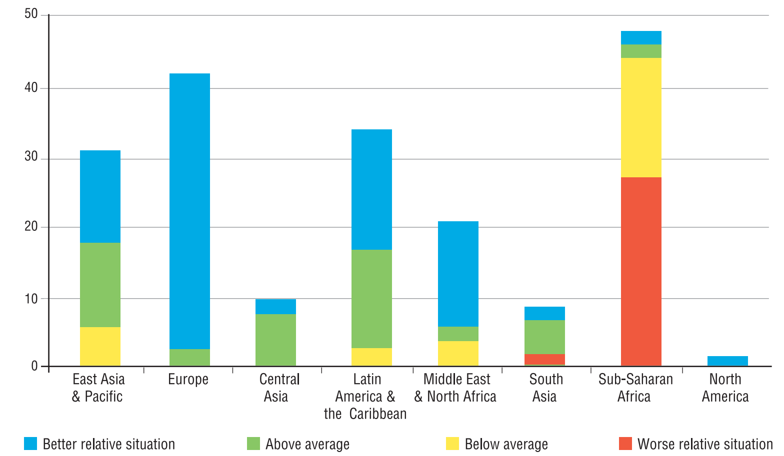
The root of this problem is not that there are insufficient resources in the world to rectify extreme deficiencies or premature death. What is needed is change to existing structures, actors, laws and policies so that national health systems will be able to function effectively. There would have to be a suitably robust international cooperation policy to help provide solid foundations for these changes.

The gap separating the group of countries in the better situation from those in the worse situation is highly significant. For example, malaria is concentrated in the countries in the worse situation, where on average it affects 149 people per 1,000, but it is hardly present at all in the countries in the better position. The situation with regard to tuberculosis is similar, although in this case the gap is not so wide. As to the HIV/AIDS pandemic, in the countries where this is most prevalent more than 9% of people in the 15 to 49 age bracket are infected, whereas in the countries that are more developed in terms of health care, the figure is less than half of a percentage point. The 10 countries in the worst situation with respect to this pandemic are all in Sub-Saharan Africa.

Averages by indicator of countries in better and worse relative situations in health

		Malaria (cases per 1,000 people)	Tuberculosis (cases per 100,000 people)	People living with HIV/AIDS (15-49 years old) (%)	Infant mortality (per 1,000 live births)	Under-5 mortality (per 1,000 live births)
Worse relative situation	Average	149	565	9	110	178
	Number of countries	25	27	23	27	27
Better relative situation	Average	0.7	37	0.4	12	14
	Number of countries	11	91	52	91	91
Total	Average	60	197	3	41	60
	Number of countries	88	190	127	190	190

Current situation in health by region (number of countries)



Current situation and evolution in health (number of countries)

	←	←	=	→	→	Total
Countries in worse situation	1	8	8	8	2	27
Countries below average	0	3	5	11	8	27
Countries above average	0	1	10	12	22	45
Countries in better situation	0	0	19	62	7	88
Total	1	12	42	93	39	187

Percentage of people aged 15 to 49 with HIV/AIDS: countries in the worst relative situation

Central African Republic	10.7
Malawi	14.1
Mozambique	16.1
Zambia	17.0
South Africa	18.8
Namibia	19.6
Zimbabwe	20.1
Lesotho	23.2
Botswana	24.1
Swaziland	33.4

Infant mortality is a key indicator for measuring a country's development, and there is a huge gap between the best and worst average rates. Children born in countries in the better situation are 10 times less likely to die in the first year of life and 13 times less likely to die before the age of five than those born in the most disadvantaged countries.

The latest data available shows that the health situation in the world varies widely from one region to another. Most of the countries in Sub-Saharan Africa are in the worse relative situation group, which highlights the fact that they are in an ongoing emergency in terms of health. The most high-profile aspect of this situation is the HIV/AIDS pandemic. On the other hand, all the countries in Central Asia, Europe and North America are above the world average.

Progress in this area is a matter of life and death, yet nearly one third of the countries in the world have made no recent progress at all. Most of these have stagnated, but in 13 the health care situation has worsened, and one of these countries, Equatorial Guinea, has regressed significantly. ■

1 World Health Organization (2007). "Towards universal access: scaling up priority HIV/AIDS interventions in the health sector". Progress report, April. Geneva: WHO / UNAIDS / UNICEF. Available from: <www.unicef.ca/portal/Secure/Community/502/WCM/WHATWEDO/hiv/Towards_Universal_Access_Part_one.pdf>.

REPRODUCTIVE HEALTH

Good policies can make the difference

References

CURRENT SITUATION (latest available data)	EVOLUTION (since 1990 or closest available year)
Better situation	→ Significant progress
Above average	→ Slight progress
Below average	II Stagnant
Worse situation	← Slight regression
Insufficient data	← Significant regression

Complete table at: **www.socialwatch.org/statistics2007**

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	WOMEN AGED 15-49 ATTENDED AT LEAST ONCE DURING PREGNANCY BY SKILLED HEALTH PERSONNEL (%)		BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL (%)		ESTIMATED MATERNAL MORTALITY RATIO (per 100,000 live births) [1]	CONTRACEPTIVE USE AMONG CURRENTLY IN UNION WOMEN AGED 15-49 (%)	
	Afghanistan (—)	52		14		1900	5	
	Albania (95)	81		94		55	75	
	Algeria (95)	79		92		140	64	→
	American Samoa (—)			100				
	Angola (—)			47		1700	6	
	Anguilla (—)			100				
	Antigua and Barbuda (—)			100	II			
	Argentina (94)			99		82		
	Armenia (96)	82		97		55	61	
	Aruba (—)			96				
	Australia (99)			99		8		
	Austria (99+)					4	51 *	
	Azerbaijan (91)	70		84		94	55	
	Bahamas (—)			99		60		
→	Bahrain (99)	63 *		99	II	28	62 *	→
→	Bangladesh (57)	39	→	13	→	380	58	→
	Barbados (99)	89		100		95		
	Belarus (97)			100		35	50 *	
	Belgium (99+)					10		
	Belize (91)			84 *	→	140		
→	Benin (73)	88		66	→	850	19	→
	Bhutan (69)			24	→	420		
→	Bolivia (80)	80 +	→	61	→	420	58	→
	Bosnia and Herzegovina (—)	99		100		31	48	
→	Botswana (91)	99	→	94	→	100	40	→
	Brazil (89)	84 *		88 *		260	77 *	→
	Brunei Darussalam (97)			100		37		
	Bulgaria (97)			99		32	42 *	
→	Burkina Faso (71)	72	→	57	→	1000	14	→
→	Burundi (56)	93		25	→	1000	16	→
	Cambodia (59)	44		32		450	24	→
→	Cameroon (70)	84 +	→	62	II	730	26	→
	Canada (99)			98		6	75 *	
	Cape Verde (92)			89 *		150	53 *	
	Cayman Islands (—)			100	II			
	Central African Republic (—)			44		1100	28	→
→	Chad (43)	44 +	→	14	II	1100	3 +	II
	Chile (99)			100	II	31		
←	China (93)			83	←	56	84 *	II
→	Colombia (89)	94 +	→	91	→	130	78 +	→
	Comoros (72)	87 *		62		480	26	→
	Congo, DR (—)	72		61		990	31	
	Congo, Rep. (80)	88 +		84 +		510	44 +	
	Cook Islands (—)			98	←		63 *	
	Costa Rica (96)			98		43	80 *	→
→	Cote d'Ivoire (77)	84 *		63	→	690	15 *	→
	Croatia (97)			100		8		
→	Cuba (99)			100	II	33	73	→

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	WOMEN AGED 15-49 ATTENDED AT LEAST ONCE DURING PREGNANCY BY SKILLED HEALTH PERSONNEL (%)		BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL (%)		ESTIMATED MATERNAL MORTALITY RATIO (per 100,000 live births) [1]	CONTRACEPTIVE USE AMONG CURRENTLY IN UNION WOMEN AGED 15-49 (%)	
	Cyprus (99+)					47		
	Czech Republic (99)			100		9	72 *	→
	Denmark (99+)					5		
	Djibouti (78)			61		730		
	Dominica (94)			100	II			
→	Dominican Republic (85)	99 +	→	99	→	150	70	→
II	Ecuador (81)	56 *	←	69 *	→	130	66 *	→
→	Egypt (90)	71 +	→	74 +	→	84	59 +	→
→	El Salvador (80)			69	→	150	67	→
	Equatorial Guinea (59)			65		880		
	Eritrea (67)	72 +		28		630	8	II
	Estonia (99)			100		63		
→	Ethiopia (50)	29 +	→	6 +	II	850	15 +	→
	Fiji (99)			99	←	75		
	Finland (99+)			100		6		
	France (99+)					17	75 *	
	French Guiana (—)			100				
	French Polynesia (—)			99 *				
	Gabon (82)	94		86		420	33	
	Gambia (70)	92		55		540	10	
	Georgia (95)	91 *		96 *		32	41	
	Germany (99+)					8		
→	Ghana (66)	90	→	47	→	540	25	→
	Greece (99+)					9		
	Grenada (92)			100	II			
	Guadeloupe (—)			100				
	Guam (—)			99				
→	Guatemala (72)	86 *		41	→	240	43	→
→	Guinea (68)	84 +	→	38 +	→	740	9 +	→
	Guinea-Bissau (—)	89		35		1100	8	
	Guyana (81)	88		86		170	37	→
→	Haiti (—)	79	→	24	←	680	28	→
→	Honduras (76)	92 +		67 +	→	110	65 +	→
	Hong Kong (—)			100				
	Hungary (97)			100		16		
	Iceland (99+)					0		
	India (71)	65 *		43		540	48 *	→
→	Indonesia (85)	97	→	66	→	230	60	→
	Iran (91)			90		76	73 *	→
	Iraq (79)			72		250		
	Ireland (99+)			100		5		
	Israel (99+)					17		
	Italy (99)					5	60 *	
	Jamaica (95)			95 *		87	66 *	→
	Japan (99+)			100 *		10	56	II
→	Jordan (99)	99	→	100	→	41	56	→
	Kazakhstan (95)	82 *		99 *		210	66 *	→
II	Kenya (68)	88	→	42	←	1000	39	→
	Kiribati (88)			89	→			
	Korea, DR (—)	98		97		67		
→	Korea, Rep. (99)			100	II	20	81 *	→
	Kuwait (99)	83 *		100	→	5	50 *	
	Kyrgyzstan (96)	88 *		98 *		110	60 *	
	Lao, PDR (58)	44		19		650	32	→
	Latvia (99)			100	II	42	48 *	
	Lebanon (96)			93	→	150	61 *	
→	Lesotho (69)	91 +	II	55		550	37 +	→
	Liberia (—)			51	←	760		
	Libya (—)			94 *		97	45 *	

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	WOMEN AGED 15-49 ATTENDED AT LEAST ONCE DURING PREGNANCY BY SKILLED HEALTH PERSONNEL (%)	BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL (%)	ESTIMATED MATERNAL MORTALITY RATIO (per 100,000 live births) [1]	CONTRACEPTIVE USE AMONG CURRENTLY IN UNION WOMEN AGED 15-49 (%)
	Lithuania (97)		100	19	47 *
	Luxembourg (97)		100	28	
	Macao (—)		100		
	Macedonia, FYR (97)		98	23	
‖	Madagascar (63)	84 + →	45 + ←	550	27 →
→	Malawi (63)	95 + →	57 + ‖	1800	33 + →
	Malaysia (98)		97	41	
	Maldives (86)	98	70	110	42 *
→	Mali (66)	53 →	41 →	1200	8 →
	Malta (99+)			21	
	Marshall Islands (94)		95 ‖		
	Martinique (—)		100		
	Mauritania (75)	63	57 →	1000	8
	Mauritius (99)		99 *	24	
→	Mexico (94)		86 * →	83	68 * →
	Micronesia (—)		88		
←	Moldova (96)	98 + ‖	100 + ‖	36	68 + ←
	Mongolia (96)		99	110	67
	Montserrat (—)		98		
→	Morocco (78)	68 + →	63 →	220	63 →
→	Mozambique (61)	85 + →	48 →	1000	17 →
	Myanmar (73)		56 *	360	37 →
→	Namibia (86)	85 ←	76 →	300	44 →
	Nepal (55)	49	11	740	39 →
	Netherlands (99+)		100 *	16	
	New Zealand (99+)		100 *	7	75 *
→	Nicaragua (74)	85 →	67 →	230	69 →
→	Niger (55)	39 * →	16 ‖	1600	14 →
‖	Nigeria (63)	61 ‖	35 ‖	800	13 →
	Niue (—)		100 ‖		
	Northern Mariana Islands (—)		100		
	Norway (99+)			16	
→	Oman (97)	77 *	95 →	87	24 * →
→	Pakistan (60)	36 * →	23 →	500	28 →
	Palau (—)		100 ‖		
	Panama (91)		93 →	160	
	Papua New Guinea (73)		53 *	300	26 *
→	Paraguay (85)		77 →	170	73 →
→	Peru (86)	85 →	71 ←	410	69 →
→	Philippines (77)	94 →	60 →	200	49 →
	Poland (99+)		100	13	
	Portugal (99+)		100	5	
	Puerto Rico (—)		100	25	78 *
	Qatar (97)	62 *	100	7	43 * →
	Reunion (—)			41	
	Romania (96)	89 *	98 *	49	64 * →
	Russian Federation (97)	96 *	99	67	
‖	Rwanda (51)	95 + ‖	28 + ‖	1400	17 + ←
	Samoa (97)		100 ‖		
	Sao Tomé and Principe (78)	91	79		29
	Saudi Arabia (95)	77 *	93 →	23	32 *
→	Senegal (72)	94 + →	52 + →	690	12 + →
	Sierra Leone (—)	82	42	2000	4
	Singapore (—)		100 ‖	30	62 *
	Slovakia (—)		99	3	
	Slovenia (99)		100	17	
	Solomon Islands (—)		85 *	130	
	Somalia (—)		34 *	1100	
	South Africa (87)	89 *	84 *	230	56 * ‖
	Spain (99+)			4	81 *
→	Sri Lanka (—)		97 →	92	70 →

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	WOMEN AGED 15-49 ATTENDED AT LEAST ONCE DURING PREGNANCY BY SKILLED HEALTH PERSONNEL (%)		BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL (%)		ESTIMATED MATERNAL MORTALITY RATIO (per 100,000 live births) [1]	CONTRACEPTIVE USE AMONG CURRENTLY IN UNION WOMEN AGED 15-49 (%)	
	St. Kitts and Nevis (99)			100	ıı			
	St. Lucia (96)			99	ıı			
	St. Vincent and Grenadines (95)			100	ıı			
	Sudan (81)			57 *	←	590		
	Suriname (85)	91		85		110	42	
	Swaziland (77)			70		370	28	
	Sweden (99+)					2		
	Switzerland (99+)					7	82 *	
	Syrian Arab Republic (87)			70		160		
	Tajikistan (86)	75		71		100	34	
→	Tanzania (70)	97 +	→	46	←	1500	26 +	→
→	Thailand (—)			99	→	44	72 *	→
	Timor-Leste (—)			24		660	10	
ıı	Togo (70)	78 *	→	49	→	570	26	←
	Tokelau (—)			100 *				
	Tonga (94)			91			41 *	
←	Trinidad and Tobago (98)	96	ıı	96	ıı	160	38	←
→	Tunisia (95)			90	→	120	63	→
→	Turkey (92)	67 *		83	→	70	64 *	ıı
	Turkmenistan (—)	87		97		31	62	
	Turks and Caicos Islands (—)			100				
	Tuvalu (89)			100	ıı			
→	Uganda (63)	92	→	39	ıı	880	23	→
	Ukraine (97)	90		99 *		35	68 *	
	United Arab Emirates (98)	97 *		100	ıı	54	28 *	
	United Kingdom (99)			99 *		13	84	→
	United States of America (99)			98	ıı	17	76 *	
	Uruguay (95)			99	ıı	27		
	Uzbekistan (—)	95 *		96		24	68	→
	Vanuatu (85)			87	←			
	Venezuela (94)			94	ıı	96		
	Viet Nam (90)	70		85		130	79	→
	Virgin Islands (UK) (—)			100	ıı			
	West Bank and Gaza (96)			97		100		
→	Yemen (64)	34 *	→	22 *	←	570	21 *	→
ıı	Zambia (75)	94	ıı	43	←	750	34	→
ıı	Zimbabwe (76)	82 *	←	73 *	→	1100	54 *	→

Notes: (1) Due to changes in the model of estimation, 1995 and 2000 data are not comparable.

(*) Data refers to years or periods other than those specified in the indicator definition.

Sources: Women aged 15-49 attended at least once during pregnancy: Global Health Atlas, WHO (www.who.int/GlobalAtlas). Except for (+) Demographic and Health Surveys - STAT compiler (www.measuredhs.com/accesssurveys).

Births attended by skilled health personnel: Reproductive Health Indicators Database, Department of Reproductive Health and Research, WHO (www.who.int/reproductive-health/). Except for (+) Demographic and Health Surveys - STAT compiler (www.measuredhs.com/accesssurveys).

Maternal mortality ratio: Reproductive Health Indicators Database, Department of Reproductive Health and Research, WHO (www.who.int/reproductive-health/).

Contraceptive use among currently in union women aged 15-49: World Development Indicators 2007 website, World Bank (www.worldbank.org).

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Women aged 15-49 attended at least once during pregnancy by skilled health personnel (%): Percentage of women aged 15-49 years attended at least once during pregnancy by skilled health personnel (doctors, nurses or midwives).
Last available data: 2000-2005; evolution since 1990.

Births attended by skilled health personnel (%): Percentage of births attended by skilled health personnel (doctors, nurses or midwives).
Last available data: 2000-2005; evolution since 1990 or closest possible year.

Estimated maternal mortality ratio (per 100,000 live births): Annual number of deaths of women from pregnancy-related causes per 100,000 live births.
Due to changes in the model of estimation, 1995 and 2000 data are not comparable (2000).

Contraceptive use among women currently in union aged 15-49 (%): Percentage of women in union aged 15-49 years currently using contraception.
Last available data: 2000-2005; evolution since 1990.

REPRODUCTIVE HEALTH

Good policies can make the difference

The subject of reproductive health was put on the world agenda thanks to the International Conference on Population and Development (Cairo, 1994) and the Fourth World Conference on Women (Beijing, 1995). Since that time, attention has been focused on reproductive health, particularly as regards its connection with human rights, the pursuit of gender equity, the fight against HIV/AIDS and the struggle to reduce infant and maternal mortality.

However, there is a long way to go before these problems can be solved. The reproductive health situation is still critical in many parts of the world, and this applies especially to specific regions. The situation at the start of the 21st century is not encouraging: 19 out of 20 adult deaths linked to reproduction took place in developing countries. In recent years the quality and coverage of health services have improved in the world as a whole but there are still inequalities. To tackle this problem it is important not only to undertake a redistribution of resources in the world but also to implement local and national management policies.

There are a number of success stories that could serve as a model for formulating policies. One of these is Bangladesh, whose reproductive health indicators show considerable progress, as can be seen in the previous table. In this country, the focus was put on the connection between reproductive health and poverty, and an attempt was made to gear the main effort to the most disadvantaged sectors of the population. The quality of health services was improved and special attention was paid to adolescent and maternal health, and progress in these areas was linked to family planning initiatives and the implementation of sex education programmes for adolescents. For example, specialized field workers visited newly married couples and established a dialogue with them, and this has led to a considerable fall in unplanned pregnancies in these population groups. In initiatives of this kind, local community participation and the involvement of the male population are crucial.

A comparison of the situation in the countries in the better relative situation group with the countries at the other end of the scale speaks volumes. In the former, average maternal mortality is 42 per 100,000 births, but in the latter group of countries the figure is 940 per 100,000 births, which is a staggering difference. For every case of maternal mortality in the first group, there are 22 mothers who die in the last group.

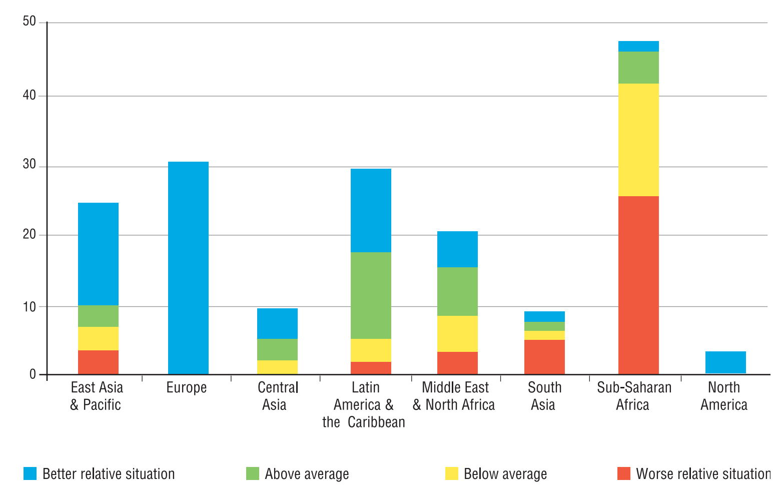
In this area there are marked differences between different regions of the world. All the European and North American countries are in the better situation group, while almost half the countries in Sub-Saharan Africa are in the worse relative situation, and the same applies to the countries in South Asia.

While most countries have made progress in this dimension in recent years, there are some that are in the same situation as a decade ago. The most worrying aspect of this scenario is that there are countries in the worse relative situation, like Kenya, Nigeria and Rwanda, whose evolution has stagnated. ■

Averages by indicator of countries in better and worse situations in reproductive health

		Women aged 15-49 attended at least once during pregnancy by skilled health personnel (%)	Contraceptive use among women currently in union aged 15-49	Births attended by skilled health personnel (%)	Estimated maternal mortality ratio (per 100,000 live births)
Worse relative situation	Average	66	19	35	940
	Number of countries	27	30	35	35
Better relative situation	Average	92	65	98	42
	Number of countries	18	43	63	67
Total	Average	80	46	75	342
	Number of countries	89	127	159	161

Current situation in reproductive health by region (number of countries)



Current situation and evolution in reproductive health (number of countries)

	←	←	=	→	→	Total
Countries in worse situation	0	0	3	9	6	18
Countries below average	0	0	5	5	7	17
Countries above average	0	1	0	4	7	12
Countries in better situation	0	2	0	4	4	10
Total	0	3	8	22	24	57

GENDER EQUITY

A worldwide gap

References

CURRENT SITUATION (latest available data)
- Better situation
- Above average
- Below average
- Worse situation
- Insufficient data

EVOLUTION (since 1990 or closest available year)
- ⟶ Significant progress
- → Slight progress
- ıı Stagnant
- ← Slight regression
- ⟵ Significant regression

Gender and education

Complete table at: **www.socialwatch.org/statistics2007**

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	LITERACY RATIO GAP (women/men)		NET PRIMARY ENROLMENT RATIO GAP (women/men)		NET SECONDARY ENROLMENT RATIO GAP (women/men)		GROSS TERTIARY ENROLMENT RATIO GAP (women/men)	
	—	Afghanistan (—)	0.36						0.28	
→	97	Albania (95)	1.00	→	1.00	ıı	0.98	→	1.57	ıı
→	127	Algeria (95)	0.92	→	0.98	→	1.05	ıı	1.08	
ıı	—	Andorra (—)			0.97	←	1.01	ıı	1.00	ıı
	109	Angola (—)	0.75						0.66	←
ıı	39	Argentina (94)	1.00	ıı	0.99		1.07	ıı	1.51	ıı
ıı	92	Armenia (96)	1.00	ıı	1.04	ıı	1.03	→	1.21	ıı
ıı	—	Aruba (—)	1.00		0.99	ıı	1.02	ıı	1.51	ıı
ıı	13	Australia (99)			1.00	ıı	1.01	ıı	1.23	ıı
	30	Austria (99+)							1.19	→
ıı	73	Azerbaijan (91)	1.00 *		0.98	ıı	0.98	←	0.87	→
ıı	16	Bahamas (—)			1.03	ıı	1.02	ıı		
ıı	138	Bahrain (99)	1.00	ıı	1.01	ıı	1.07	ıı	1.84	ıı
→	109	Bangladesh (57)			1.03		1.11	→	0.50	ıı
ıı	5	Barbados (99)			0.99	ıı	1.05	ıı	2.47	ıı
ıı	55	Belarus (97)	1.00 *	ıı	0.97	ıı	1.01	ıı	1.39	ıı
→	19	Belgium (99+)			1.00	ıı	1.00		1.21	→
ıı	73	Belize (91)			1.01	ıı	1.05	ıı	2.43	
⟶	148	Benin (73)	0.56	→	0.78	⟶	0.49	→	0.25	→
	—	Bermuda (—)							1.18	
→	49	Bolivia (80)	0.98	→	1.01	ıı	0.99	→		
	—	Bosnia and Herzegovina (—)	1.00							
ıı	55	Botswana (91)	1.04	ıı	1.03	ıı	1.10	ıı	0.85	→
ıı	25	Brazil (89)	1.02	ıı			1.07	ıı	1.32	ıı
ıı	—	Brunei Darussalam (97)	1.00	ıı					2.03	ıı
ıı	19	Bulgaria (97)	1.00	ıı	0.99	ıı	0.98	ıı	1.16	ıı
⟶	118	Burkina Faso (71)	0.65	⟶	0.77	→	0.68	⟶	0.29	ıı
→	71	Burundi (56)	0.92	⟶	0.89	→			0.37	ıı
⟶	78	Cambodia (59)	0.90	→	0.96	→	0.73	⟶	0.46	⟶
	133	Cameroon (70)							0.64	ıı
ıı	16	Canada (99)			1.00	ıı	0.99 *	ıı	1.36	ıı
→	78	Cape Verde (92)			0.99	→	1.12	ıı	1.10	⟶
←	—	Cayman Islands (—)			0.95	←	1.10	ıı	3.01	
→	148	Central African Republic (—)	0.67	→					0.19	→
ıı	148	Chad (43)	0.42	⟵	0.68	⟶	0.33	→	0.14	
→	73	Chile (99)	1.00	ıı					0.95	→
⟶	78	China (93)	0.99	→					0.85	⟶
ıı	16	Colombia (89)	1.00	ıı	1.01	ıı	1.11	ıı	1.09	ıı
⟶	—	Comoros (72)			0.85	⟶			0.77	→
	133	Congo, DR (—)	0.81	→						
	142	Congo, Rep. (80)							0.19	←
	—	Cook Islands (—)			0.99		1.09	ıı		

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	LITERACY RATIO GAP (women/men)	NET PRIMARY ENROLMENT RATIO GAP (women/men)	NET SECONDARY ENROLMENT RATIO GAP (women/men)	GROSS TERTIARY ENROLMENT RATIO GAP (women/men)
ıı	55	Costa Rica (96)	1.00 ıı			1.25 ıı
→	153	Cote d'Ivoire (77)	0.74 →	0.80 →	0.57 →	0.36
ıı	25	Croatia (97)	1.00 ıı	0.99 ıı	1.02 ıı	1.19 ıı
ıı	55	Cuba (99)	1.00 ıı	0.97 ←	1.02 ıı	1.00 ıı
ıı	62	Cyprus (99+)	1.00 ıı	1.00 ıı	1.03 ıı	0.98 ıı
	44	Czech Republic (99)				1.10 →
ıı	7	Denmark (99+)		1.01 ıı	1.03 ıı	1.42 ıı
→	127	Djibouti (78)		0.79 →	0.70 →	0.82 →
	—	Dominica (94)		1.01	1.03	
ıı	62	Dominican Republic (85)	1.03 ıı	1.02 ıı	1.21 ıı	1.64
ıı	30	Ecuador (81)	1.00 ıı	1.01 ıı	1.01 ıı	
→	139	Egypt (90)	0.88 →	0.97 →	0.94	
ıı	44	El Salvador (80)		1.00 ıı	1.03 ıı	1.22 ıı
ıı	—	Equatorial Guinea (59)	1.00 →	0.85 ←	0.59	0.43 →
←	139	Eritrea (67)		0.86 ←	0.66 ←	0.15 ıı
ıı	19	Estonia (99)	1.00 ıı	1.00 ıı	1.03 ıı	1.68 ıı
→	114	Ethiopia (50)		0.94 →	0.64 ıı	0.34 →
ıı	99	Fiji (99)		0.99 ıı	1.06 ıı	1.20
ıı	2	Finland (99+)		1.00 ıı	1.01 ıı	1.20 ıı
ıı	67	France (99+)		1.00 ıı	1.02 ıı	1.28 ıı
	114	Gabon (82)		0.99 ıı		0.54 *
→	118	Gambia (70)		1.06 →	0.83 →	0.23 ←
ıı	62	Georgia (95)		0.99 ıı	1.00 ıı	1.03 ıı
→	92	Ghana (66)	0.86 ıı	0.99 →	0.90 →	0.48 →
ıı	52	Greece (99+)	1.00 ıı	0.99 ıı	1.04 ıı	1.17 ıı
	—	Grenada (92)		0.99	1.10	
→	118	Guatemala (72)	0.91 →	0.95 →	0.92 ıı	0.72
→	109	Guinea (68)	0.57	0.84 →	0.51 →	0.20 →
→	123	Guinea-Bissau (—)		0.71 →	0.55	0.18 ıı
	85	Guyana (81)		0.98 ıı		1.91
ıı	78	Honduras (76)	1.05 ıı	1.02 ıı		1.46 →
ıı	39	Hong Kong (China) (—)		0.95 ←	0.97 ←	0.97 →
ıı	39	Hungary (97)		0.99 ıı	0.99 ıı	1.40 ıı
ıı	7	Iceland (99+)		0.97 ıı	1.03 ıı	1.85 ıı
→	148	India (71)	0.80 →	0.94 →		0.66 →
→	107	Indonesia (85)	1.00 →	0.98 ıı	0.99 →	0.79 →
→	105	Iran, Islamic Rep. (91)		0.99 →	0.94	1.11 →
→	—	Iraq (79)	0.91 →	0.86 ıı	0.71 →	0.59 →
ıı	44	Ireland (99+)		1.00 ıı	1.06 ıı	1.28 →
ıı	25	Israel (99+)	1.00 ıı	1.01 ıı	1.00 ıı	1.33 ıı
ıı	71	Italy (99)	1.00 ıı	1.00 ıı	1.02 ıı	1.34 →
→	78	Jamaica (95)		1.01 ıı	1.03 ıı	2.29 →
→	85	Japan (99+)		1.00 ıı	1.01	0.89 →
ıı	133	Jordan (99)	1.00 ıı	1.02 ıı	1.02 ıı	1.10 ıı
ıı	67	Kazakhstan (95)	1.00 * ıı	0.99 ıı	0.99 ıı	1.38 ıı
→	85	Kenya (68)	1.01 →	1.00 ıı	1.01	0.60
	—	Kiribati (88)		1.01 *	1.18	
ıı	99	Korea, Rep. (99)		1.00 ıı	1.00 ıı	0.62 →
ıı	123	Kuwait (99)	1.00 ıı	1.03 →	1.05 ıı	2.72 ıı
ıı	97	Kyrgyzstan (96)	1.00 *	0.99 ıı		1.19 ıı
→	107	Lao, PDR (58)	0.90 →	0.94 →	0.85 →	0.63 →
ıı	13	Latvia (99)	1.00 ıı			1.72 ıı
ıı	127	Lebanon (96)		0.99 ıı		1.12 ıı
ıı	73	Lesotho (69)		1.06 ıı	1.54 ıı	1.51 ıı

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	LITERACY RATIO GAP (women/men)		NET PRIMARY ENROLMENT RATIO GAP (women/men)		NET SECONDARY ENROLMENT RATIO GAP (women/men)		GROSS TERTIARY ENROLMENT RATIO GAP (women/men)	
	—	Liberia (—)			0.78		0.57		0.76	
	—	Libya (—)							1.09	→
	—	Liechtenstein (—)			1.03		1.11		0.37	
II	10	Lithuania (97)	1.00	II	1.00	II	1.00	II	1.56	II
II	85	Luxembourg (97)			1.00	II	1.07	II	1.18	II
→	—	Macao (China) (—)	1.00	→	0.97	II	1.08	II	0.65	→
II	49	Macedonia, FYR (97)	0.99		1.00	II	0.97	II	1.39	II
→	73	Madagascar (63)	0.94	→	1.00	II	1.03 *		0.90	→
→	85	Malawi (63)	0.86 *	→	1.05	→	0.86	→	0.54	→
II	92	Malaysia (98)	1.00	II	1.00	II	1.14	II	1.41	II
II	67	Maldives (86)	1.00	II	1.01	II	1.15	II	2.37	
→	109	Mali (66)	0.52 *	→	0.85	→			0.47	→
II	91	Malta (99+)	1.04 *	II	1.00	II	1.06	II	1.34	→
	—	Marshall Islands (94)			0.99		1.06		1.30	
→	—	Mauritania (75)	0.82	→	0.99	→	0.82	→	0.31	→
→	105	Mauritius (99)	1.02	II	1.02	II	1.01	II	1.39	→
→	78	Mexico (94)	1.00	II	1.00	→	1.03	II	0.98	→
II	19	Moldova (96)	1.00	II	0.99	II	1.04	II	1.36	II
II	55	Mongolia (96)	1.01	II	1.01	II	1.14	II	1.64	II
→	145	Morocco (78)	0.75	→	0.94	→	0.86	→	0.87	→
→	62	Mozambique (61)			0.90	→	0.78	→	0.46	
II	—	Myanmar (73)	0.98	II	1.02	→	0.98	II	1.76	II
II	30	Namibia (86)	1.03	II	1.08	II	1.35	II	1.15	II
→	142	Nepal (55)	0.75	→	0.87				0.40	→
II	10	Netherlands (99+)			0.99	II	1.01	II	1.08	→
II	—	Netherlands Antilles (—)					1.10	II	1.49	II
II	9	New Zealand (99+)			1.00	II	1.04	II	1.47	II
II	109	Nicaragua (74)	1.06	II	0.99	II	1.13	II	1.11	→
→	133	Niger (55)	0.44	→	0.71	→	0.68	→	0.40	→
	139	Nigeria (63)			0.89		0.91 *		0.55	
	—	Niue (—)			1.00 *		1.05 *			
II	4	Norway (99+)			1.00	II	1.01	II	1.54	II
→	144	Oman (97)	0.99	→	1.02	→	1.01	II	1.37	→
→	145	Pakistan (60)	0.72	→	0.73		0.73		0.80	→
	—	Palau (—)			0.96				2.15	II
II	44	Panama (91)	0.99	II	1.00	II	1.10	II	1.66	II
	—	Papua New Guinea (73)	0.93	→					0.55 *	
	78	Paraguay (85)							1.37	II
II	62	Peru (86)	0.98	II	1.00	II	1.00	→	1.03	
II	13	Philippines (77)	1.01	II	1.02	II	1.20	II	1.28	II
II	30	Poland (99+)			1.00	II	1.03	II	1.41	II
II	25	Portugal (99+)			0.99	II	1.11	II	1.32	II
II	127	Qatar (97)	1.03	II	0.99	II	0.98	II	3.69	II
II	37	Romania (96)	1.00	II	0.99	II	1.03	II	1.26	→
II	37	Russian Federation (97)	1.00	II	1.01	II			1.36	II
→	2	Rwanda (51)	0.98	→	1.04	II			0.62	→
II	114	Samoa (97)			1.00	II	1.14	II	0.93	←
	118	Sao Tomé and Principe (78)	0.99		1.00		1.07			
→	145	Saudi Arabia (95)	0.96	→	0.91	→	0.96	→	1.50	→
→	104	Senegal (72)	0.70	→	0.95	→	0.72			
II	—	Serbia and Montenegro (—)[1]	1.00		1.00	II			1.20	II
→	—	Seychelles (—)	1.00		1.01	→	1.07	II		
	153	Sierra Leone (—)	0.63						0.40	
	—	Singapore (—)	1.00	II						

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	LITERACY RATIO GAP (women/men)	NET PRIMARY ENROLMENT RATIO GAP (women/men)	NET SECONDARY ENROLMENT RATIO GAP (women/men)	GROSS TERTIARY ENROLMENT RATIO GAP (women/men)
	39	Slovakia (—)				1.23 ॥
॥	30	Slovenia (99)		1.00 ॥	1.00 ॥	1.38 ॥
	118	Solomon Islands (—)		0.96	0.86 →	
॥	39	South Africa (87)	1.00 * ॥	1.01 ॥	1.12 ॥	1.17 →
॥	10	Spain (99+)		0.99 ॥	1.04 ॥	1.22 ॥
	92	Sri Lanka (—)	1.01 ॥	1.00		
	—	St. Kitts and Nevis (99)		1.08	1.03	
॥	99	St. Lucia (96)		0.97 ॥	1.09 ॥	2.85 ॥
→	85	St. Vincent and the Grenadines (95)		0.97 →	1.09 ॥	
→	—	Sudan (81)	0.84 →	0.83 →		0.92 →
॥	55	Suriname (85)	0.98	1.07 ॥	1.38 ॥	1.62
→	123	Swaziland (77)	1.03 ॥	1.01 ॥	1.24 ॥	1.08 →
॥	1	Sweden (99+)		1.00 ॥	1.03 ॥	1.55 ॥
→	52	Switzerland (99+)		1.00 ॥	0.93 ॥	0.80 →
→	127	Syrian Arab Republic (87)	0.96 →	0.95 →	0.93 →	
←	—	Tajikistan (86)	1.00 ॥	0.96 ॥	0.85 ←	0.33 ←
→	30	Tanzania (70)	0.94 →	0.98 ॥		0.41 →
॥	25	Thailand (—)	1.00 ॥			1.11 ॥
	—	Timor-Leste (—)				1.48
→	148	Togo (70)	0.76 →	0.85 →	0.48 →	0.20 →
←	—	Tonga (94)	1.00 *	0.97 * ←	1.23 ॥	1.67
→	44	Trinidad and Tobago (98)		0.99 ॥	1.05 ॥	1.26 →
→	114	Tunisia (95)	0.96 →	1.00 →	1.04 ॥	1.36 →
→	133	Turkey (92)	0.95 →	0.95 ॥		0.73 →
	—	Turkmenistan (—)	1.00 *			
॥	—	Turks and Caicos Islands (—)		1.08 ॥	1.00 ॥	
→	67	Uganda (63)	0.86 →		0.87 →	0.62 →
॥	30	Ukraine (97)	1.00 ॥	1.00 ॥	1.00 ॥	1.19 ॥
॥	127	United Arab Emirates (98)		0.97 ॥	1.06 ॥	3.24 ॥
→	19	United Kingdom (99)		1.00 →	1.03 ॥	1.37 →
॥	19	United States of America (99)		0.96 ←	1.03 ॥	1.39 ॥
	49	Uruguay (95)				2.04 ॥
	—	Uzbekistan (—)				0.80
॥	99	Vanuatu (85)		0.98 ←	0.86 →	0.58 →
॥	52	Venezuela (94)	1.02 ॥	1.01 ॥	1.15 ॥	1.08 ॥
॥	55	Viet Nam (90)	0.99 * ॥	0.94 →		0.77 ॥
→	—	Virgin Islands (USA) (—)		1.00 ॥	1.11 →	
→	123	West Bank and Gaza (96)	1.00	1.00 ॥	1.05 ॥	1.04 →
→	155	Yemen (64)		0.73 →	0.46	0.38 →
॥	92	Zambia (75)	0.91 * →	1.00 →	0.78 ←	0.46 ॥
→	99	Zimbabwe (76)		1.01 ॥	0.93 →	0.63 →

Notes: (*) Data refers to years or periods other than those specified in the indicator definition.

(1) Prior to separation.

Source: UNESCO Website Database, February 2007 (www.uis.unesco.org/).

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Literacy ratio gap (women/men): Ratio of female literacy ratio (15-24 years old) to male literacy ratio (15-24 years old).
Last available data: 2000-2005; evolution since 1991.

Net primary enrolment ratio gap (women /men): Ratio of female net primary enrolment ratio to male net primary enrolment ratio.
Last available data: 2000-2005; evolution since 1990.

Net secondary enrolment ratio gap (women /men): Ratio of female net secondary enrolment ratio to male net secondary enrolment ratio.
Last available data: 2000-2005; evolution since 1991.

Gross tertiary enrolment ratio gap (women/men): Ratio of female gross tertiary enrolment ratio to male gross tertiary enrolment ratio.
Last available data: 2000-2005; evolution since 1991).

GENDER EQUITY

References

CURRENT SITUATION (latest available data)
- Better situation
- Above average
- Below average
- Worse situation
- Insufficient data

EVOLUTION (since 1990 or closest available year)
- ⟶ Significant progress
- → Slight progress
- II Stagnant
- ← Slight regression
- ⟵ Significant regression

Gender gap in economic activity and earned income

Complete table at: **www.socialwatch.org/statistics2007**

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	ACTIVITY RATE GAP (women/men)		ESTIMATED EARNED INCOME RATIO (women/men)
II	97	Albania (95)	0.7	II	0.5
⟶	127	Algeria (95)	0.5	⟶	0.3
II	109	Angola (—)	0.8	II	0.6
⟶	39	Argentina (94)	0.7	⟶	0.5
II	92	Armenia (96)	0.8	II	0.6
→	13	Australia (99)	0.8	→	0.7
⟶	30	Austria (99+)	0.8	⟶	0.4
II	73	Azerbaijan (91)	0.9	II	0.6
⟶	16	Bahamas (—)	0.9	⟶	0.7
II	138	Bahrain (99)	0.3	II	0.3
⟵	109	Bangladesh (57)	0.6	⟵	0.5
→	5	Barbados (99)	0.9	→	
→	55	Belarus (97)	0.9	→	0.6
⟶	19	Belgium (99+)	0.8	⟶	0.6
⟶	73	Belize (91)	0.5	⟶	0.4
II	148	Benin (73)	0.6	II	0.5
⟶	—	Bhutan (69)	0.6	⟶	
⟶	49	Bolivia (80)	0.8	⟶	0.6
→	—	Bosnia and Herzegovina (—)	0.9	→	0.7
⟵	55	Botswana (91)	0.7	⟵	0.4
⟶	25	Brazil (89)	0.7	⟶	0.6
II	—	Brunei Darussalam (97)	0.6	II	
⟵	19	Bulgaria (97)	0.8	⟵	0.7
II	118	Burkina Faso (71)	0.9	II	0.7
II	71	Burundi (56)	1.0	II	0.8
II	78	Cambodia (59)	0.1	II	0.7
←	133	Cameroon (70)	0.7	←	0.5
→	16	Canada (99)	0.9	→	0.6
←	78	Cape Verde (92)	0.5	←	0.4
II	148	Central African Republic (—)	0.8	II	0.6
→	148	Chad (43)	0.9	→	0.7
→	—	Channel Islands (—)	0.8	→	
→	73	Chile (99)	0.5	→	0.4
II	78	China (93)	0.9	II	0.6
⟶	16	Colombia (89)	0.8	⟶	0.6
←	—	Comoros (72)	0.7	←	0.5
II	133	Congo, DR (—)	0.7	II	0.5
II	142	Congo, Rep. (80)	0.7	II	0.5
⟶	55	Costa Rica (96)	0.6	⟶	0.5
←	153	Cote d'Ivoire (77)	0.5	←	0.3
→	25	Croatia (97)	0.8	→	0.7
→	55	Cuba (99)	0.6	→	

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Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	ACTIVITY RATE GAP (women/men)		ESTIMATED EARNED INCOME RATIO (women/men)
⟶	62	Cyprus (99+)	0.8	⟶	0.6
⟵	44	Czech Republic (99)	0.8	⟵	0.5
II	7	Denmark (99+)	0.9	II	0.7
←	127	Djibouti (78)	0.7	←	0.5
⟶	62	Dominican Republic (85)	0.6	⟶	0.4
⟶	30	Ecuador (81)	0.8	⟶	0.6
⟵	139	Egypt (90)	0.3	⟵	0.2
II	44	El Salvador (80)	0.6	II	0.4
II	—	Equatorial Guinea (59)	0.6	II	0.4
II	139	Eritrea (67)	0.7	II	0.4
←	19	Estonia (99)	0.9	←	0.6
II	114	Ethiopia (50)	0.8	II	0.6
→	99	Fiji (99)	0.7	→	0.5
→	2	Finland (99+)	0.1	→	0.7
→	67	France (99+)	0.9	→	0.6
II	—	French Polynesia (—)	0.7	II	
II	114	Gabon (82)	0.8	II	0.6
←	118	Gambia (70)	0.7	←	0.5
⟵	62	Georgia (95)	0.7	⟵	0.4
⟶	5	Germany (99+)	0.9	⟶	0.6
II	92	Ghana (66)	0.1	II	0.7
⟶	52	Greece (99+)	0.7	⟶	0.6
II	—	Guam (—)	0.7	II	
→	118	Guatemala (72)	0.4	→	0.3
II	109	Guinea (68)	0.9	II	0.7
II	123	Guinea-Bissau (—)	0.7	II	0.5
→	85	Guyana (81)	0.5	→	0.4
II	—	Haiti (—)	0.7	II	0.5
⟶	78	Honduras (76)	0.6	⟶	0.5
⟶	39	Hong Kong (China) (—)	0.8	⟶	0.5
→	39	Hungary (97)	0.8	→	0.6
→	7	Iceland (99+)	0.9	→	0.7
←	148	India (71)	0.4	←	0.3
II	107	Indonesia (85)	0.6	II	0.5
⟶	105	Iran, Islamic Rep. (91)	0.5	⟶	0.4
→	—	Iraq (79)	0.3	→	
⟶	44	Ireland (99+)	0.8	⟶	0.5
⟶	25	Israel (99+)	0.9	⟶	0.6
→	71	Italy (99)	0.7	→	0.5
⟵	78	Jamaica (95)	0.8	⟵	0.6
II	85	Japan (99+)	0.7	II	0.4
→	133	Jordan (99)	0.4	→	0.3
→	67	Kazakhstan (95)	0.9	→	0.6
←	85	Kenya (68)	0.8	←	0.8
←	—	Korea, DR (—)	0.6	←	
→	99	Korea, Rep. (99)	0.7	→	0.5
⟶	123	Kuwait (99)	0.6	⟶	0.4
←	97	Kyrgyzstan (96)	0.8	←	0.6
II	107	Lao, PDR (58)	0.7	II	0.5
II	13	Latvia (99)	0.9	II	0.7
II	127	Lebanon (96)	0.4	II	0.3
II	73	Lesotho (69)	0.7	II	0.5

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	ACTIVITY RATE GAP (women/men)		ESTIMATED EARNED INCOME RATIO (women/men)
II	—	Liberia (—)	0.7	II	
⟶	—	Libya (—)	0.4	⟶	
→	10	Lithuania (97)	0.9	→	0.7
⟶	85	Luxembourg (97)	0.7	⟶	0.5
⟶	—	Macao (China) (—)	0.8	⟶	
II	49	Macedonia, FYR (97)	0.7	II	0.5
II	73	Madagascar (63)	0.9	II	0.7
II	85	Malawi (63)	0.1	II	0.7
II	92	Malaysia (98)	0.6	II	0.4
⟶	67	Maldives (86)	0.7	⟶	
→	109	Mali (66)	0.9	→	0.7
⟶	91	Malta (99+)	0.5	⟶	0.5
II	—	Mauritania (75)	0.7	II	0.5
→	105	Mauritius (99)	0.6	→	0.4
→	78	Mexico (94)	0.5	→	0.4
II	19	Moldova (96)	0.9	II	0.6
←	55	Mongolia (96)	0.7	←	0.5
→	145	Morocco (78)	0.3	→	0.3
II	62	Mozambique (61)	1.0	II	0.8
II	—	Myanmar (73)	0.8	II	
II	30	Namibia (86)	0.8	II	0.6
→	142	Nepal (55)	0.7	→	0.5
⟶	10	Netherlands (99+)	0.8	⟶	0.6
II	—	Netherlands Antilles (—)	0.8	II	
II	—	New Caledonia (—)	0.6	II	
→	9	New Zealand (99+)	0.9	→	0.7
II	109	Nicaragua (74)	0.4	II	0.3
II	133	Niger (55)	0.8	II	0.6
II	139	Nigeria (63)	0.5	II	0.4
→	4	Norway (99+)	0.9	→	0.8
→	144	Oman (97)	0.3	→	0.2
→	145	Pakistan (60)	0.4	→	0.3
⟶	44	Panama (91)	0.7	⟶	0.6
II	—	Papua New Guinea (73)	0.1	II	0.7
⟶	78	Paraguay (85)	0.8	⟶	0.4
⟶	62	Peru (86)	0.7	⟶	0.4
→	13	Philippines (77)	0.7	→	0.6
II	30	Poland (99+)	0.8	II	0.6
⟶	25	Portugal (99+)	0.9	⟶	0.6
⟶	—	Puerto Rico (—)	0.7	⟶	
→	127	Qatar (97)	0.4	→	
II	37	Romania (96)	0.8	II	0.7
II	37	Russian Federation (97)	0.9	II	0.6
II	2	Rwanda (51)	0.1	II	0.7
II	114	Samoa (97)	0.5	II	0.4
⟵	118	Sao Tomé and Principe (78)	0.4	⟵	
→	145	Saudi Arabia (95)	0.2	→	0.2
II	104	Senegal (72)	0.7	II	0.5
II	153	Sierra Leone (—)	0.6	II	0.5
→	—	Singapore (—)	0.7	→	0.5
←	39	Slovakia (—)	0.8	←	0.6
→	30	Slovenia (99)	0.9	→	0.6

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	ACTIVITY RATE GAP (women/men)		ESTIMATED EARNED INCOME RATIO (women/men)
II	118	Solomon Islands (—)	0.7	II	0.5
II	—	Somalia (—)	0.6	II	
⟵	39	South Africa (87)	0.6	⟵	0.5
⟶	10	Spain (99+)	0.7	⟶	0.5
⟵	92	Sri Lanka (—)	0.5	⟵	0.4
→	99	St. Lucia (96)	0.7	→	0.5
⟶	85	St. Vincent and the Grenadines (95)	0.7	⟶	0.5
II	—	Sudan (81)	0.3	II	0.3
II	55	Suriname (85)	0.5	II	
←	123	Swaziland (77)	0.4	←	0.3
II	1	Sweden (99+)	0.1	II	0.8
⟶	52	Switzerland (99+)	0.9	⟶	0.6
→	127	Syrian Arab Republic (87)	0.5	→	0.3
II	—	Tajikistan (86)	0.8	II	0.6
II	30	Tanzania (70)	0.1	II	0.7
←	25	Thailand (—)	0.8	←	0.6
→	—	Timor-Leste (—)	0.7	→	
←	148	Togo (70)	0.6	←	0.4
⟶	—	Tonga (94)	0.6	⟶	0.5
→	44	Trinidad and Tobago (98)	0.6	→	0.5
→	114	Tunisia (95)	0.4	→	0.3
←	133	Turkey (92)	0.4	←	0.4
II	—	Turkmenistan (—)	0.9	II	0.6
→	67	Uganda (63)	0.9	→	0.7
II	30	Ukraine (97)	0.9	II	0.5
⟶	127	United Arab Emirates (98)	0.4	⟶	0.2
→	19	United Kingdom (99)	0.9	→	0.7
→	19	United States of America (99)	0.9	→	0.6
⟶	49	Uruguay (95)	0.8	⟶	0.6
II	—	Uzbekistan (—)	0.8	II	0.6
II	99	Vanuatu (85)	0.9	II	0.7
⟶	52	Venezuela (94)	0.7	⟶	0.5
II	55	Viet Nam (90)	0.9	II	0.7
II	—	Virgin Islands (USA) (—)	0.8	II	
II	155	Yemen (64)	0.4	II	0.3
II	92	Zambia (75)	0.8	II	0.6
⟵	99	Zimbabwe (76)	0.8	⟵	0.6

Sources: Activity rate gap (women/men): The UN Statistics Division Website (unstats.un.org/unsd/), February 2007.

Estimated earned income ratio (women/men): Human Development Report 2006, UNDP.

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Activity rate gap (women/men): Female economic activity rate (the share of the female population ages 15 and older who supply, or are available to supply, labour for the production of goods and services) as a percentage of the male economic activity rate.
Last available data: 2005; evolution since 1990.

Estimated earned income ratio (women/men): Ratio of estimated female earned income to estimated male earned income.

Because of the lack of gender-disaggregated income data, female and male earned income are crudely estimated by UNDP on the basis of data on the ratio of the female non-agricultural wage to the male non-agricultural wage, the female and male shares of the economically active population, the total female and male population and GDP per capita (purchasing power parity in USD).
Last available data: 1991-2004.

GENDER EQUITY

References

CURRENT SITUATION (latest available data)

- Better situation
- Above average
- Below average
- Worse situation
- Insufficient data

EVOLUTION (since 1990 or closest available year)

- ⟶ Significant progress
- → Slight progress
- II Stagnant
- ← Slight regression
- ⟵ Significant regression

Women's empowerment

Complete table at: **www.socialwatch.org/statistics2007**

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	FEMALE PROFESSIONAL AND TECHNICAL WORKERS (%)	FEMALE LEGISLATORS, SENIOR OFFICIALS AND MANAGERS (%)	WOMEN IN DECISION-MAKING POSITIONS IN GOVERNMENT AT MINISTERIAL LEVEL (%)	SEATS IN PARLIAMENT HELD BY WOMEN (%)
—	—	Afghanistan (—)			10	27
⟵	97	Albania (95)			5 ⟵	7 ←
→	127	Algeria (95)			11 →	6 II
—	—	Andorra (—)			33	29 ⟶
→	109	Angola (—)			6 II	15 →
←	—	Antigua and Barbuda (—)			15 ⟵	11 →
⟶	39	Argentina (94)	55	25	8 →	35 ⟶
II	92	Armenia (96)			0 II	5 II
→	13	Australia (99)	55	37	20 ←	25 ⟶
⟶	30	Austria (99+)	46	28	35 ⟶	32 →
→	73	Azerbaijan (91)			15 →	11 II
II	16	Bahamas (—)		40	27 ⟵	20 ⟶
—	138	Bahrain (99)			9 →	3
→	109	Bangladesh (57)	12	23	8 →	15 →
→	5	Barbados (99)	52	43	29 →	13 →
—	55	Belarus (97)			10 →	29
⟶	19	Belgium (99+)	48	30	21 ⟶	35 ⟶
II	73	Belize (91)	52	31	6 ←	7 →
→	148	Benin (73)			19 →	7 II
←	—	Bhutan (69)			0 ←	3 II
→	49	Bolivia (80)	40	36	7 ←	17 ⟶
—	—	Bosnia and Herzegovina (—)			11	14
⟶	55	Botswana (91)	53	31	27 ⟶	11 →
→	25	Brazil (89)	53	34	11 II	9 →
—	—	Brunei Darussalam (97)			9 →	
⟶	19	Bulgaria (97)	61	33	24 ⟶	22 ⟶
→	118	Burkina Faso (71)			15 →	12 →
—	71	Burundi (56)			11 →	31
→	78	Cambodia (59)	33	14	7 →	0 II
II	133	Cameroon (70)			11 →	9 ←
→	16	Canada (99)	56	36	23 →	21 →
→	78	Cape Verde (92)			19 →	15 →
→	148	Central African Republic (—)			10 →	11 →
—	148	Chad (43)			12 →	
→	73	Chile (99)	52	24	17 →	15 →
→	78	China (93)			6 →	20 II
→	16	Colombia (89)	50	38	36 ⟶	8 ←
—	—	Comoros (72)				3 →
—	133	Congo, DR (—)			13	8
⟶	142	Congo, Rep. (80)			15 ⟶	9 →
⟶	55	Costa Rica (96)	40	26	25 →	39 ⟶
→	153	Cote d'Ivoire (77)			17 ⟶	9 II
—	25	Croatia (97)	52	23	33	23 ⟶
⟶	55	Cuba (99)			16 →	36 ⟶
→	62	Cyprus (99+)	45	15	0 ←	14 ⟶
→	44	Czech Republic (99)	52	28	11 ⟶	16 II

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	FEMALE PROFESSIONAL AND TECHNICAL WORKERS (%)	FEMALE LEGISLATORS, SENIOR OFFICIALS AND MANAGERS (%)	WOMEN IN DECISION-MAKING POSITIONS IN GOVERNMENT AT MINISTERIAL LEVEL (%)		SEATS IN PARLIAMENT HELD BY WOMEN (%)	
→	7	Denmark (99+)	52	25	33	→	37	→
→	127	Djibouti (78)			5	→	11	→
←	—	Dominica (94)			0	←	13	→
→	62	Dominican Republic (85)	50		14	→	20	→
—	30	Ecuador (81)	49	34	14	→	25	
→	139	Egypt (90)	30	9	6	→	2	II
—	44	El Salvador (80)	45	33	35	→	33	
→	—	Equatorial Guinea (59)			5	II	18	→
—	139	Eritrea (67)			18		22	II
→	19	Estonia (99)	67	35	15	→	19	→
→	114	Ethiopia (50)			6	←	22	→
—	99	Fiji (99)			9	II		
→	2	Finland (99+)	54	28	47	→	38	→
→	67	France (99+)			18	→	12	→
—	—	French Polynesia (—)					10	→
—	114	Gabon (82)			12	→	13	
—	118	Gambia (70)			20	→	9	
→	62	Georgia (95)	63	26	22	→	9	→
→	5	Germany (99+)	50	35	46	→	32	→
—	92	Ghana (66)			12	II	11	
→	52	Greece (99+)	49	27	6	II	13	→
→	—	Grenada (92)			40	→	27	→
II	118	Guatemala (72)			25	→	8	←
→	109	Guinea (68)			15	→	19	→
→	123	Guinea-Bissau (—)			38	→	14	→
—	85	Guyana (81)			22	→		
→	—	Haiti (—)			25	→	22	→
—	78	Honduras (76)	36	22	14	←		
—	39	Hong Kong (China) (—)	40	27			29	→
→	39	Hungary (97)	61	34	12	→	4	II
—	7	Iceland (99+)	55	29	27	→	26	
←	148	India (71)			3	←	11	II
→	107	Indonesia (85)			11	→	10	II
→	105	Iran, Islamic Rep. (91)	33	13	7	→	13	II
II	—	Iraq (79)			19	II	4	II
→	44	Ireland (99+)	51	29	21	→	8	II
—	—	Isle of Man (—)					33	→
—	25	Israel (99+)	54	29	17	→		
→	71	Italy (99)	45	21	8	II	14	→
→	78	Jamaica (95)			18	→	17	→
→	85	Japan (99+)	46	10	13	→	6	→
→	133	Jordan (99)			11	→	12	II
→	67	Kazakhstan (95)			18	→	9	→
II	85	Kenya (68)			10	→	10	←
—	—	Kiribati (88)			0		10	→
—	—	Korea, DR (—)					20	→
←	99	Korea, Rep. (99)	38	7	6	→	0	←
→	123	Kuwait (99)			0	←	13	→
→	97	Kyrgyzstan (96)			13	→	7	→
←	107	Lao, PDR (58)			0	←	2	II
→	13	Latvia (99)	64	42	24	→	23	→
→	127	Lebanon (96)			7	→	25	→
→	73	Lesotho (69)			28	→	5	II
—	—	Liberia (—)			14		5	→
—	—	Libya (—)					13	→
—	—	Liechtenstein (—)			20		6	→
→	10	Lithuania (97)	68	42	15	→	24	→
→	85	Luxembourg (97)			14	→	25	→

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	FEMALE PROFESSIONAL AND TECHNICAL WORKERS (%)	FEMALE LEGISLATORS, SENIOR OFFICIALS AND MANAGERS (%)	WOMEN IN DECISION-MAKING POSITIONS IN GOVERNMENT AT MINISTERIAL LEVEL (%)		SEATS IN PARLIAMENT HELD BY WOMEN (%)	
—	—	Macao (China) (—)					19	→
—	49	Macedonia, FYR (97)	53	28	17		3	
→	73	Madagascar (63)			6	→	22	→
—	85	Malawi (63)			14	→		
→	92	Malaysia (98)	40	23	9	→	17	→
→	67	Maldives (86)	40	15	12	ıı	7	→
→	109	Mali (66)			19	→	28	→
→	91	Malta (99+)	39	16	15	→	10	→
—	—	Marshall Islands (94)			0		23	→
→	—	Mauritania (75)			9	→	35	→
→	105	Mauritius (99)			8	ıı	18	→
—	—	Mayotte (—)					14	→
→	78	Mexico (94)	42	25	9	→	12	→
—	—	Micronesia, Fed. Sts. (—)					0	ıı
→	19	Moldova (96)	66	39	11	→	21	→
—	—	Monaco (—)			0		11	→
—	55	Mongolia (96)	66	30	6	ıı		
—	145	Morocco (78)			6	→		
—	62	Mozambique (61)			13	ıı		
—	—	Myanmar (73)					9	→
→	30	Namibia (86)	55	30	19	→	9	ıı
—	—	Nauru (—)			0		38	ıı
→	142	Nepal (55)			7	→	37	→
→	10	Netherlands (99+)	48	26	36	→	15	→
→	9	New Zealand (99+)	52	36	23	→	17	→
—	109	Nicaragua (74)			14	→	12	
→	133	Niger (55)			23	→	27	→
—	139	Nigeria (63)			10	→		
—	—	Niue (—)					6	
—	—	Northern Mariana Islands (—)					7	ıı
—	4	Norway (99+)	50	29	44	ıı		
←	144	Oman (97)			10	→	0	←
→	145	Pakistan (60)	26	2	6	→	32	→
—	—	Palau (—)			13		29	→
—	44	Panama (91)	51	39	14	→	2	
—	—	Papua New Guinea (73)					15	→
→	78	Paraguay (85)			31	→	20	ıı
—	62	Peru (86)	44	19	12	ıı	21	
→	13	Philippines (77)	61	58	25	ıı	17	→
←	30	Poland (99+)	61	34	6	←	0	ıı
—	25	Portugal (99+)	52	32	17	ıı		
—	—	Puerto Rico (—)					1	ıı
—	127	Qatar (97)			8	→		
—	37	Romania (96)	57	29	13	→		
—	37	Russian Federation (97)	64	38	0	←	0	
—	2	Rwanda (51)			36	→		
—	114	Samoa (97)			8	ıı		
—	—	San Marino (—)			13			
—	118	Sao Tomé and Principe (—)			14	→		
—	145	Saudi Arabia (95)	6	31	0	ıı	31	
—	104	Senegal (72)			21	→		
—	—	Serbia and Montenegro (—) [1]			0			
—	—	Seychelles (—)			13	←		
—	153	Sierra Leone (—)			13	→		
—	—	Singapore (—)	45	26	0	←	26	
—	39	Slovakia (—)	61	32	0	←	32	
—	30	Slovenia (99)	57	34	6		34	
—	118	Solomon Islands (—)			0	ıı		

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	GEI RANKING	COUNTRIES (BCI value, 0-100)	FEMALE PROFESSIONAL AND TECHNICAL WORKERS (%)	FEMALE LEGISLATORS, SENIOR OFFICIALS AND MANAGERS (%)	WOMEN IN DECISION-MAKING POSITIONS IN GOVERNMENT AT MINISTERIAL LEVEL (%)	SEATS IN PARLIAMENT HELD BY WOMEN (%)
—	39	South Africa (87)			41 →	
→	10	Spain (99+)	47	32	50 →	36 →
→	92	Sri Lanka (—)	46	21	10 II	24 →
←	—	St. Kitts and Nevis (99)			0 ←	7 →
—	99	St. Lucia (96)			8 →	8
—	85	St. Vincent and the Gren. (95)			20 ←	
—	—	Sudan (81)			3 II	
—	55	Suriname (85)	51	28	12 ←	28
—	123	Swaziland (77)			13 →	
—	1	Sweden (99+)	51	31	52 →	31
→	52	Switzerland (99+)	46	27	14 →	25 →
—	127	Syrian Arab Republic (87)			6 →	
—	—	Tajikistan (86)			3 II	
—	30	Tanzania (70)	32	49	15 →	49
—	25	Thailand (—)	53	28	8 →	28
—	—	Timor-Leste (—)			22	
—	148	Togo (70)			20 →	
—	44	Trinidad and Tobago (98)	54	38	18 →	38
—	114	Tunisia (95)			7 →	
—	133	Turkey (92)	31	7	4 II	7
—	—	Turkmenistan (—)			10 →	
—	—	Tuvalu (89)			0	
—	67	Uganda (63)			23 →	
—	30	Ukraine (97)	60	43	6 →	43
→	127	United Arab Emirates (98)	25	8	6 →	23 →
→	19	United Kingdom (99)	46	33	29 →	20 →
—	19	United States of America (99)	55	42	14	42
—	49	Uruguay (95)	53	35	0 ←	35
—	—	Uzbekistan (—)			4 II	
—	99	Vanuatu (85)			8 →	
—	52	Venezuela (94)	61	27	14 →	27
—	55	Viet Nam (90)			12 →	
—	123	West Bank and Gaza (96)	35	11		21 →
—	155	Yemen (64)	15	4	3 →	4
—	92	Zambia (75)			25 →	
—	99	Zimbabwe (76)			15 →	

Note: (1) Prior to separation.

Sources: Female professional and technical workers: Human Development Report 2006, UNDP.

Female legislators, senior officials and managers: Human Development Report 2006, UNDP.

Women in decision-making positions in government at ministerial level: Human Development Report 1997, UNDP and Human Development Report 2006, UNDP.

Seats in parliament held by women: IPU Database, January, 2007. (www.ipu.org/wmn-e/classif.htm)

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Female professional and technical workers (as % of total positions): Women's share of positions defined according to the International Standard Classification of Occupations (ISCO-88) to include physical, mathematical and engineering science professionals (and associate professionals), life science and health professionals (and associate professionals), teaching professionals (and associate professionals) and other professionals and associate professionals.
Latest available data taken from ILO Laborsta Database (March, 2006) as published by Human Development Report 2006, UNDP.

Female legislators, senior officials and managers (% of total positions): Women's share of positions defined according to the International Standard Classification of Occupations (ISCO-88) to include legislators, senior government officials, traditional chiefs and heads of villages, senior officials of special interest organizations, corporate managers, directors and chief executives, production and operations department managers and other department and general managers.
Latest available data taken from ILO Laborsta Database (March, 2006) as published by Human Development Report 2006, UNDP.

Women in decision-making positions in government at ministerial level (% of total positions): Women as a percentage of total decision-making positions in government. Data were provided by states based on their definition of national executive and may therefore include women serving as ministers and vice ministers and those holding other ministerial positions, including parliamentary secretaries.
Last available data: 2004; evolution since 1995.

Seats in parliament held by women (% of seats): Seats held by women in a lower or single house, where relevant, as percentage of total seats.
Last available data: 2005; evolution since 1997.

GENDER

A worldwide gap

The Gender Equity Index (GEI) designed by Social Watch to monitor the evolution of the situation of women around the world encompasses three basic dimensions: education, economic activity and empowerment. The index makes explicit the gaps between men and women, reveals what deficiencies there are, and shows the evolution of the situation in different countries. The overall picture is that at the present time no country has achieved gender equity, and that progress everywhere is slow.

Education

It is true that good progress has been made in narrowing the gender gap in this dimension, to the point that in many countries there is now no literacy gap and no inequity in enrolment in the different levels of education. But taking the world as a whole there is still a long way to go before equality can be established. Two out of every three people who are illiterate are women, and most children who do not go to school or who drop out are girls. In countries where the level of enrolment in primary education is low, it is common for parents to send their sons to school at the expense of their daughters.

In the countries in the better relative situation the impediments to females entering formal education have been overcome, and indeed there are now more girls enrolled in the system than boys. This difference is seen in primary and secondary education, and is even more marked in tertiary education. The higher the level of education, the more females there are in the system. However, the situation is very different in the group of countries where inequity is greater. Literacy rates for men are higher – on average, for every 100 men who can read and write, there are 68 women who can do so – and the higher the level of education, the wider the gap in favour of men. At the tertiary level, there are only 40 women enrolled for every 100 men.

At the present time the regions in a more favourable situation as regards gender equity in education are North America, Europe, Latin America and to a lesser extent Central Asia. For example, all the countries in Latin America, apart from Guatemala, are in the better relative positions. The regions with the most countries in the worse relative situation group in this respect are Sub-Saharan Africa and South Asia.

As to the evolution of this dimension at a global level, in more than half the countries of the world, progress towards the goal of achieving gender equity in education has stagnated. On the other hand, more than 60 countries (out of 156 for which information is available) have progressed to some extent. There are also some worrying cases where inequity is on the rise, namely Eritrea, the Cayman Islands, Tajikistan and Tonga, and of these Eritrea is the most alarming case, as it has regressed so much that it is now among the worst in the world in this respect.

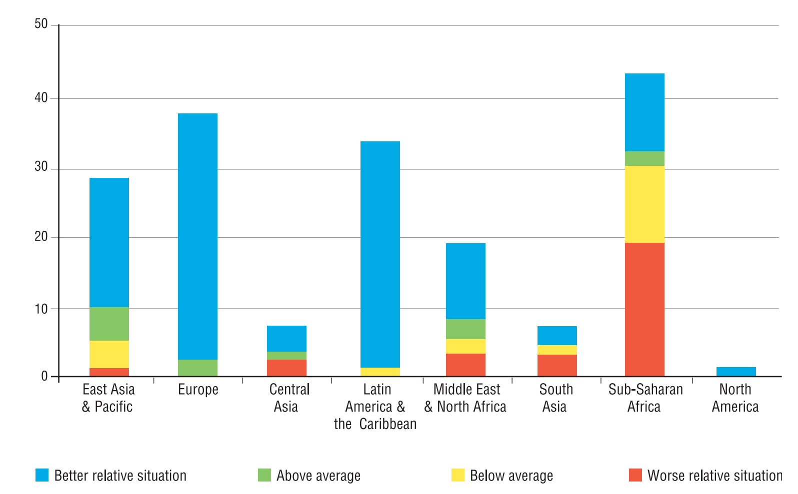
Empowerment

The spheres of political power and decision making in economic and social affairs are still mostly dominated by men. Some progress has been made in these areas, above all in implementing quotas for women's participation in legislative bodies, but equity between men and women is still far away. In mid-2007, on average only 17.9%[1] of representatives in parliaments were women. This figure shows there is marked inequity in politics, but beyond that it also reflects a serious weakness in democracy. There is deep-rooted and widespread inequality, as can be seen from the fact that there are hardly any women heads of state in the world and very few women in executive and management positions. Some progress has been made, but inequity is still very much a fact of modern life.

The averages of each indicator in the GEI are very significant. Even in countries in the better

1 In countries that have a two-tier system, these data are just for the lower house (members of parliament or representatives). If both houses were considered the proportion of women would probably be even lower. See: <www.ipu.org/english/home.htm>.

Current situation of the gender gap in education by region (number of countries)



Current situation and evolution of the gender gap in education (number of countries)

	←	←	=	→	→	Total
Countries in worse situation	0	1	2	6	14	23
Countries below average	0	1	2	5	8	16
Countries above average	0	0	3	5	3	11
Countries in better situation	0	2	81	21	2	106
Total	0	4	88	37	27	156

Averages by indicator of countries in better and worse relative situations of the gender gap in education

		Literacy ratio gap (women/men)	Net primary enrolment ratio gap (women/men)	Net secondary enrolment ratio gap (women/men)	Gross tertiary enrolment ratio gap (women/men)
Worse relative situation	Average	0.68	0.82	0.61	0.40
	Number of countries	18	23	19	25
Better relative situation	Average	1.01	1.01	1.07	1.42
	Number of countries	64	109	104	101
Total	Average	0.93	0.97	0.98	1.12
	Number of countries	106	164	148	157

Averages by indicator of countries in better and worse relative situations in women's empowerment

		Female professional and technical workers (%)	Female legislators, senior officials and managers (%)	Women in decision-making positions in government at ministerial level (%)	Seats in parliament held by women (%)
Worse relative situation	Average	31.8	11.4	8.2	9.1
	Number of countries	14	14	24	33
Better relative situation	Average	56.7	39	29.2	26.1
	Number of countries	8	9	15	14
Total	Average	48.2	28.3	16.5	17.9
	Number of countries	81	81	132	144

relative situation, women occupy only a quarter of the seats in parliament and less than a third of decision-making positions at ministerial level. Thus even in the more advanced countries women are nowhere near being equal. Decisions should be taken and concrete measures implemented to reduce inequity in access to positions of power not just in a given group of countries but in all the countries and regions of the world.

A country does not have to be rich in economic resources or have high levels of general well-being to be able to take measures to empower women. Indeed, the situation in the wealthiest regions of the world shows that economic development does not necessarily lead to gender equity. North America and Europe do not present a homogenous panorama in terms of the empowerment of women, as some of these countries are in the better relative situation but many others are in a worse condition. When it comes to gender equity, political will can make the difference.

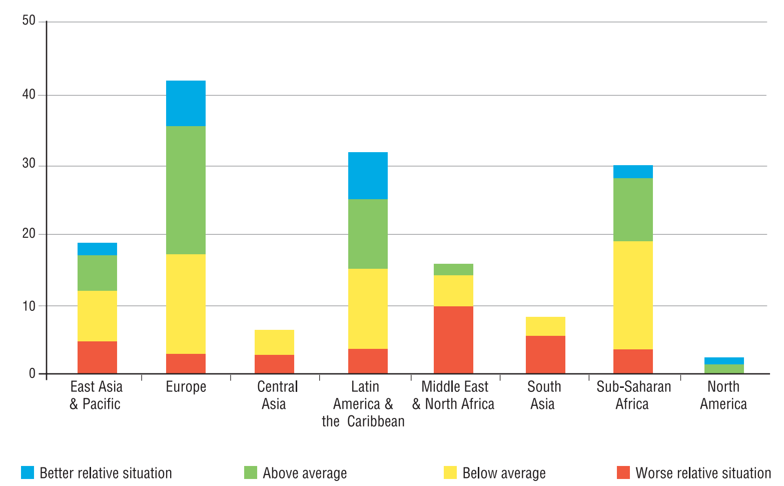
In short, there are a variety of situations in all the regions. The most problematic regions are the Middle East and North Africa, where no country is in the better relative situation group.

In recent years the general situation has been improving, with progress observed in 82 of the 99 countries for which information is available. However, there has been slight regression in nine countries and one, Albania, regressed significantly. Progress in this area is fragile, as is clear from the fact that the indicators tend to fluctuate. Most of the changes from one year to another are due to changes in executive and parliamentary posts at election time, which has an immediate effect on the percentage of women in decision-making spaces. Several countries, most notably Rwanda and also Spain, have moved towards greater equity by taking concrete measures like the setting of political quotas.

Economic activity

Gender inequity in economic activity is one of the causes of the feminization of poverty. It is true that an increasing number of women are coming into the world of remunerated work, but this cannot hide the fact that their access to employment is restricted or that there is a wide pay gap since women earn considerably less than men. This difference in levels in remuneration is not confined to

Current situation in women's empowerment by region (number of countries)



Current situation and evolution in women's empowerment (number of countries)

	←	←	II	→	→	Total
Countries in worse situation	0	1	2	6	14	23
Countries below average	0	1	2	5	8	16
Countries above average	0	0	3	5	3	11
Countries in better situation	0	2	81	21	2	106
Total	0	4	88	37	27	156

Averages by indicator of countries in better and worse situations of the gender gap in economic activity

		Activity rate gap (women/men)	Estimated earned income ratio (women/men)
Worse relative situation	Average	0.45	0.33
	Number of countries	41	36
Better relative situation	Average	0.89	0.67
	Number of countries	54	53
Total	Average	0.70	0.53
	Number of countries	183	160

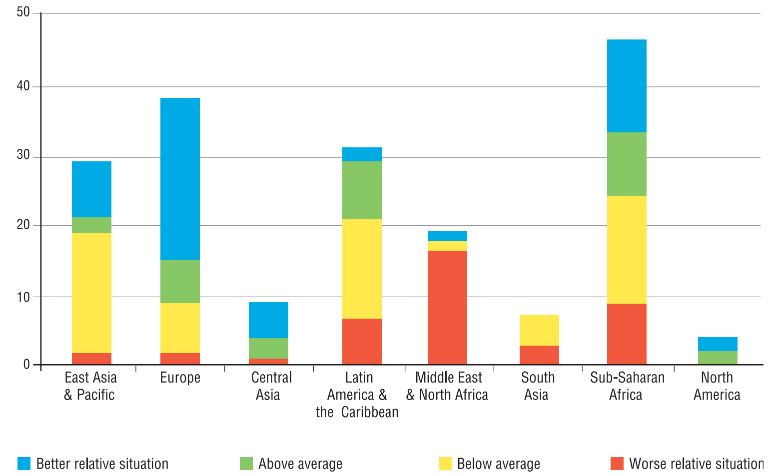
the countries in the worse relative situation group. In the European Union progress in gender equity has been made, but according to the European Commission women's earnings are still on average 15% lower than men's.

The gap between men's and women's remuneration can be summed up as follows: in the group of countries with the greatest inequity, women's pay is on average one third of what men receive, and in the more equitable countries, they earn two thirds of what men earn. It is clear that even in the better cases, equity is still a long way off. When it comes to economic activity rates, in the countries in the better relative situation group, the gap is 0.89 (where 1 would mean equality), whereas in the worse relative situation group of countries, the figure is 0.45.

In the economic activity dimension the most worrying situation is again to be found in the Middle East and North Africa, where in all the dimensions considered, gender inequity is a serious problem. The overwhelming majority of the countries in these regions are in the worse relative situation, and there are very few exceptions like Israel and to a lesser extent Djibouti, where the situation is better. The countries of South Asia are also among the least equitable. An overall view of the situation shows that there is almost no region in which all the countries are above the world average. This clearly indicates that gender inequity in economic activity is a worldwide and persistent phenomenon.

In the economic activity dimension of gender inequity, more countries are stagnant or regressing than are progressing. Among those that have regressed there are some in the worse relative situation, which is cause for serious concern. They are Botswana, Egypt, Georgia, Sao Tome and Principe, and Sri Lanka. The overall picture is that most countries are not advancing towards a solution to this problem. ■

Current situation of the gender gap situation in economic activity by region (number of countries)



Current situation and evolution of the gender gap in economic activity (number of countries)

	⟵	←	=	→	⟶	Total
Countries in worse situation	5	5	10	14	14	41
Countries below average	3	7	21	5	10	58
Countries above average	2	2	14	5	1	30
Countries in better situation	1	3	25	21	20	54
Total	11	17	70	37	45	183

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Status of ratifications of fundamental ILO Conventions

Up to July 2007

C87: Freedom of Association and Protection of the Right to Organise Convention, 1948.
C98: Right to Organise and Collective Bargaining Convention, 1949.
C100: Equal Remuneration Convention, 1951.
C105: Abolition of Forced Labour Convention, 1957.
C111: Discrimination (Employment and Occupation) Convention, 1958.
C138: Minimum Age Convention, 1973.
C182: Worst Forms of Child Labour Convention, 1999.

Countries that have ratified all these conventions:
Albania; Algeria; Angola; Antigua and Barbuda; Argentina; Armenia; Austria; Azerbaijan; Bahamas; Barbados; Belarus; Belgium; Belize; Benin; Bolivia; Bosnia and Herzegovina; Botswana; Bulgaria; Burkina Faso; Burundi; Cambodia; Cameroon; Central African Republic; Chad; Chile; Colombia; Comoros; Congo, DR; Congo, Rep.; Costa Rica; Côte d'Ivoire; Croatia; Cyprus; Czech Republic; Denmark; Djibouti; Dominica; Dominican Republic; Ecuador; Egypt; El Salvador; Equatorial Guinea; Estonia; Ethiopia; Fiji; Finland; France; Gambia; Georgia; Germany; Greece; Grenada; Guatemala; Guinea; Guyana; Honduras; Hungary; Iceland; Indonesia; Ireland; Israel; Italy; Jamaica; Kazakhstan; Kyrgyzstan; Latvia; Lesotho; Libya; Lithuania; Luxembourg; Macedonia; Madagascar; Malawi; Mali; Malta; Mauritania; Mauritius; Moldova; Mongolia; Montenegro; Mozambique; Netherlands; Nicaragua; Niger; Nigeria; Norway; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Romania; Russian Federation; Rwanda; San Marino; Sao Tome and Principe; Senegal; Serbia; Seychelles; Slovakia; Slovenia; South Africa; Spain; Sri Lanka; St Kitts and Nevis; St Vincent and Grenadines; Swaziland; Sweden; Switzerland; Syria; Tajikistan; Tanzania; Togo; Trinidad and Tobago; Tunisia; Turkey; Uganda; Ukraine; United Kingdom; Uruguay; Venezuela; Yemen; Zambia; Zimbabwe.

	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		ELIMINATION OF FORCED AND COMPULSORY LABOUR	ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION		ABOLITION OF CHILD LABOUR	
	C 87	C 98	C 105	C 100	C 111	C 138	C 182
Afghanistan	□	□	■	■	■	□	□
Australia	■	■	■	■	■	□	■
Bahrain	□	□	■	□	■	□	■
Bangladesh	■	■	■	■	■	□	■
Brazil	□	■	■	■	■	■	■
Canada	■	□	■	■	■	□	■
Cape Verde	■	■	■	■	■	□	■
China	□	□	□	■	■	■	■
Cuba	■	■	■	■	■	■	□
Eritrea	■	■	■	■	■	■	□
Gabon	■	■	■	■	■	□	■
Ghana	■	■	■	■	■	□	■
Guinea-Bissau	□	■	■	■	■	□	□
Haiti	■	■	■	■	■	□	■
India	□	□	■	■	■	□	□
Iran	□	□	■	■	■	□	■
Iraq	□	■	■	■	■	■	■
Japan	■	■	□	■	□	■	■
Jordan	□	■	■	■	■	■	■
Kenya	□	■	■	■	■	■	■
Kiribati	■	■	■	□	□	□	□
Korea, Rep.	□	□	□	■	■	■	■
Kuwait	■	□	■	□	■	■	■
Lao, PDR	□	□	□	□	□	■	■
Lebanon	□	■	■	■	■	■	■
Liberia	■	■	■	□	■	□	■

	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		ELIMINATION OF FORCED AND COMPULSORY LABOUR	ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION		ABOLITION OF CHILD LABOUR	
	C 87	C 98	C 105	C 100	C 111	C 138	C 182
Malaysia	□	■	●	■	□	■	■
Mexico	■	□	■	■	■	□	■
Morocco	□	■	■	■	■	■	■
Myanmar	■	□	□	□	□	□	□
Namibia	■	■	■	□	■	■	■
Nepal	□	■	□	■	■	■	■
New Zealand	□	■	■	■	■	□	■
Oman	□	□	■	□	□	■	■
Qatar	□	□	■	□	■	■	■
Samoa	□	□	□	□	□	□	□
Saudi Arabia	□	□	■	■	■	□	■
Sierra Leone	■	■	■	■	■	□	□
Singapore	□	■	●	■	□	■	■
Solomon Islands	□	□	□	□	□	□	□
Somalia	□	□	■	□	■	□	□
St Lucia	■	■	■	■	■	□	■
Sudan	□	■	■	■	■	■	■
Suriname	■	■	■	□	□	□	■
Thailand	□	□	■	■	□	■	■
Timor-Leste	□	□	□	□	□	□	□
Turkmenistan	■	■	■	■	■	□	□
United Arab Emirates	□	□	■	■	■	■	■
United States of America	□	□	■	□	□	□	■
Uzbekistan	□	■	■	■	■	□	□
Vanuatu	■	■	■	■	■	□	■
Viet Nam	□	□	□	■	■	■	■

Source: ILOLEX. ILO website Database (www.ilo.org/).

■ Convention ratified
□ Convention not yet ratified
● Convention denounced

Status of ratifications of human rights international treaties

Up to July 2007

A: International Covenant on Economic, Social and Cultural Rights (CESCR), 1966. Entry into force: 3 January 1976.
B: International Covenant on Civil and Political Rights (CCPR), 1966. Entry into force: 23 March 1976.
C: International Convention on the Elimination of All Forms of Racial Discrimination (CERD), 1965. Entry into force: 4 January 1969.
D: Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), 1979. Entry into force: 3 September 1981.
E: Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), 1984. Entry into force: 26 June 1987.
F: Convention on the Rights of the Child (CRC), 1989. Entry into force: 2 September 1990.
G: Convention on the Prevention and Punishment of the Crime of Genocide, 1948. Entry into force: 12 January 1951.
H: Convention Relating to the Status of Refugees, 1951. Entry into force: 22 April 1954.
I: International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (MWC), 1990. Entry into force: 1 July 2003.

	UN Member since	A	B	C	D	E	F	G	H	I		UN Member since	A	B	C	D	E	F	G	H	I
Afghanistan	1946	●	●	●	●	●	●	●	●		Cuba	1945			●	●	●	●	●		
Albania	1955	●	●	●	●	●	●	●	●	●	Cyprus	1960	●	●	●	●	●	●	●	●	
Algeria	1962	●	●	●	●	●	●	●	●	●	Czech Republic	1993	●	●	●	●	●	●	●	●	
Andorra	1993		●	●	●	●	●	●			Denmark	1945	●	●	●	●	●	●	●	●	
Angola	1976	●	●		●		●		●		Djibouti	1977	●	●	○	●	●	●		●	
Antigua and Barbuda	1981			●	●	●	●	●	●		Dominica	1978	●	●		●		●		●	
Argentina	1945	●	●	●	●	●	●	●	●	●	Dominican Republic	1945	●	●	●	●	○	●	○	●	
Armenia	1992	●	●	●	●	●	●	●	●		Ecuador	1945	●	●	●	●	●	●	●	●	●
Australia	1945	●	●	●	●	●	●	●	●		Egypt	1945	●	●	●	●	●	●	●	●	●
Austria	1955	●	●	●	●	●	●	●	●		El Salvador	1945	●	●	●	●	●	●	●	●	●
Azerbaijan	1992	●	●	●	●	●	●	●	●	●	Equatorial Guinea	1968	●	●	●	●	●	●		●	
Bahamas	1973			●	●		●	●	●		Eritrea	1993	●	●	●	●		●			
Bahrain	1971		●	●	●	●	●	●			Estonia	1991	●	●	●	●	●	●	●	●	
Bangladesh	1974	●	●	●	●	●	●	●		○	Ethiopia	1945	●	●	●	●	●	●	●	●	
Barbados	1966	●	●	●	●		●	●			Fiji	1970			●	●		●	●	●	
Belarus	1945	●	●	●	●	●	●	●	●		Finland	1955	●	●	●	●	●	●	●	●	
Belgium	1945	●	●	●	●	●	●	●	●		France	1945	●	●	●	●	●	●	●	●	
Belize	1981	○	●	●	●	●	●	●	●	●	Gabon	1960	●	●	●	●	●	●	●	●	○
Benin	1960	●	●	●	●	●	●		●	○	Gambia	1965	●	●	●	●	○	●	●	●	
Bhutan	1971			○	●		●				Georgia	1992	●	●	●	●	●	●	●	●	
Bolivia	1945	●	●	●	●	●	●	●	●	●	Germany	1973	●	●	●	●	●	●	●	●	
Bosnia and Herzegovina	1992	●	●	●	●	●	●	●	●	●	Ghana	1957	●	●	●	●	●	●	●	●	●
Botswana	1966		●	●	●	●	●		●		Greece	1945	●	●	●	●	●	●	●	●	
Brazil	1945	●	●	●	●	●	●	●	●		Grenada	1974	●	●	○	●		●			
Brunei Darussalam	1984				●		●				Guatemala	1945	●	●	●	●	●	●	●	●	●
Bulgaria	1955	●	●	●	●	●	●	●	●		Guinea	1958	●	●	●	●	●	●	●	●	●
Burkina Faso	1960	●	●	●	●	●	●	●	●	●	Guinea-Bissau	1974	●	○	○	●	○	●		●	○
Burundi	1962	●	●	●	●	●	●	●	●		Guyana	1966	●	●	●	●	●	●			○
Cambodia	1955	●	●	●	●	●	●	●	●	○	Haiti	1945		●	●	●		●	●	●	
Cameroon	1960	●	●	●	●	●	●		●		Holy See				●		●	●		●	
Canada	1945	●	●	●	●	●	●	●	●		Honduras	1945	●	●	●	●	●	●	●	●	●
Cape Verde	1975	●	●	●	●	●	●			●	Hungary	1955	●	●	●	●	●	●	●	●	
Central African Republic	1960	●	●	●	●		●		●		Iceland	1946	●	●	●	●	●	●	●	●	
Chad	1960	●	●	●	●	●	●		●		India	1945	●	●	●	●	○	●	●		
Chile	1945	●	●	●	●	●	●	●	●	●	Indonesia	1950	●	●	●	●	●	●			○
China	1945	●	○	●	●	●	●	●	●		Iran	1945	●	●	●			●	●	●	
Colombia	1945	●	●	●	●	●	●	●	●	●	Iraq	1945	●	●	●	●		●	●		
Comoros	1975			●	●	○	●	●		○	Ireland	1955	●	●	●	●	●	●	●	●	
Congo, DR	1960	●	●	●	●	●	●	●	●		Israel	1949	●	●	●	●	●	●	●	●	
Congo, Rep.	1960	●	●	●	●	●	●		●		Italy	1955	●	●	●	●	●	●	●	●	
Cook Islands					●		●				Jamaica	1962	●	●	●	●		●	●	●	
Costa Rica	1945	●	●	●	●	●	●	●	●		Japan	1956	●	●	●	●	●	●		●	
Côte d'Ivoire	1960	●	●	●	●	●	●	●	●		Jordan	1955	●	●	●	●	●	●	●		
Croatia	1992	●	●	●	●	●	●	●	●		Kazakhstan	1992	●	●	●	●	●	●	●	●	

	UN Member since	A	B	C	D	E	F	G	H	I		UN Member since	A	B	C	D	E	F	G	H	I
Kenya	1963	●	●	●	●	●	●		●		Qatar	1971			●		●	●			
Kiribati	1999				●		●				Romania	1955	●	●	●	●	●	●	●	●	
Korea, DPR	1991	●	●		●		●	●			Russian Federation	1945	●	●	●	●	●	●	●	●	
Korea, Rep.	1991	●	●	●	●	●	●	●	●		Rwanda	1962	●	●	●	●		●	●	●	
Kuwait	1963	●	●	●	●	●	●	●			Samoa	1976				●		●		●	
Kyrgyzstan	1992	●	●	●	●	●	●	●	●	●	San Marino	1992	●	●	●	●	●	●			
Lao, PDR	1955	●	❍	●	●		●	●			Sao Tome and Principe	1975	❍	❍	❍	●	❍	●		●	❍
Latvia	1991	●	●	●	●	●	●	●	●		Saudi Arabia	1945			●	●	●	●	●		
Lebanon	1945	●	●	●	●	●	●	●			Senegal	1960	●	●	●	●	●	●	●	●	●
Lesotho	1966	●	●	●	●	●	●	●	●	●	Serbia	2000		●	●	●	●	●	●	●	❍
Liberia	1945	●	●	●	●	●	●	●	●	❍	Seychelles	1976	●	●	●	●	●	●	●	●	●
Libya	1955	●	●	●	●	●	●	●		●	Sierra Leone	1961	●	●	●	●	●	●		●	❍
Liechtenstein	1990	●	●	●	●	●	●	●	●		Singapore	1965				●		●	●		
Lithuania	1991	●	●	●	●	●	●	●	●		Slovakia	1993	●	●	●	●	●	●	●	●	
Luxembourg	1945	●	●	●	●	●	●	●	●		Slovenia	1992	●	●	●	●	●	●	●	●	
Macedonia	1993	●	●	●	●	●	●	●	●		Solomon Islands	1978	●		●	●		●		●	
Madagascar	1960	●	●	●	●	●	●		●		Somalia	1960	●	●	●		●	❍		●	
Malawi	1964	●	●	●	●	●	●		●		South Africa	1945	❍	●	●	●	●	●	●	●	
Malaysia	1957				●		●	●			Spain	1955	●	●	●	●	●	●	●	●	
Maldives	1965	●	●	●	●	●	●	●			Sri Lanka	1955	●	●	●	●	●	●	●		●
Mali	1960	●	●	●	●	●	●	●	●	●	St. Kitts and Nevis	1983			●	●		●		●	
Malta	1964	●	●	●	●	●	●		●		St. Lucia	1979			●	●		●			
Marshall Islands	1991				●		●				St. Vincent and Grenadines	1980	●	●	●	●	●	●	●	●	
Mauritania	1961	●	●	●	●	●	●		●	●	Sudan	1956	●	●	●		❍	●	●	●	
Mauritius	1968	●	●	●	●	●	●				Suriname	1975	●	●	●	●		●		●	
Mexico	1945	●	●	●	●	●	●	●	●	●	Swaziland	1968	●	●	●	●	●	●		●	
Micronesia	1991				●		●				Sweden	1946	●	●	●	●	●	●	●	●	
Moldova	1992	●	●	●	●	●	●	●	●		Switzerland	2002	●	●	●	●	●	●	●	●	
Monaco	1993	●	●	●	●	●	●	●	●		Syria	1945	●	●	●	●	●	●	●		●
Mongolia	1961	●	●	●	●	●	●	●			Tajikistan	1992	●	●	●	●	●	●		●	●
Montenegro	2006	●	●	●	●	●	●	●	●	❍	Tanzania	1961	●	●	●	●		●	●	●	
Morocco	1956	●	●	●	●	●	●	●	●	●	Thailand	1946	●	●	●	●		●			
Mozambique	1975		●	●	●	●	●	●	●		Timor-Leste	2002	●	●	●	●	●	●		●	●
Myanmar	1948				●		●	●			Togo	1960	●	●	●	●	●	●	●	●	❍
Namibia	1990	●	●	●	●	●	●	●	●		Tonga	1999			●			●	●		
Nauru	1999		❍	❍		❍	●				Trinidad and Tobago	1962	●	●	●	●		●	●	●	
Nepal	1955	●	●	●	●	●	●	●			Tunisia	1956	●	●	●	●	●	●	●	●	
Netherlands	1945	●	●	●	●	●	●	●	●		Turkey	1945	●	●	●	●	●	●	●	●	●
New Zealand	1945	●	●	●	●	●	●	●	●		Turkmenistan	1992	●	●	●	●	●	●		●	
Nicaragua	1945	●	●	●	●	●	●	●	●	●	Tuvalu	2000				●		●		●	
Niger	1960	●	●	●	●	●	●		●		Uganda	1962	●	●	●	●	●	●	●	●	●
Nigeria	1960	●	●	●	●	●	●		●		Ukraine	1945	●	●	●	●	●	●	●	●	
Norway	1945	●	●	●	●	●	●	●	●		United Arab Emirates	1971			●	●		●	●		
Oman	1971			●	●		●				United Kingdom	1945	●	●	●	●	●	●	●	●	
Pakistan	1947	❍		●	●		●	●			United States of America	1945	❍	●	●	❍	●	❍	●		
Palau	1994						●				Uruguay	1945	●	●	●	●	●	●	●	●	●
Panama	1945	●	●	●	●	●	●	●	●		Uzbekistan	1992	●	●	●	●	●	●	●		
Papua New Guinea	1975			●	●		●	●	●		Vanuatu	1981				●		●			
Paraguay	1945	●	●	●	●	●	●	●	●	❍	Venezuela	1945	●	●	●	●	●	●	●		
Peru	1945	●	●	●	●	●	●	●	●	●	Viet Nam	1977	●	●	●	●		●	●		
Philippines	1945	●	●	●	●	●	●	●	●	●	Yemen	1947	●	●	●	●	●	●	●	●	
Poland	1945	●	●	●	●	●	●	●	●		Zambia	1964	●	●	●	●	●	●		●	
Portugal	1955	●	●	●	●	●	●	●	●		Zimbabwe	1980	●	●	●	●		●	●	●	

Sources: United Nations Treaty Collection Website, Database "Status of Multilateral Treaties Deposited with the Secretary General" (http://untreaty.un.org/).

❍ Signature not yet followed by ratification.
● Ratification, accession, approval, notification or succession, acceptance, consent to be bound or definitive signature.

NATIONAL REPORTS

■ ARGENTINA

Far from a rights-centred approach

After the crisis of the 1990s model and the sudden advent of the political, social and economic crisis of late 2001 and early 2002, the phenomenon of social exclusion became radically more pronounced. All the policies implemented since that time, aimed at reducing poverty indicators, have displayed contradictory elements which cast doubt on their validity and viability. The rights of millions of inhabitants to a decent life have become hostage to the inefficiency of these public policies.

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Pilar Arcidiácono
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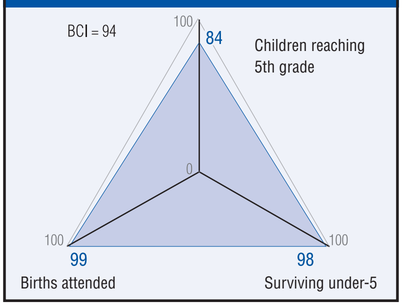
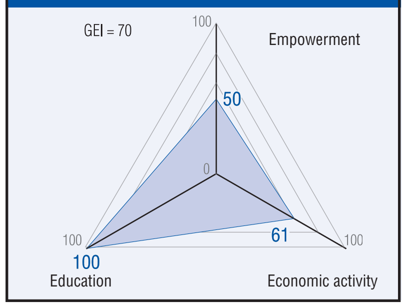
Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Since 2002 – within the context of the worst socio-economic crisis of the last few decades – a series of social programmes have been implemented which are still in force today. An attempt will be made here to review these programmes from a rights-based perspective, analyzing the strategies they use to overcome poverty and their main characteristics in the light of human rights.

During the 1990s, the policies dictated by international financial institutions were vigorously implemented in the country, to such an extent that after a few years they transformed the way the economy operated and the conception of social policy itself which was divorced from the guiding principles of human rights.

Towards the end of 2001 and early 2002, a severe institutional, political, social and economic crisis broke out which led, among other things, to the fall of the government, the abandonment of the currency convertibility system and a sudden rise in the levels of poverty and extreme poverty, which in October 2002 affected 54.3% and 24.7% of the population, respectively.

Within this context, policies of income transfer were put into effect in the country. The Unemployed Heads of Household Plan (PJJHD) became the first income transfer programme to be widely applied. Subsequently, between 2003 and 2004, the national government created new social programmes, among them the Senior Citizens Programme (PAMM) and the Social Inclusion for Families Programme (PF).

The Unemployed Heads of Household Programme

The PJJHD emerged in April 2002 within the framework of the extremely severe economic and institutional crisis. It consists of a subsidy of ARS 150 (USD 47) to unemployed heads of households with dependent children under the age of 18. In exchange, the head of household receiving the subsidy is required to participate in training or in community or productive activities. According to data from the Ministry of Labour, Employment and Social Security, in June 2003 the number of recipients of the programme amounted to 1,992,497 people. Later, as will be seen below, there was a drop in this number, due to the option which became available of transferring to the Family Programme. It should be noted that registration in the programme closed on 17 May 2002; therefore, it is no longer possible to include new recipients, except by court order.

With regard to the commitment demanded of the head of household, this is not in accordance with the idea of a 'right' established by the government, inasmuch as the consideration of a right should not include *a priori* a demand for 'something in return'.

As regards the amount of the subsidy – ARS 150 (USD 47) – it is evidently insufficient to satisfy the basic food needs of a family and much less does it allow access to the essential services which guarantee an adequate standard of living. The exclusion of members of society from access to goods and social services is not resolved merely by the distribution of economic aid in the form of cash or vouchers; it requires a series of coordinated actions to deal with such a complex problem as a whole.

Likewise, in establishing the same undifferentiated amount for every unemployed head of household, the PJJHD made no allowances for variations in the composition of the family group. Thus, the larger the number of persons in a household, the smaller the effect of the subsidy in terms of achieving the established objectives, which violates the right to equal treatment under the law.

Furthermore, the programme does not include any procedures for administrative or legal claims in cases where applications are rejected. The executive branch rules only establish the municipality's obligation to inform applicants of the approval or rejection of their request, but do not provide information regarding existing means to appeal a decision. This evidently suggests that the state's intention is to discourage the presentation of claims and keep the plan's allocations under discretionary management. Despite the lack of established claim procedures, during the last few years numerous appeals have been filed in which people who fulfil the conditions required by the regulations demanded to be included in the PJJHD and have challenged the closing of registration (a restriction which was not anticipated by legislation). It is important to emphasize that all the cases brought to court have resulted in a decision favourable to the claimant. However, the government has neither reviewed its policy nor reopened registration in the programme.

It therefore can be seen that, in practice, the programme is not universal and consequently causes arbitrary inequalities among different people who suffer from the same extreme social marginalization. The programme has been limited to one sector of the population – unemployed heads of household with children, who were able to register prior to 17 May 2002 – and it was only broadened to include persons over 70 years of age who live in a certain part of the country almost a full year after it was put into operation. The rest of the population in equally needy situations has been excluded.

1 The authors are, respectively, director and member of the CELS Economic, Social and Cultural Rights Programme. This report was written on the basis of the following study: *Las políticas para la disminución de la pobreza implementadas en la Argentina 2002-2005. Un análisis de su diseño, implementación y exigibilidad desde la perspectiva de derechos humanos*, by Luis E. Campos, Eleonor Faur and Laura C. Pautassi, which received a UNESCO prize as part of the Small Grants Programme on Poverty Eradication: Building national capacities for research and policy analysis.

Senior Citizens Programme

The PAMM, created in 2003, is intended for persons over 70 years of age, in a state of social vulnerability, who lack the protection of contributory or non-contributory social security. Applicants must show that they possess no assets, income or resources which allow them to subsist, that neither they nor their spouses are sheltered by any social security scheme, retirement fund or non-contributory system whatsoever, and that they have no relatives who are legally obliged to provide them with food, or that if they do, they are unable to do so.

At present, the pensions provided through the programme amount to ARS 211 (USD 67) a month, and are complemented by health coverage through the Federal Health Programme (PROFE). When the PAMM was launched the minister of Social Development stated that this programme would cover a total of 350,000 persons over 70 years of age. However, in late 2004, the old-age pensions system only covered 63,319 persons.

As regards the principle of universality, it is worth mentioning that until the PAMM was put into effect, the allocation of pensions was subject to budgetary restrictions and a new benefit was only granted after an existing beneficiary was removed from the register. As a consequence of the creation of the PAMM, the physical target for the budgetary fulfilment of non-contributory old-age pensions was raised, from 38,253 benefits granted in the fiscal year 2003 to 237,253 in the following period. However, a pronounced under-fulfilment of these physical targets was recorded in 2004, when a total of only 62,820 beneficiaries were covered, and in the budget for 2005 allocations were limited to 111,098 pensions, that is, 53% less than anticipated in the previous year's budget.

Another questionable element from the point of view of rights is the procedure used to incorporate persons to the PAMM. Potential recipients must apply in person at the Personalized Attention Centre corresponding to the applicant's place of residence, but as geographic distribution of these centres is uneven, in many cases the applicant must travel a long way to initiate the procedure, thus incurring the transport expenses that this implies.

Social Inclusion for Families Programme

The PF is a social programme implemented by the Ministry of Social Development since October 2004 with the aim of "promoting the protection and social integration of families in a situation of social vulnerability and/or risk, in the areas of health, education and the development of capabilities, making it possible for them to exercise their basic rights." The only persons who can benefit from this programme are those who, fulfilling all of the requirements, choose to transfer from the PJJHD to the PF, and only in those areas in which the programme is in operation.

Basically, the programme has two components:

- A non-remunerative income which consists of a subsidy to families in a potential situation of poverty, with children under the age of 19, and which, in return, stipulates that the health of pregnant women and children should be attended to and that children should remain within the educational system.
- Family and community support in terms of education, health, employment training and community development.

The official recipient of the subsidy must be the mother and her educational level must be lower than a complete secondary school education. Therefore, if the PJJHD recipient was a man, the right to the subsidy must be transferred to a woman, except in cases in which men are single parents. As regards the non-remunerative income, the amount of the subsidy is related to the composition of the family group. Mothers with one dependent minor receive ARS 155 (USD 50); with two dependent minors, ARS 185 (USD 58); three, ARS 215 (USD 68); four, ARS 245 (USD 78); five, ARS 275 (USD 87) and six, ARS 305 (USD 97).

In October 2004, the national government established a procedure for the Ministries of Labour, Employment and Social Security and of Social Development to classify recipients of the PJJDH according to their 'employability'. It was proposed that persons considered 'unemployable' should be transferred to the PF. From the point of view of equality and non-discrimination, labelling people as 'employable' or 'unemployable' is a cause for concern, since it is discriminatory. As can be concluded from the description of the socio-demographic characteristics of the recipients, this group would include not only persons over the age of 60, but also women with family responsibilities whose inactivity may be associated to difficulties in resolving the tension between remunerated labour and non-remunerated family care, in a context in which there are no specific policies to solve the problem of child care, except to become 'unemployable'. For them, the government suggests the PF.

Moreover, in conditioning income transfers on other demands – related to children's education or health – the programme is based on the premise, though not explicitly, that it is necessary to generate a commitment in poor people with regard to overcoming their poverty, as well as supposing that the poor do not necessarily know what is best for themselves and for their families. Thus, many programmes initially incorporate women as resources rather than as beneficiaries, supposing, by means of this procedure, that a commitment towards 'social participation' will be generated in them. It should be underlined that in terms of the minimum content of the right to an adequate standard of living, the amount established is insufficient to satisfy the basic food needs of the recipient family group. Likewise, to consider that the transfer is incompatible with receiving any other income in the family group, beyond the amount of a minimum, vital and changeable salary, is questionable, inasmuch as this amount is inferior to the amount of the Total Basic Needs Basket (approximately USD 147 for a family of five, two adults and three children).

The design and implementation of the PF can also be analyzed in the light of the principle of *universality*. As regards the geographical extension of the programme, it should be noted that up to May 2005, its application was limited to 17 provinces in the country (out of 23), and did not cover the total population of the provinces, but was limited to 74 municipalities. There were no reasons to justify the exclusion of persons who, although they fulfilled the requirements established by the regulations, could not be included in the programme, merely because they lived in one of the provinces or municipalities which had not been selected.

Finally, like the PJJHD, the PF does not provide procedures for administrative or legal claims for the recipients; they can only make 'enquiries and complaints' in different ways. In addition, in order to effect the transfer from the PJJHD to the PF, people are obliged to sign a letter of commitment which, among other things, states that if the commitments undertaken are not fulfilled, the recipient may be struck off the PF, which could also happen once the PF's period of implementation and development is at an end, and that furthermore, if for any reason the beneficiary stops receiving the benefit, no claim is allowed. The fact that this 'letter of commitment' must be signed makes it clear that the person receiving the subsidy cannot be considered as a bearer of rights.

Final thoughts

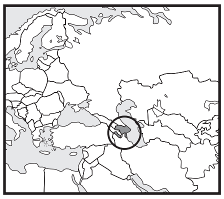
Despite the significant size and scope of the social programmes put into effect, the reduction of poverty between 2002 and 2006 can hardly be attributed to these programmes, whose only contribution may be described more as 'relief' than as a strategy to 'overcome' poverty.

The programmes analyzed do not adequately respect the standards of human rights in general. Specifically, they display certain weaknesses in terms of 'minimum content' of acceptable standards of social rights and in particular with regard to the right to equality, non-discrimination, universality and access to justice. Therefore, their design and implementation are conceived from a perspective of benefits and not rights.

(Continued on page 240)

■ AZERBAIJAN

Oil wealth could meet social needs



Sixteen years after regaining its independence and moving to a market economy, Azerbaijan has yet to establish an adequate new system of social security. Large numbers of refugees and internally displaced persons create an even greater demand for social protection, while an ageing population is putting pressure on the pension system. The recent massive influx of oil revenues means the country can afford to meet social needs more effectively, but the share of state expenditure allocated to social spending remains highly insufficient.

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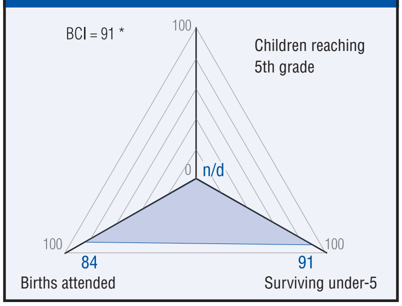
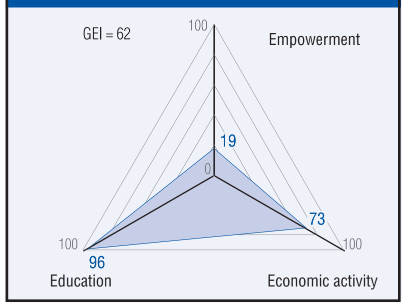
Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Formerly a Soviet republic with a comprehensive state-financed social security system, Azerbaijan regained its independence 16 years ago and moved to a market economy, yet has been unable to establish an adequate new system of social protection. People who once had access to all essential goods and services (albeit mainly of low quality) must now confront the severe rules imposed by the market. The weakened role played by the state and the absence of a developed administrative infrastructure meant that in the post-Soviet era, the majority of the country's people were largely left to solve their socioeconomic problems on their own. It is only during the last few years that the state has taken significant steps towards ensuring the population's social security needs, but until now these have failed to provide a full solution.

Soon after regaining its independence, in the early 1990s, Azerbaijan was the target of Armenian military aggression which led to the capture of 20% of the country's territory. As a result, roughly one million Azeri citizens became refugees and internally displaced persons, forced to settle in new areas and cities. Today Azerbaijan has one of the world's highest per capita proportions of refugees and internally displaced persons, and it is expected that in 2007, social security expenditures targeted specifically to this sector of the population will amount to AZN 150 million (USD 164.3 million), more than 2% of total state budget expenditures.

Another challenge that has faced Azerbaijan in recent years as a result of a range of different factors – demographic composition, population/territory imbalance due to the military aggression, etc. – is the surplus labour force and consequent high unemployment rate. At present, one out of every three economically active Azeri citizens is working in the Russian Federation or other Commonwealth of Independent States countries, where they are welcomed as 'cheap labour'. Expatriate workers send home an estimated USD 1 billion a year, and these remittances are believed to comprise up to one quarter of the income of the average Azeri family.

Paradoxically, Azerbaijan has also begun to attract immigration as a result of the recent oil boom. The sudden influx of huge oil revenues has sparked fears of 'Dutch disease', particularly with regard to such effects of this 'disease' as rampant inflation. The establishment of a State Oil Fund to redistribute oil wealth through the national economy is aimed at counteracting such negative impacts. Nevertheless, the sting of rising inflation rates is already being felt by the most vulnerable members of society: those with low incomes and without social security.

Social protection expenditure: rising amounts, declining share

Between 2003 and 2007, budget expenditures on social security and social assistance programmes increased almost threefold, reaching AZN 612.8 million (USD 671.2 million) in 2007. From 2003 to 2006, the average annual increase in social security expenditure was 15% and represented the lowest rate of increase among all budget items. However, in 2007, social security expenditure increased by a whopping 79.5% over the previous year. Despite this impressive growth in the amount of money allocated, however, the share of budgetary expenditure represented by social spending tells a somewhat different story.

As can be seen in Table 1, the share of total budget expenditure allocated to social security and social assistance actually decreased from 16.8% in 2003 to 9.0% in 2006. Although this figure rose once again in 2007, to 9.7%, this is still a significantly lower share of budget expenditure than in 2003.

Social security and social assistance expenditure as a proportion of GDP also declined annually between 2003 and 2006, until rising in 2007 to come close to the 2003 figure, as illustrated in Table 1 and Figure 1.

* One of the BCI components was imputed based on data from countries of a similar level.

During the last four years, 32% of the increase in social security expenditure, or AZN 127 million (USD 139.1 million), corresponded to an increase in pension expenditure, while 17.5% or AZN 70 million (USD 76.7 million) represented increased allocations to social security measures for refugees and internally displaced persons. The remainder was related to increased spending on various social assistance programmes and benefits targeting people with low incomes.

In 2003 the combined state expenditure on the four sectors considered to comprise 'social spending' in Azerbaijan – namely education, social security and social assistance, health care, and culture and the arts – totalled 43% of all budgetary expenditures. In the 2007 budget, however, the share of spending accounted for by these four sectors has fallen to 27.7%. In the meantime, the budget share allocated to investment expenditure has risen from 7.9% to 31%. In other words, more funds are being allocated to investments in 2007 than to the four major sectors that constitute social spending.

Pension reforms aimed at financial sustainability

Pensions are financed from the budget of the State Social Protection Fund (SSPF). The revenues entering the SSPF budget in 2006 totalled AZN 590 million (USD 646.2 million) while expenditures totalled AZN 562 million (USD 615.5 million). The SSPF revenue sources are compulsory social insurance contributions paid by employees and employers and state budget transfers. These transfers decreased 10.2% in 2006 in comparison with 2005, but were subsequently increased 67% in the 2007 state budget. The SSPF main expenditures are so-called labour pensions for retired workers.

Pensions are currently regulated by the Law on Labour Pensions that was adopted on 7 February 2006. Workers are required to pay a mandatory social insurance contribution, which entitles them to old age pensions, disability pensions, or survivors pensions, paid to their families in the event of their death. For those who have never worked, the state provides 'social' old age, survivors and disability pensions.

Like many countries in the world, Azerbaijan is faced with an ageing population and thus an increasing proportion of pensioners. To confront this challenge, the Pension Reform Conception was approved on 17 July 2001 by presidential decree. The stated goal of pension reform is to develop a new pension system that is fair, financially sustainable and transparent, and in which the social services provided correspond to the level of participation of individuals in the social insurance system. The means of fulfilling this objective was the introduction of individual social insurance accounts.

The ultimate goal is to establish a multi-pillar pension system with three components. The first pillar is a pay-as-you-go (PAYG) system, based on intergenerational solidarity. In other words, the pension benefits paid out to retired workers are financed from the contributions of those who are currently working and their employers. The second pillar would be a defined contribution scheme, based on individual accounts, as opposed to the defined benefit scheme traditionally implemented in Azerbaijan, while the third pillar would involve voluntary private pension funds. Because the implementation of a multi-pillar system is a totally new undertaking for the country, it has sought the support of the United Nations Development Programme and other international organizations.

Social insurance contributions finance wide range of services

The social insurance contributions paid by employees and employers also help finance sickness and maternity benefits, temporary disability benefits, funeral grants, unemployment benefits and child care benefits, while government funding subsidizes these and other social protection measures.

The Ministry of Labour and Social Protection provides general oversight of social security services. Local branches of the Ministry are responsible for administering social benefits, while the SSPF collects and manages contributions and finances benefits.

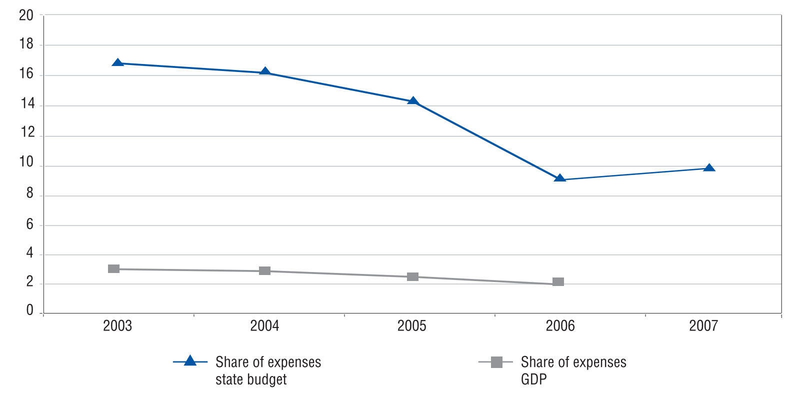
The responsibilities of the SSPF include financing the following social security and social assistance benefits and programmes, among others:

- Social assistance for temporary work disability
- Social assistance during pregnancy and childbirth
- Social assistance for childcare for preschool children
- Full or partial payment of hospital expenses for insured individuals
- Implementation of employment activities
- Implementation of social security measures for disabled persons
- Social assistance for funeral expenses
- Financing of social pensions with transfers from the state budget
- Social assistance for people with low incomes.

TABLE 1. Main indicators of social security and social assistance expenditure

	2003	2004	2005	2006	2007
Amount of social security and social assistance expenditure (AZN million)	213.1	236.6	302.9	341.5	612.8
Increase in amount of expenditure compared to previous year (%)	12.1	10.8	28.3	11.9	79.5
Share of total budget expenditures (%)	16.8	16.1	14.2	9.0	9.7
Share of GDP (%)	3.0	2.8	2.4	1.9	2.8

FIGURE 1. Evolution of social security and social assistance expenditure as a percentage of state budget expenditure and GDP



While there is no unemployment insurance system per se in Azerbaijan, monthly compensation benefits are available to some unemployed people. The number of unemployed people in the country on 1 October 2006, according to official statistics, was 54,700, which leads to an official unemployment rate of 1.4%. Of the total number of unemployed, 51.3% were women. Of the total number of people officially registered as unemployed, 5.2% (2,864) were receiving social assistance under the provision of the 2001 Law on Employment of the Population. The average monthly amount of social assistance paid for unemployment was AZN 53.5 (USD 58.6), which is equivalent to 36.3% of the average monthly salary of the working population in September 2006.

Targeted assistance for vulnerable sectors

For the last two years the government has been implementing a system of targeted state social assistance to strengthen the social security of families with low incomes. This targeted assistance is financed from the state budget. It is provided to families whose total combined income is lower than the minimum living wage determined for the number of persons in the household, for reasons beyond their control, for instance, because of disabled family members, the death of a family member, a family member considered lost or dead by the courts, imprisoned family members, or the absence of information on the location of a family member.

According to data from the first quarter of 2007, there were 45,527 families or 207,148 people receiving targeted social assistance, and 4,740 of them were families of refugees and internally displaced persons. At present, the average targeted assistance benefit payment is AZN 58.4 (USD 64) per family and AZN 12.80 (USD 14) per family member.

Despite the efforts made in recent years to bolster the social security system, including initiatives like the pension system reform, the need for institutional and financial reforms has not weakened. The country's vastly increasing financial opportunities as a result of the influx of oil revenues means it can afford to meet social needs in a more comprehensive manner. However, the state budget continues to lack an adequately social orientation. ■

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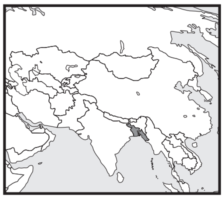
BANGLADESH

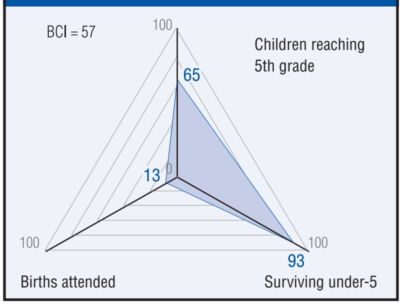
Despite successes, vulnerability persists



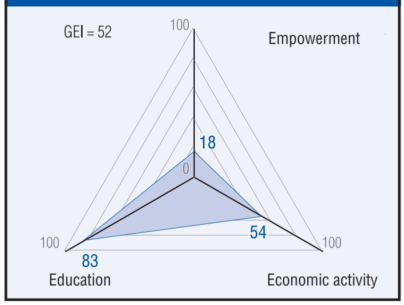
Although Bangladesh has made significant achievements in areas like education and health, it still faces formidable challenges in economic and human development. Advances in education coverage have not been matched by improvements in educational quality, and while significant gains have been made in health indicators, health care for all remains a priority goal. Government social safety net programmes reach about 13% of all households in the country, but the poverty rate is 40% and the extreme poverty rate is 25.1%.

Unnayan Shamunnay
Taifur Rahman

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Despite all the progress that Bangladesh has made in the recent past, it still represents one of the world's most vulnerable economies, characterized by an extremely high population density, a low resource base, and high incidences of natural disasters (especially in rural areas), malnutrition, disability, poverty and inequality.

The recent progress achieved by the country, particularly since 1990, includes commendable successes in all sectors of the economy and social development, above all in the quantitative expansion of primary and secondary education, primary health care and economic indicators. These changes have led to marked improvements in many socio-economic indicators addressed by the Millennium Development Goals (MDGs): GDP per capita has increased steadily, the total fertility rate has fallen, life expectancy has increased while infant and maternal mortality rates have declined, and school enrolment rates have increased, as have access to clean water, sanitation and electricity. These changes have been taking place in both rural and urban areas (Rahman and Ahmed, 2005).

Considerable advances have also been achieved in mainstreaming women in the country's development process. Women have played and continue to play an important role in the successes of micro-credit, the ready-made garments sector, reducing the total fertility rate, improving child nutrition, greater participation in education and reducing gender disparity in all spheres of life. Girls and women in Bangladesh have already achieved parity in the primary education gross enrolment rate and in life expectancy at birth.

However, despite all these successes, some of the indicators mentioned above still remain very high in comparison to many other developing countries. Poverty remains high and income inequality has been increasing, while the quality of health services and education are being eroded. The most disadvantaged are disproportionately affected by these factors and are often unable to access the fruits of development. Strong social protection programmes are therefore needed both to increase their participation in the development process and to reduce the severity of their poverty and exclusion (Rahman and Ahmed, 2005).

Recent trends in human development

Although a number of economic and social indicators have been showing quite positive trends, other indicators related to social security have not been at all encouraging. Positive demographic trends have been observed in terms of a reduced average household size as well as declining fertility rates, which in turn have resulted in changes in the age structure of the population and a decreased dependency ratio. However, the rapidly increasing trend of rural-urban migration due to 'pull' and 'push' factors has posed major challenges to policy makers in terms of providing enough basic infrastructure, primary health care and education facilities in the cities, given the severe financial and space constraints. The unemployment rate has been increasing, though slowly. The economic dependency ratio – the ratio of the economically inactive population to the working population – also remains high at 1.38, representing an obstacle to attaining sustainable household income growth. The economically active female population is still very low and women constitute only 20% of the active population.

Successes in expanding preschool, primary and secondary education have been notable in Bangladesh. The huge increase in gross enrolment rates and the attainment of gender parity in primary enrolment have been the major achievements. However, these achievements need to be viewed in the context of high cohort dropout rates, low completion rates and the deteriorating quality of education at all levels.

Bangladesh has made impressive gains in achieving high immunization coverage and reduced child and infant mortality and malnutrition rates. But despite these successes, most current rates are still quite high and need to be addressed more vigorously, particularly if the MDGs are to be achieved. Both fertility and mortality rates remain at high levels, raising concerns for poverty reduction. Significant gender and rural-urban discrimination continues to persist. Socioeconomic inequality in malnutrition as indicated by anthropometric measures (such as height and weight) appears to be very high. Maternal malnutrition, measured by body-mass index less than the critical value of 18.5, turns out to be very high in the country. Moreover, the higher prevalence of malnourished mothers in poor households has adverse implications for poverty reduction.

Access to clean water and hygienic sanitation has been increasing. Access to electricity has also improved gradually. However, the average floor space per person is very low for both the rural and urban population.

While significant positive trends in income growth have been observed, inequality has been rising very sharply, especially since 1990. Regional and rural-urban disparities in poverty rates have been notably high. Nevertheless, overall trends in human poverty have shown considerable improvement.

Social protection

Recognizing the challenges ahead, the government has emphasized social protection as one of the pillars of poverty reduction (GoB 2004).

Health services for all a top priority

The availability of health facilities has been increasing in the country over recent years. In 2001, there were 1,382 hospitals distributed across the country compared to 1,273 hospitals in 1998. Unfortunately, more recent data is not available, but it can safely be said that the number of health facilities has continued to grow. Currently, almost every *upazila* (sub-district) has a hospital and every union[1] has a health centre. Although these health centres provide general health services, the focus is more on maternal and child health. The distribution of immunization services, Vitamin A, oral rehydration salts, and other essential supplies and services has expanded at a very rapid pace to cover almost the entire population. Because of the expansion of services, it is claimed that Bangladesh has made exceptional progress in family planning and health care services. In 2002, it was estimated that there were 28 physicians, 57 mid-level personnel and 76 hospital beds per 10,000 persons. That same year, 53.9% of total health expenditures were financed from the state budget, 41.8% from health insurance, and 4.3% from the payment for services (Rahman and Ahmed, 2005).

Providing quality health services to all is one of the areas of emphasis for the government, which is why budgetary allocations for health have been increasing every year. In the 2007-2008 budget, health has received the sixth highest sectoral allocation, BDT 54.7 billion (USD 809.2 million), which is 6.3% of total expenditure. However, while this represents a 10.4% increase in the absolute amount allocated to health in comparison to last year's budget, it reflects a decline in the percentage share of the budget allocated to health (Rahman *et al,* 2007).

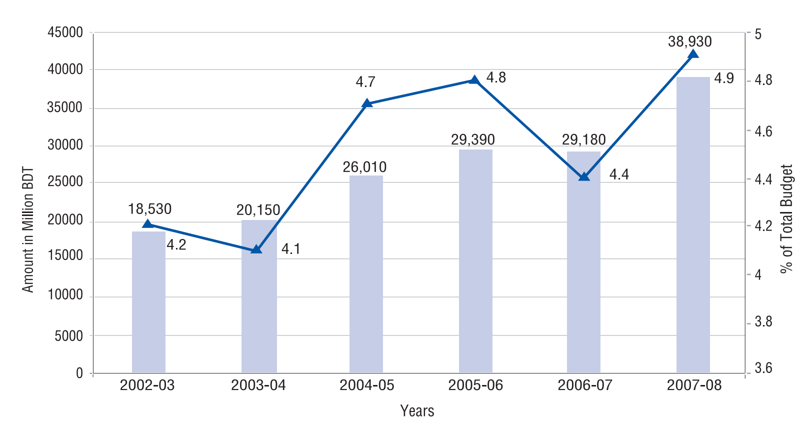
Education: advances in quantity not matched by quality

Although Bangladesh has made significant advances in increasing the gross enrolment rate in primary education (105.1% in 2005) and in achieving gender parity in this regard (with a boys/girls ratio of 0.99 in 2005), the high and increasing rate of dropout (48%) and its negative impact on completion rates, along with the still existing gender gaps in secondary and tertiary education, remain sources of great concern. The difference in these rates across socioeconomic groups is another cause of concern, as it hinders the achievement of education for all. While the overall net enrolment ratio is 80.5% (2005), the rates for the poor and the non-poor are 73.4% and 87.5% respectively (BBS, 2006).

The government provides free primary education for all children and heavily subsidizes secondary and tertiary education for most. More than three fourths of primary schoolchildren attend government schools and more than 12% attend government-subsidized schools. The proportion of government schools is significantly higher in rural than in urban areas (BBS, 2006). However, the quality of these government and subsidized schools raises a huge question mark.

The sectoral allocation for education in the budget has been increasing. The total allocation for education in the 2007-2008 budget accounts for almost 14% of total expenditure. This reflects a 13% increase in education spending. However, since there

FIGURE 1. Trends in budgetary allocations for social protection



is no allocation dedicated specifically to improving the quality of education, this increase will probably not bring about any meaningful positive change in primary education (Rahman *et al,* 2007).

Social safety nets target the poor but do not reach them all

The government and development partners are currently implementing some 27 social protection programmes, of which six are food-based. There are a several more in the pipeline, as well as others being implemented by bilateral and multilateral agencies in partnership with national NGOs.

The major food-based programmes, which benefit around 1.5 million poor people annually, are Food-for-Work, Vulnerable Group Development, Vulnerable Group Feeding and Gratuitous Relief.

The major cash-based programmes are Primary Education Stipend, Female Secondary Education Stipend, Rural Maintenance Programme, Cash for Work, Rural Employment Opportunities for Public Assets, Local Government Strengthening Project – Social Protection Component and Urban Primary Health Care.

All of the social safety net programmes combined cover about 13% of all households in the country. The coverage is higher in rural areas (15.6%) than in urban areas (5.5%). Although the social safety nets are targeted for the protection of the poor in general and the extreme poor in particular, the coverage of these programmes is somewhat insignificant compared to the incidence of poverty and extreme poverty in the country. The head count rate of poverty is 40.0% and of extreme poverty 25.1% (BBS, 2006). Rather high rates of leakages in the safety net programmes are reported in several studies (e.g. World Bank, 2006). Significant regional variations are also observed in coverage (BBS, 2006) which seems to reflect the relative political strengths of the regions.

Although current efforts fall far short of actual needs, the government has been trying to increase the extent of social safety net programmes in the country. The 2007-2008's budget has provided for a significant increase in the volume of expenditure on social safety net programmes. The total budget for the programmes has increased by one third of last year's amount. Figure 1 shows the significant rise in the budgetary allocation for social safety net programmes this year in terms of both amount and proportion (Rahman *et al,* 2007).

While the above facts and figures correspond to the social protection initiatives run by the government, there are substantial programmes run by NGOs as well (including micro-credit programmes). In order to calculate a best estimate of the poverty targeting of social protection in Bangladesh, Rahman and Ahmed (2005) consider the overlap of programmes and come up with an overall poverty targeting rate of 34%, i.e., one in every three poor people. This implies that 22.3 million poor people in Bangladesh currently receive some form of social protection assistance from the government and/or NGOs – but twice as many do not. ■

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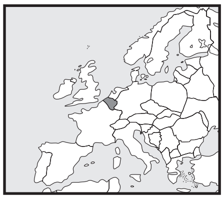
1 The union is the lowest tier of local government in Bangladesh. Each *upazila* (sub-district) is divided into a number of unions, and each union contains a number of villages.

BELGIUM

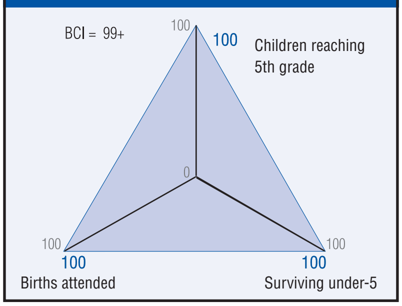
The challenge of solidarity in the face of globalization



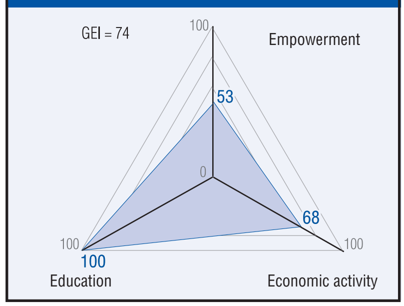
The most vulnerable people's right to social security is being eroded, while poverty, precarious employment and underemployment are on the rise. The new Aliens Act does not guarantee respect for fundamental rights or rectify flaws in the previous regulatory system. A lack of solidarity is also reflected in the insufficient revenue allocated to development assistance.

Plateforme belge pour le travail décent
François Schreuer and Francisco Padilla

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Over the last decade Belgium has seen a progressive erosion of the right to social security for the most vulnerable. The number of women and men in a precarious situation (poverty; part-time, under-paid and forced employment; unemployment; deprived of rights to social security income) has been steadily increasing. Respect for the social rights of aliens, for example those who lack documented legal status, is deteriorating due to a progressive reduction in the legal protection provided by regulations and an intensification of repressive measures. This erosion is accompanied by structural deficiencies for the allocation of resources to international cooperation and a lack of commitment to public initiatives in solidarity with the most impoverished inhabitants of the planet. It is a basic obligation of solidarity to address the imperative need for an inclusive management of the drive towards competitiveness that characterizes the globalized economy.

Increasing poverty, underemployment and precarious work

Fifteen percent of the population lives below the poverty line, which is defined for European countries as EUR 822 (USD 1,123) per month for a single person and EUR 1,726 for a family of two adults and two children. Without the support of social security this rate would rise to 41.8%. Poverty rates vary by gender (16.2% of women are affected and 14.2% of men), by age (22.6% of over 65s) and by region (11.3% in Flanders, 17.7% in Wallonia and 27% in Brussels) (DGSIE, 2007).

In 2005, 124,828 people out of a total population of just over 10 million were receiving a social assistance income. This assistance amounted to EUR 429.66 for cohabitants, EUR 644.48 for single persons and EUR 859.31 for single parent families with responsibility for children. These payments have increased by 10% since 1999. In 2002 this 'social integration income' (revenue d'integration sociale, RIS), paid through Public Social Assistance Centres (CPAS), replaced the so-called 'Minimex' that was initiated in 1974. RIS can be accompanied by an 'individualized social integration project' (projet individualisé d'intégration sociale, PIIS) which involves active social insertion measures implemented by CPAS and aimed at the integration of people living in situations of exclusion by means of employment. Failure to comply with the integration contract can result in the suspension of benefits and of the right to a minimum income.

In addition, serious problems have been found to exist with access to housing. Belgium has one of the lowest proportions of social housing in Europe.

Although there has been a significant increase in the employment rate (20% in 20 years), during the last decade precarious employment conditions have multiplied to the detriment of permanent employment contracts.

In 1995, 15.4% of employment was part-time while by late 2006 this figure had risen to 23.8%. A quarter of these jobs were for a third or less of full-time, and 90% of part-time workers wanted to work more hours. Fixed-term contracts represented 3.8% of all contracts in 1996 and 6.2% in 2004 (DGSIE, 2007).

Women are more affected by precarious employment: 43.3% of women workers are employed part-time, in comparison with 7.7% of men. Women fill over 80% of part-time jobs and less than a third of full-time jobs.

Temporary work is also increasing. In 2006 there were 493,000 temporary workers (130,000 of whom were students), a figure that represented a 3.5% increase in relation to 2005 and a 73% increase in relation to 1996. Most of these workers are aged under 30. However, the number of temporary workers aged over 45 (35,000) has increased significantly, by 10% in just one year. Temporary work constituted 30% of all employment opportunities on offer at the Regional Community Office for Professional Training and Employment in Wallonia and 60% at the Employment and Professional Training Service in Flanders. Women occupied 42% of temporary jobs in 2006.

In May 2007, 7.2% of the economically active population was unemployed, including 7.9% of women and 16.9% of under 25s. Young people and foreigners experience significant discrimination when seeking employment, particularly in Brussels.

Before being able to receive unemployment benefits, young people who have finished their studies but have worked for less than one year in full-time employment must take up an internship of up to 310 working days during which they can expect to receive between EUR 237.90 and EUR 854.88 a month.

Inspired by theories of the so-called 'active social state' – which the Belgian Human Rights League (LDH) considers "more a social state exclusively for the active population than a programme for a more socially active state" (LDH, 2005) – the federal government has implemented the Unemployed Activation and Follow-up Plan. Most associations involved with this sector and the trade unions consider it to be an 'unemployed hunt' as it puts great pressure on people who are searching for work. According to the LDH (2005), the requirement to accept any kind of job "violates the principles of autonomy, freewill and freedom in becoming party to a contract." Moreover, this 'activation' plan only seems to have a significant impact on those unemployed with a higher level of education who live in economically dynamic regions (IRES, 2007).

Immigrants: clandestine existence and social exclusion

On 15 September 2006 the Parliament established legal provisions that modified the December 1980 law on "aliens' access to the territory, length of stay, settlement and departure" and created an Aliens Disputes Board. These new provisions have profoundly changed Belgian law in relation to aliens. However, the unanimous opinion of civil society organizations and trade unions is that these reforms cannot guarantee the fundamental rights of many foreigners who live in Belgium and that they do not rectify any aspects of the previous law's defects.

The only response to the lack of protection experienced by several tens of thousands of people living in the country has been the consolidation of discretionary policies and impunity. Recent years have been characterized by intense mobilization in regard to the situation of people without documents. Since 2003 the news media has been continuously reporting numerous church occupations by undocumented people as well as demonstrations and awareness campaigns. The magnitude of this movement demonstrates the evident gap between the regulatory framework and reality. Several tens of thousands of people whose existence is not officially acknowledged are living and working in Belgium, and many of them have been doing so for several years.

The government regards the fight against clandestine immigration as an imperative in the face of the 'threat' to social order represented by immigrants living without official recognition. But the authorities fail to mention that these people's presence changes the nature of the work force and constitutes an adjustment variable that enables companies, and indeed the whole of society, to make enormous savings based on the absence of employer social security contributions, miserably low salaries and their almost total lack of social rights and access to public services.

The attitude of the authorities towards the immigration phenomenon leads to a situation that sooner or later has to be 'regularized', because repression and denial cannot be a permanent solution.

The previous legal mechanism for regularization, in force between 1980 and 2006, was criticized and challenged due to its arbitrary nature in granting discretional prerogatives to public authorities. However, the provisions of the new law do not modify the situation and perpetuate an iniquitous system.

While waiting for the disparity between the legal framework and reality to be addressed politically, civil society organizations and unions are working for an interim regularization mechanism that would provide official acknowledgement and access to social rights for undocumented people. The ultimate objective would be to establish a legitimate structural mechanism for 'regularization'. The law must provide clear enduring criteria for the granting of residence documents.

The erosion of aliens' basic rights is also related to:

The right to family reunification: The new legal provisions incorporated into national law the European Union Council 2003/86/CE directive of 22 September 2003 on the right to family reunification for people from third countries who have legal status. Citing elements of this directive (which only establishes minimum regulations) Belgian authorities took the opportunity to withdraw some guarantees that previously were acknowledged by law. The fact that procedures are now longer and more complex, together with their discriminatory and restrictive characteristics (for example, in regard to economic means and housing conditions requirements), and that extra-community immigrants no longer have recourse to the family reunification right for being reunited with their parents, seriously infringes the fundamental right to respect for family and private life, ratified through numerous international rights instruments.

The right to health: According to the organization Doctors Without Borders, in spite of a legal provision introduced 10 years ago that established access to health services for aliens without legal status, "in practice many of them are still excluded due to system malfunction, administrative obstacles, arbitrariness or their own mistrust of institutions." Although the legal framework establishes that 'urgent medical assistance' can include both preventive and curative attention, the term 'urgent' generates confusion and "allows for an arbitrary interpretation by doctors and public social assistance centres" (MSFB, 2006). This allows them to deny service provision on the pretext that the need is not 'urgent', as in the case of prenatal care.

Belgium has not yet ratified the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (UN General Assembly resolution 45/158) or International Labour Organization (ILO) Convention 143 on Migrations in Abusive Conditions and the Promotion of Equality of Opportunity and Treatment of Migrant Workers.

In 2006 Belgium was condemned by the European Court of Human Rights for its role in the Tabitha case, involving the detention of an unaccompanied girl, which the court determined constituted inhuman treatment. The detention of immigrant families and individuals prior to deportation (more than 15,000 people a year) can in reality be prolonged indefinitely if the deportation order is resisted. This state of affairs demonstrates that detention centres for aliens constitute a zone of permanent arbitrariness where the law does not apply, a situation totally unworthy of a democratic state.

Decreased development assistance, inflated figures

In 2006 official development assistance (ODA) fell by 2.7% in relation to 2005 and represented 0.5% of gross national income (GNI), although accounting maneuvers continued to play a significant role in the calculation of these figures. Both debt relief (over EUR 325 million, about which we can be pleased) and expenditure on the reception of asylum seekers (some EUR 58 million) have been included. If we subtract these two amounts, net ODA is only equivalent to 0.37% of GNI. That is to say, we are very far from the growth trajectory set out by the government to ensure compliance with the 24 December 2002 law requiring the allocation of 0.7% of GNI to ODA as of 2010. The gap between the legal obligation and resources actually allocated is therefore much bigger than the official figures suggest.

There are four elements that make the situation worse:

- During the coming years it will not be possible to systematically resort to debt reductions as a means of inflating the cooperation budget. From 2008 the amounts of bilateral debt that can be subject to reduction within the framework of the Heavily Indebted Poor Countries initiative will diminish significantly. The new government will then have to urgently find substitutes for the systematic use of debt reduction.
- The structural deficiency in planning for assistance resources is evident. The Council of Ministers has given notice that as a result of last November's budget conclave, an annual growth of 5% is forecast for the General Department of Cooperation for Development (DGCD) budget. According to government calculations the cooperation budget allocated to DGCD will constitute 60% of ODA over the next few years, which means that at best some 0.5% of GNI will be allocated for assistance in 2010, an identical percentage to that in 2006.
- Belgium's development assistance leaves a lot to be desired from a qualitative point of view. It is regrettable that in the last evaluation report of the Organization for Economic Cooperation and Development Paris Declaration, Belgium is consistently positioned amongst the worst countries for fund provision management, for example in advanced planning for assistance.
- A similar state of affairs exists in regard to responsibility and accountability. The law governing cooperation requires the executive to produce sector and regional strategic documents that are made available for input from civil society and are then presented to Parliament for approval. These documents should include a strategy implementation schedule and an estimate of the human and financial resources needed for the realization of proposed objectives. They have to be updated every four years. However, it is clear that the government has not fulfilled its legal obligations in this matter and that it is intending to eliminate them or review their terms. Thus Parliament (which in any event does not have an obligation to deal with these matters) and civil society are deprived of an important tool for monitoring and participating in the generation of strategies for international cooperation. ■

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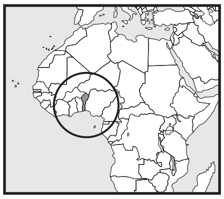
■ BENIN

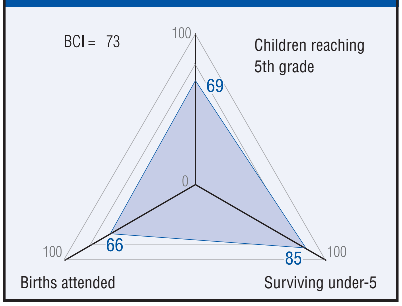
New efforts to incorporate the informal sector



Structural adjustment programmes recommended by the World Bank, together with privatizations, have nullified numerous workers' rights and have weakened social security systems to the detriment of the poorest sectors of the population. Barely 10% of the population is covered by current social security systems. A pilot project being implemented in conjunction with the ILO is aimed at protecting workers in the informal sector.

Social Watch Benin

Basic Capabilities Index (BCI)



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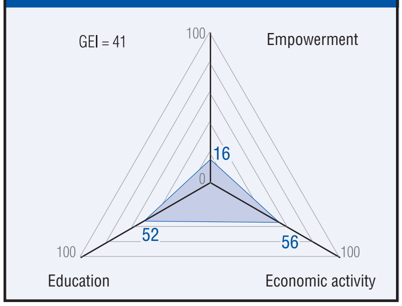

There is a crucial need for social protection to be guaranteed to the large majority of the population that lives below the poverty line. At present, however, 90% of citizens have no access to any form of social insurance or benefits, and are thus fully excluded from social security coverage.

A lack of social security constitutes the denial of a fundamental human right established by the 1948 Universal Declaration of Human Rights. This lack exacerbates the difficulties involved in fighting poverty. Social security systems have a direct impact on poverty reduction, both through risk prevention and the provision of indemnity, provided that they are understood as a set of institutions, measures, rights, obligations and reallocations aimed at guaranteeing access to health and social services and providing income security.

Social or economic risks have a significant impact on poverty levels. The poor are most affected by such risks and are most vulnerable to them. Often an emergency situation draws many individuals and families into a state of poverty from which they cannot escape.

With a view to enabling the population to live a decent life with a secure livelihood, the government of Benin, development partners and civil society organizations are implementing various initiatives.

The basic objective of these initiatives is the extension of social security coverage to currently excluded sectors of the population, while incorporating the initiatives themselves into the comprehensive implementation of coherent social protection programmes adapted to the situation of the country, in pursuit of the goal of social justice.

Current social security systems[1]

Traditional solidarity has existed since the beginning of time but social security in its present form became a reality during the colonial period. Its establishment was promoted by organizations such as the International Labour Organization (ILO), which in turn arose out of the struggle of workers uprooted from their social resources and cut off from traditional support systems.

The first social security schemes implemented in the country covered only workers in structured sectors of the so-called formal economy. Currently there are two different schemes: the general social security scheme and a specific scheme that regulates civil service and military retirement pensions.

The general social security scheme is administered by the National Social Security Fund (CNSS), a legally established public social service organization. This scheme is governed by Law 98-019 of March 2003 and protects salaried workers in the private and parastatal sectors and their dependents. It covers six areas: family and maternity benefits (through its family benefits branch); old age, disability and death benefits (through its pension branch); work accidents and work-related illness (through its workers' compensation branch).

The CNSS is governed by a general board and administered by a nine-member administration board comprising three representatives of workers, three of employers and three of the state.

The public employees' regime is regulated by Law 86-014 of September 1986 and is administered by the National Retirement Fund of Benin (FNRB). It covers permanent state agents (civil servants, judges and military personnel) and their dependents. It provides insurance for old age (pensions based on length of service, proportional pensions or early retirement payments), work-related or other disability (pensions or income for life parallel with the proportional pension) and death (pensions for widows/widowers, orphans and other legitimate dependents).

Legislation had also been adapted to a certain degree with regard to gender aspects, for example, by incorporating international instruments including ILO Convention 183 of 2000 on maternity protection and by establishing family allowances.

In addition, the special scheme for public employees provides women civil servants with a benefit equivalent to a year's service per each child inscribed in the registry office, up to a maximum of six children. As a result women can qualify for the length of service-based pension earlier than their male colleagues.

Privatizations and their outcomes

In addition to these public schemes there are a number of private social security systems. During the 1990s, some private insurance companies launched several products in the market: sickness insurance, old age pensions and life insurance.

Although in theory these systems are accessible to all sectors of the population, in reality only the more affluent workers with sufficient means can complement the obligatory public insurance with private insurance.

Under what practically amounted to an imposition by the World Bank, Benin underwent several phases of structural adjustment programmes aimed at decreasing public expenditure and fostering productivity. These programmes resulted in a reduction in the number of permanent public employees and a hiring freeze. One result was a large number of 'voluntary retirements' of civil servants, which were in reality a way of reducing their numbers and annulling their social rights.

However, it has been concluded that in practice all these measures have failed to increase productivity.

The trend to privatization, which still continues in the country due to the government's express intent to open up every door possible to private

1 The following sections of this report are based on the work of Uzziel Twagilimana (2005), Technical Advisor, WSM Project (World Solidarity) in Benin.

capital, has always been strongly opposed by the trade unions. This resistance has compelled the government to impose some rules on privatizations, amongst them the requirement to avoid any dismissals or to offer appropriate compensation to dismissed workers. However, in many cases, the new employers do not respect these rules that they had agreed to comply with.

In addition, privatizations tend to reduce or eliminate workers' rights, such as the right to stable employment and to length of service-related benefits, and also tend to establish partial restrictions on the right to strike as well as imposing structures for determining wages. Taken together, these factors have led to a generalized precariousness of employment in the country. To summarize, privatizations have weakened social security systems to the detriment of the poorest sectors of the population.

NGO health insurance experiences

The state provides public employees with sickness insurance and work-related accident benefits, but in fact these are only forms of medical expenditure coverage that reimburse 80% of expenses incurred by insured workers.

Some health protection initiatives are being developed by NGOs and rural communities. These initiatives are aimed at developing family savings specifically for guaranteeing primary health care services.

A lack of unemployment benefits

The function of the National Agency of Employment Promotion (ANPE) is to help young people with their insertion in the labour market as they search for their first job, or provide them with orientation to become self-employed. However, there is no provision relating to minimum income at insertion or unemployment benefit coverage, along the lines of such provisions in developed countries.

Informal workers' mutual fund in pilot phase

Barely 10% of the population is covered by the current social security system. A marked characteristic of the labour market is that a significant proportion of workers operate in the informal sector, the organization of which is not compatible with the application of the institutional social security system. Also, workers' incomes in this sector are generally low.

With the support of the ILO, Benin has, since 1996, benefited from a project for the extension of social protection to the informal sector. Backed by the ILO and Belgian cooperation agencies, the government created a Social Security Mutual Fund for informal sector workers, under the Ministry of Labour and Public Service. It is being piloted in three locations: Cotonou and its surrounding area, Parakou and Porto Novo. This Mutual Fund covers workers employed in the informal sector and the self-employed, either as individuals or through workers' associations. The fund was initiated in close collaboration with workers associations of artisans, artists, crop farmers, cattle farmers, fishers and traders.

TABLE 1. Basic social indicators in Benin

Probability of not living beyond the age of 40 (%)	30.0
Adult literacy rate (% of over 15s)	65.3
Population without access to improved water sources (%)	33.0
Chldren underweight for age (% aged 0-5)	23.0
Life expectancy at birth (years)	54.3
Combined gross enrolment rate (primary, secondary and tertiary education) (%)	49.4
Women in the Parliament (% seats)	7.0
Personal computers (per 1000 people)	4.1
GDP per capita (USD)	1,091

Sources: UNDP and UN Millennium Indicators (2004/2005 data)

TABLE 2. Evolution of the number of registered members in the Mutual Fund

Location	2000	2001	2002	2003	Total
Cotonou and surrounding area	44	94	154	395	687
Parakou	-	118	51	15	184
Total	44	212	205	410	871

Source: : World Solidarity (Cotonou Regional Office).

The national coalition in Benin is organized in a multilevel structure:

- General Assembly (150 CSOs)
- National Coordinating Committee
- Executive Secretariat

A technical committee formed by six CSOs oversees 12 target groups (corresponding to the 12 MDG targets adopted by Benin). There is also a National Budget Analysis Unit, advised by resource persons (social scientists, political scientists, economists and researchers).

At the sub-national level there is one person responsible for each of six *départements* (provinces). At the local level, local cells supervise activities in the *communes* (municipalities).

The number of associations participating in the Mutual Fund's Cotonou branch rose from 18 in 1999 to 120 by 2004. It had approximately 1,000 adherents of which more than 800 belonged to the sickness benefit section, with an average of 32,000 beneficiaries.

Protection for asylum seekers and immigrants

Benin has taken in refugees from many African countries but principally from Togo, and has ratified the 1951 UN Convention relating to the Status of Refugees. According to the latest United Nations High Commissioner for Refugees (UNHCR) global rankings, Benin is placed in the first category in regard to respect for refugees' rights and their integration.

Assistance for the poorest of the poor

In 2003 the Ministry of Social Protection and Families created the National Solidarity and Social Action Support Fund (FASNAS) to benefit individuals as well as groups. This Fund established social well-being promotion centres that work in communities to provide attention for people living in extreme poverty. However, these assistance centres lack necessary elements and suffer from an acute shortage of human, material and financial resources.

Conclusion

In summary, Benin is still far from achieving social protection for all its citizens. Mobilization against social exclusion and the lack of social protection coverage for all workers, both in the formal and informal economy, must translate into a government policy of social justice and redistribution with the support of development partners and civil society. ■

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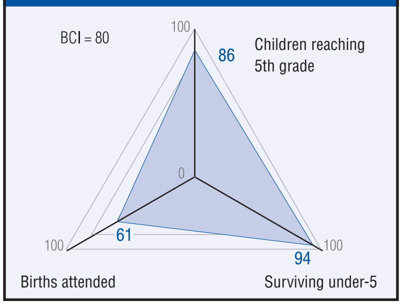
Privatization: from promises to failure

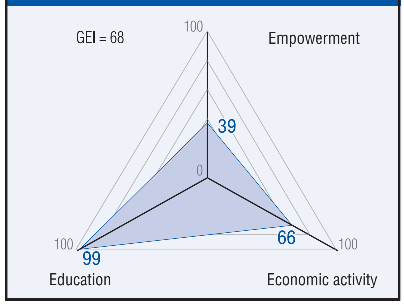
The experience of the new social security system, based on the ‘advantages’ of private investment over a state-run system, has been a complete failure. Far from guaranteeing workers a dignified pension, privatization has established a system in which the saver has less control over his or her destiny. The new prevailing reality has failed to achieve the reform’s objectives of greater coverage, more transparency and the promised increase in retirement income.

Centro de Estudios para el Desarrollo Laboral y Agrario (CEDLA)

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The underlying orientation of neoliberal policies is the promotion of market pre-eminence, idealizing it as the best mechanism for economic resource distribution. The role of the state is thus limited to that of a mere overseer of private companies’ activities, and social objectives, such as citizens’ well-being, become subordinate to capitalist investment profitability. However, a retrospective evaluation of the implementation of such policies reveals results far removed from the theoretical outcome: the state has lost its jurisdiction in the productive area but maintained a high profile in private investment bailouts, and was unable to meet the challenges of a free-market economy. This is the framework of social security system reforms in Bolivia and other countries of the region.

In the case of Bolivia, pension system reform was presented as a social necessity – an argument that was supported by the clearly dysfunctional state of the existing pension system in force for several decades – but was in fact designed as a potential source of profit for private investment.

According to one of the main promoters of the reform (Peña Rueda, 1996), the replacement of the ‘pay as you go’ (PAYG) social security system was justified by data suggesting its virtually bankrupt state:

- The proportion of active workers to pensioners was three to one, which is insufficient to financially support the system and much less than what is considered to be the ideal proportion (ten to one).
- The coverage of the system was very limited with only 314,437 regular contributors in an economically active population of 2.6 million.
- The system was discriminatory in its lack of coverage for the substantial number of non-salaried workers.
- The system was vulnerable to inflation and employment fluctuations and mobility.

Promised benefits

Consequently, a new system had to be implemented that would allow the state to reduce, and ultimately eliminate, its financial burden from the old bankrupt system and would provide adequate benefits to guarantee the population a dignified retirement from active working life. The intention was for this new system to have the following characteristics: a broadened reach including segments of the population not previously covered, in particular non-salaried workers; capacity for self-financing; investment management transparency; potential for strengthening the stock market; capacity for continuity in times of economic crisis; capacity to create mechanisms for maintaining the value of pensions; capacity to increase the incomes of Bolivians over the age of retirement.

More than five years after the implementation of pension system reforms it is possible to assess and compare objectives, results and prospects.

The mirage of greater coverage

One of the favourite arguments of government officials and Pension Fund Administrators (PFA) in defence of the reform is that the new system has resulted in an enormous increase in coverage. However, enthusiasm about the unprecedented growth in the number of affiliates, more than double when compared with the previous system, ignores the fact that at present the number of workers actually contributing to PFA-administered funds is substantially less than the number of affiliates.

A comparison of both social security systems’ coverage, taking into account their relative size as a proportion of the economically active population, reveals that the situation has not changed significantly since the reform. Although in the year before privatization the previous system’s coverage was less than that of the new system now, according to the National Employment Survey, in 1996 the economically active population figures were higher than in the 2001 Census and the projection for 2002.

Even worse, if we take the data used by government officials in charge of implementing the reform (an economically active population of 2.6 million in 1996), the previous system would have a much greater coverage than the current one, with the number of contributing workers amounting to 12% of the active population.

To the discomfort of the reform’s designers and implementers, disaggregated data on the number of affiliates per type of worker also fail to indicate any clear superiority of the new system in extending coverage to non-salaried or independent worker categories. According to PFA information, by June 2003 the number of independent workers affiliated to the pension funds was only 4.3% of the total number of affiliates.

The cause of this state of affairs can be found, on the one hand, with the private fund administration entities who, in their search for income maximization, tend to avoid the administration of ‘small-scale’ contributions, and on the other, in the extremely low incomes of independent workers, mostly operating in the informal sector, that do not allow for the possibility of financing some type of saving for retirement. This second issue is further illustrated by the following data: according to the International Association of Latin American Pension Fund Supervisors (AIOS), the average insurable salary in Bolivia’s individually funded system was USD 282 in 2003, while the average income of workers in the self-employed and small enterprise sectors for the same year was only USD 127, according to the National Statistics Institute.

The system's unsustainability

As already mentioned, the promoters of social security reform in the country promised that the new individually funded system, unlike the previous one, would have the virtue of being self-financing (it would not require government assistance), supporting itself with the profits from investment in the stock market.

Available information refutes the theoretical assumption that the new system's operations would be subject to market efficiency. It is not free-market forces that determine investment decisions in PFA fund management. Current regulations require such bodies to maintain a certain structure in their investment portfolio with a predominance of state-issued securities. While the regulations limit investment in foreign-issued securities to 10%, investment in public securities, either of the National Treasury (TGN) or the Central Bank of Bolivia, has no limit. As much as 90% may consist of this type of investment, which explains the unusual concentrations in PFA portfolios.

In the case of the PFA Prévision, investment in TGN bonds (obligatory) amounts to USD 458 million, comprising 69% of its portfolio, and in the case of the PFA Futuro, USD 365 million, or 61% of its portfolio. This total of USD 823 million invested in TGN bonds represents 65% of the total funds in the Individual Capitalization Fund (FCI).

However, according to AIOS information, by December 2002, over 69% of the FCI portfolio was in the form of fiscal securities. That is to say, apart from the 65% invested in TGN bonds, 4% was invested in other state securities. This state-determined investment structure arises from a deterioration in the state of public finances, due to privatization policies, that does not allow the state to finance public expenditure in a normal way and explains its consequent repeated need to resort to the expedient of incurring public debt. It should be emphasized that a significant part of public expenditure is allocated to the cost of the social security system reform itself: the payment of pensions to the beneficiaries of the previous PAYG system.

Moreover, it must not be forgotten that in the framework of an economy as small and poor as Bolivia's, with a weak stock market and an inefficient financial system, a fiscal deficit financed with FCI resources becomes a more attractive option for the state than what the private finance system can offer. At the same time, an excessive dependence on public securities generates a high risk for PFAs, making them vulnerable to sudden changes in government policy.

It can consequently be inferred that the objective of efficient administration based on transparency in decision-making and investment has not been achieved, as the affiliates who contribute to the system, the true owners of the accumulated funds, have no influence in decision-making over the destiny and profitability of their savings, but rather it is public officials and political authorities whose interests are met through authoritarian imposition on PFAs.

Additionally, the expected potential of the new system for strengthening the stock market did not materialize. The extreme submission of pension fund management to government decisions, together with the particular characteristics of the national economy, prevented the emergence, and therefore consolidation, of a true stock market.

It is also clear that the absence of appropriate regulations to ensure an optimum operation of the long-term social security system, together with the marked weakness of the regulatory system for enforcing compliance with the rules of operation, have generated a high level of employer debt with PFAs.

It is a mistake to artificially separate the situation of the individually funded system from the situation prevailing in the residual PAYG pension system that, according to reform design, should tend to disappear, thus eliminating the fiscal expenditure that it involves. In relation to this, it can be said that the way in which the reform was implemented has resulted in alarming costs for the public treasury in the form of pension payments to pensioners from the old PAYG system, which represented more than 90% of the annual public sector deficit over the last five years.

The most worrying aspects of this situation are that such costs have to be regularly covered by taking on public debt, which incurs high interest, and that the obligations assumed by the state for paying such pensions have been steadily growing up to the present, and will continue doing so, due to commitments entered into by successive governments.

To summarize, this entire state of affairs has arisen because the reform's cost to the state – for payment of pensions to the beneficiaries of the previous system – has exceeded initial predictions calculated as USD 616 million over the first five years of the new system.

The aforementioned characteristics reveal the evident unsustainability of a system operating with a logic opposite to the one that the reform was originally based on and with an inherent dramatic contradiction that has created a kind of return to the old system. In other words, the accumulated savings in the new system provide, at a high cost, the necessary liquidity for paying pensioners from the old system.

Frustrated hopes for a dignified pension

The promise of dignified pensions that would improve on the social results of the previous PAYG system became the main justification put forward by reformers.

However, an evaluation of results indicates a worse situation and reinforces the hypothesis that the true objectives of the reform bore little relation to the endeavour to create better living conditions for the working population.

In the first place, transforming the system has not generated a significant increase in the number of beneficiaries, so it cannot be said that it has contributed to a reduction in the widespread phenomenon of large social groups being excluded from social security benefits.

Secondly, the promise of increased incomes has met with similar disappointment. The new scheme was designed in such a way that access to a pension is linked to a substantially longer working life and in addition it does not guarantee access to a dignified pension for all workers. There is a special category provision in the Law of Pensions called 'minimum retirement' that is applicable to a worker who has not paid enough contributions to finance a pension equivalent to at least 70% of the minimum national salary but who has reached 65 years of age. He or she will receive a pension or annual income equivalent to this percentage "until the accumulated funds are exhausted," irrespective of whether or not this pension covers all the remaining years of life after retirement. In short, there will be workers who only have access to a very small pension – the current minimum salary is no more than USD 58 a month – for a time that will not necessarily coincide with their remaining life span.

It is clear that the two systems are guided by different perspectives: the previous PAYG system regarded the provision of security to workers after their active working life as an inescapable obligation of the state, while the new system abandons this state responsibility, delegating the provision of security for the economically inactive population to the 'efficient' workings of the market. ■

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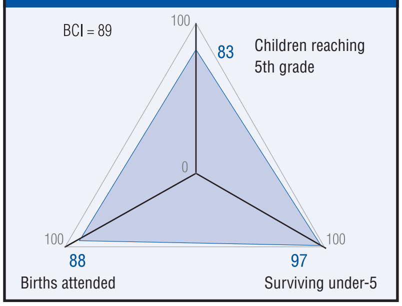
The social security that women want

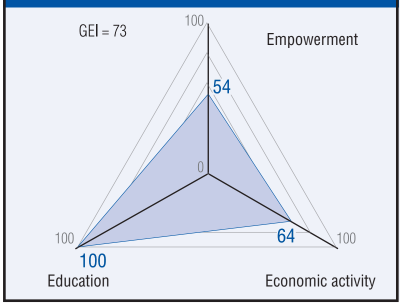
The social protection system is in need of urgent changes. Despite the ongoing debate on social security reform, injustices persist. When it comes to women, and especially black women, domestic workers and rural dwellers, the discrimination they face is even greater, since they must work more to receive fewer benefits.

Guacira Oliveira[1]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Social security reform is currently a central theme of political debate. In January 2007, President Luis Ignacio Lula da Silva's government created the National Social Security Forum to discuss proposals for changes in the social security system. The Forum is tripartite, composed of representatives of the government, trade unions and private sector business associations, who only account for 50.6% of the economically active population. The sectors excluded from the present social security system and women's organizations are not represented.

The decision to exclude those segments from the discussion is indicative of the refusal to seek alternatives which would make the system universal, as well as to come to an agreement regarding specific inclusion strategies. Since the 19th century, the social security system has only provided coverage for workers within the formal labour market – that is, mainly white men from privileged social sectors. The formal work model, and therefore the possibility of gaining access to the benefits of social security, has historically been linked to a 'white-skinned' and masculine model. Decent and valuable work, which generates rights for the worker, was and remains far from the reach of most women and black people. This is even more true for black women, who are subject to a double division of labour: racial and gender-based.

Parallel and Itinerant Social Security Forum

In 2005, there were 44.2 million people contributing to the social security system (35.3 million of whom were in possession of an official work card), whereas a contingent of 32 million people, 70% of whom were women, were excluded from the system. This led a group of women's organizations[2] to create the Parallel and Itinerant Social Security Forum, which will discuss alternatives to the social security system, taking into account all of the Brazilians who have been excluded from the Forum set up by the federal government. This initiative has the support of Social Watch Brazil, the National Union of Federal Revenue Auditors (UNAFISCO) and the Federation of Federal Revenue Auditors (FENAFISP).

From the point of view of the Parallel Forum, the main problem to be confronted is the exclusion of the greater part of the population from effective social security coverage. In 2004, over half of economically active women (50.5%) and 39.5% of economically active men (PNAD, 2004) were not covered by the social security system. If their dependents were taken into account, the number of Brazilians totally deprived of social security coverage would rise to a total of approximately 100 million people (Melo and Considera, 2005). In our view, it is this lack of social protection that justifies the reform of the social security system which, as a matter of principle, should be public, solidarity-based and universal.

However, in the view of the business community, a significant part of the federal government and the mainstream media, all of whom carry great weight in the moulding of public opinion, the key issue is not this widespread lack of protection, but rather the search for solutions to the medium-term financing of the social security system, taking demographic transition (the ageing population) into consideration as well as the need to free up resources for economic growth.

Debunking the myths

Among other factors, the social security system has faced difficulties as a result of the non-implementation of the budget assigned to the system as stipulated by the Federal Constitution of 1988. From the beginning of the 1990s, rhetoric regarding the social security deficit has gained strength, despite the fact that all sources of evidence (including official ones) show the opposite, even when using different methods of analysis. Individual contributions continue to be the only consideration, although the system has several additional sources of income which allow it to produce a surplus year after year.

Contributions to social security established by the Constitution and later set up in order to finance the system include the Social Security Financing Tax (COFINS), the Legal Entity Net Profit Social Tax (CSLL) and the Provisional Financial Movements Tax (CPMF), as well as the net social security contribution, which basically refers to the payroll contributions made by employers and employees and contributions from the Simplified System (Special Unified System for the Collection of Taxes and Contributions of Micro and Small Enterprises). As regards expenses, the following items are taken into account: payment of urban and rural social security benefits, welfare benefits, and the actions of the Single Health System (SUS), as well as actions related to the financing of the Ministry of Health and its return to sound administration and accountability. According to the ANFIP (2005), the primary surplus of the social security budget in 2004 amounted to BRL 42.5 billion (USD 21.5 billion) (Boschetti and Salvador, 2006).

If there is a surplus, the argument that it is necessary to reduce government spending on social security in order to redirect resources towards investment so that the economy can grow is clearly absurd. At the end of the day, social security has not harmed the progress of the economy; on the contrary, the economic policy which is being implemented affects social security, undermining both its principles and its budget.

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2 Articulação de Mulheres Brasileiras, Articulação de ONG's de Mulheres Negras, Campanha Nacional das Donas de Casa pelo Direito à Aposentadoria, Federação Nacional de Trabalhadoras Domésticas, Marcha Mundial das Mulheres, Movimento Interestadual de Quebradeiras de Coco de Babaçu, Movimento de Mulheres Camponesas, Movimento de Mulheres Trabalhadoras Rurais do Nordeste.

The problem is that part of the resources of social security are diverted in order to make up the primary surplus (to pay interest on foreign and internal debt), by means of the Dissociation of Union Contributions mechanism. Not content with that, the government places limits on additional resources throughout the year, which does indeed cause a deficit in the social security system.

The lack of recognition for domestic work

There is also talk about the need to reform the social security system because of the increase in the number of elderly people in the country, which could make the system unviable in the near future. To those who support this thesis, the rights achieved by women up to the present represent a threat to the sustainability of the social security system. It is argued that women retire five years before men and live an average of eight years longer, and therefore cost the Treasury 13 years in extra expenses.

As regards the ageing of the population, it is worth noting that the issue of care for the elderly is completely absent in discussions about the future of the system. This omission is directly related to the lack of recognition and consequent undervaluation of the unpaid domestic work carried out by women. Social reproduction activities (domestic tasks, child care, care of the sick and of the older adults in the family group) make a significant contribution to the social and economic development of the country, but continue to be relegated to the kind of tasks which are carried out as part of 'women's vocation' and are consequently absent from the agenda of the debate on labour rights.

If domestic tasks were taken into account, they would represent a 13% growth of Brazil's GDP (Melo and Considera, 2005). However, reproductive labour does not generate rights, but rather an extremely heavy load on women who, as well as that burden, must face the prejudices that result from insertion in the labour market under absolutely unfair and unequal conditions. As a result, women are often obliged to interrupt their working lives, turn to the informal sector, or even be fully excluded from the labour market. The higher proportion of women in more vulnerable and poorly paid jobs is a reflection of this fact.

Data collected by CEDEPLAR/UFMG (Development and Regional Planning Centre/Federal University of Minas Gerais) in 1997 show that women make a higher number of transitions between activity and 'inactivity' throughout their lives. While men remain in each occupation for an average of 15.2 years, the average length of stay for women is 8.9 years. This is one of the results of the sexual division of labour. And in this area, reality is hard to change.

This information shows that the proposal to put an end to the differentiated retirement age for women (five years before men) in compensation for their double work load is untenable. The difference between the length of stay in an occupation for men and women is 6.3 years (CEDEPLAR/UFMG). However, a comparison between the number of working hours devoted to domestic tasks shows that women work at this type of activity at least double the amount of time as men. In fact, for there to be real compensation, a difference in retirement ages of over five years would be required. As we understand it, this should be a transitory measure. What women's and feminists' movements want is not compensation, but the equal division of productive and reproductive tasks, as well as equal conditions of participation in the labour market.

In 2005, according to the Ministry of Social Security, 30.7% of women's retirements were due to age and only 6.8% due to length of contribution. Consequently, if the issue of informality is considered, women work for longer than men in order to ensure their retirement pension, but receive a lower pension due to their diminished capacity to contribute and their dependent condition.

Women face double discrimination

Many people who have spent most of their economically active lives in the informal labour market, particularly in urban activities, are at a double disadvantage due to the demands of individual taxation, since they have contributed to the wealth of the country at a low cost, without having received the benefits of the National Social Insurance Institute (INSS) or the Guarantee Fund for Length of Service (FGTS), nor paid unemployment insurance (and therefore were unable to exercise their labour rights). In old age, these persons will be affected once again, since they will not be able to enjoy their rights to social security.

Rural working women have been struggling for years to obtain recognition as small agricultural producers. The cultivation of vegetable gardens and medicinal plants, and the raising of small animals, is absolutely vital for the survival and support of their families, but it is rendered invisible and is undervalued. In consequence, their rights as workers are not acknowledged. Meanwhile, the most serious situation is that of almost six million women, mostly in the rural areas, who do not possess any kind of documentation and are therefore denied all the rights of citizenship.

When the racial dimension is brought into consideration, the situation becomes even more unjust. Black and racially mixed women, subject to multiple forms of discrimination, end up concentrated in the most precarious occupations and in informal labour. The high concentration of black women in domestic employment (22%) should be noted, as well as in the categories related to production for personal consumption, construction for personal use and in unpaid labour. On the other hand, white men most often appear in the position of employers (7.5% against 1.3% of black women) and as employees with an official work card (38.4% vis-à-vis 20% of black women).

The case of domestic workers in particular deserves special attention, and an urgent solution should be provided by the social security system. Immediately guaranteeing the right to retirement of domestic workers who are currently 60 years of age or older would constitute a measure of reparation. This is a significant contingent of women who are subject to sexual and racial division of labour and have achieved a quotient which as a general rule is the lowest in the socioeconomic scale in terms of recognition, performance, quality of life and labour rights, but on the other hand is the highest in terms of duties and limitations as regards reproductive tasks.

Ensuring the sustainability of social security

Ensuring the sustainable increase in the number of beneficiaries and the transformation of the demographic profile, from the actuarial point of view, depends on several factors, including the broadening of the sources of financing for social security. In our view, the fact that the labour market does not offer adequate conditions which enable each female worker to make her individual contribution to social security does not mean that she has no right to be a part of the social security system. Other mechanisms are required to safeguard the life and citizenship of women. This implies dissociating social rights from the traditional employment model, and in particular, dissociating the right to a retirement pension from formal employment.

In this sense, the actuarial sustainability of social security could be constructed on the basis of a re-evaluation of employer exemption criteria and amnesty for debtors; combating evasion; the creation of new rates and taxes consistent with the principle of solidarity and the redistributive nature of social security; the imposition of taxation on great wealth, international financial transactions and agribusiness; the creation of a solidarity fund based on a specific contribution; broadening the contributive capacity of workers by increasing employment and other work opportunities; the creation of different tax models compatible with the multiple productive arrangements that workers have established for their survival; and the creation of the appropriate conditions for young workers to be able to join the system early and thus contribute for many years to its sustainability.

The reorientation of the developmental model is evidently a basic premise in the construction of alternatives for inclusion in the social security system. Economic policies should be devoted to guaranteeing the rights of the population, and not the other way around. ■

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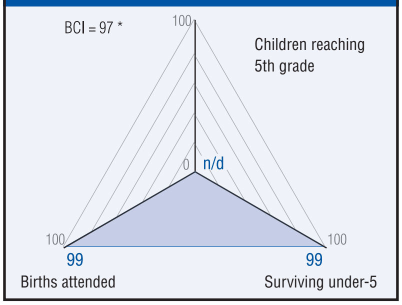
■ BULGARIA

The new pension paradigm: will it work for all?

The pension system is undergoing major reforms in response to the new financial, economic, demographic, political and social realities brought about by the transition from a socialist to a market economy. While the new three pillar pension scheme has corrected some of the shortcomings of the former system, it does not guarantee an adequate standard of living for the elderly, and has also been found to place women at a disadvantage.

Bulgarian Gender Research Foundation (BGRF)
Bulgarian-European Partnership Association (BEPA)
in cooperation with the Confederation of Independent Trade Unions in Bulgaria (KNSB)

Basic Capabilities Index (BCI)



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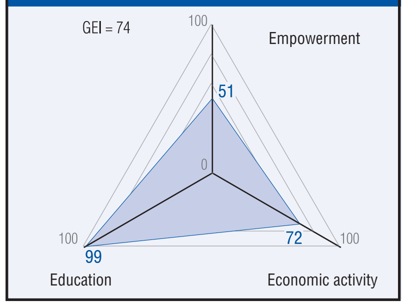


Bulgaria has ratified the major international instruments on human rights, which also address the right to social security. While the social security system corresponds to the goal of full universal coverage, the current pension system still generates inequalities and poverty, and cannot reach compatibility with the main International Labour Organization (ILO) standards on social security, such as a 40% income replacement rate for pensions. It is not accidental that the government had not ratified any of the ILO conventions in the field since the Second World War. The ILO Workers with Family Responsibilities Convention (C156) of 1981, recently ratified in 2006, has yet to be implemented in national legislation and practice.

Reform of the pension system has been underway since 2000, but the human rights impact of the relatively recent measures adopted can only be assessed in the medium and long term. The reforms were undertaken in response to the new financial, economic, demographic, political and social realities that confronted the country in the transition period, which brought about an urgent need for profound changes, adaptation and modernization of both the legislation and the architecture and functioning of the pension system.

The move to a three-pillar system

Bulgaria's social security scheme was formerly based on the defined benefit approach with universal coverage, including employees from the private and public sectors, self-employed workers, and members of cooperatives and professional associations. The National Social Security Institute provided wide protection for the contingencies of retirement, disability, death, employment injury, unemployment, maternity and illness. It also used to provide different types of social assistance that are now disbursed by the national Social Assistance Agency, such as family and electricity allowances.

Several significant efforts were made to solve the problems of social security in the context of the transition to a market economy, without success. The new social insurance legislation adopted in 2000 was targeted at healing the most pronounced and cost-consuming weaknesses of the incumbent legislation, which were also the source of the main problems in the pension system. These included:

- A chronic financial deficit, and stemming from this, the threat of an eventual financial collapse.
- The low collection rate of contribution payments and wide-scale circumvention and avoidance of social insurance obligations.
- Overly liberal provisions for access to a pension, particularly in the case of workers opting for early retirement rights.
- A high social burden on the working generation.
- Low pension rates relative to current costs of living.
- Growing distrust and a negative attitude towards social insurance as a whole and the pension system in particular.

The new legislation adopted to address these and other problems in the pension system brought about fundamental changes aimed at attaining a balance that will guarantee the achievement of the social goals of the pension system as well as the financial stability and viability of the system.

Under the financial direction of the international financial institutions (enforced through the conditioning of loans) and following the policies implemented in Central and Eastern Europe and Latin America, a whole new pension system architecture was set up, based on three pillars. The new architecture combines government and private involvement as well as both compulsory and voluntary elements.

* One of the BCI components was imputed based on data from countries of a similar level.

The first pillar is universal and mandatory and encompasses all groups of employed persons regardless of the type of employment and level of income earned. It is a typical pay as you go (PAYG) public social insurance pension scheme, based on defined contributions. The second pillar, also mandatory, is a supplementary, fully funded pension insurance scheme with individual accounts, while the third pillar is a voluntary supplementary fully funded pension insurance scheme. The second and third pillars are privately managed, following the advice of the World Bank.

Pension benefit levels under the 'first pillar' are calculated on the basis of a universal formula applied to all insured people, aimed at achieving a closer link between contributions and benefits. The formula takes into account both the income earned by the insured individual and the number of years of active employment.

Another change introduced by the legislation was an increase in the retirement age. The retirement age for women will be gradually raised from 55 to 60, while that of men will be raised from 60 to 63. In addition, the categories of workers eligible for early retirement were significantly reduced, decreasing the proportion of contributors entitled to this right from 20% to just 6%.

The concrete measures and policies set forth in the pension reform legislation – higher requirements for admission to the pension system, restricting early retirement, improving the connection between individual contributions and the size of pension compensation, improving control on adherence to the legislation, involving all employed persons – are typical of the measures and policies that have been followed in other countries that are contemplating pension reforms or have already undertaken them.

Income replacement rates fail to meet international standards

The new pension formula is supposed to guarantee a minimum 40% income replacement rate. Data provided by the National Social Security Institute show that so far, the chosen formula has fallen somewhat short of meeting this task. The replacement rate, measured by the correlation of an average pension to the average work salary in the country, fluctuates between 35% and 40%. However, it should be stressed that two thirds of pensioners in the country receive a pension that is barely equivalent to or below the average pension. This is one of the main reasons that Bulgaria has not ratified ILO Convention 102, which sets out the minimum standards of social security (including a 40% income replacement rate for old age pensions), and the European Code of Social Security.

On the other hand, the rates of all pensions, including the maximum pension, do not provide any guarantee of an adequate standard of living. As a result, the most frequent criticisms of the pension system, both on the part of those 'inside' the system and of its future 'users', are primarily with regard to the pension rates. Although there are many more and different reasons for this situation, and not all of them can be attributed to the formula for determining pension amounts, it has already been established that the substitution rate of lost occupational income achieved through the formula is inadequate. That is why the new pension formula should be revised in order to achieve an improved income substitution rate. A move in this direction is extremely important and necessary both for raising confidence in the system and in the reforms and in order to ensure its development.

Pension system places women at a disadvantage

The more direct link between contributions and pension benefits under the new pension system places women at a distinct disadvantage. As shown by Table 1, the employment rate is significantly lower among women than among men. This can be partially explained by the fact that women are far more likely to take time off from work to care for children and other family members. They are also more likely to work only part-time, often for the same reasons. The lower pension contributions they make as a result of these factors and others are reflected in the lower income replacement rate in women's pensions.

For its part, the gender analysis carried out by the National Social Security Institute in cooperation with the Centre for Women's Studies and Policies points to four major sources of unequal treatment for women and men in the pension system:

Retirement age: Questions have been raised as to whether the lower retirement age for women is actually an advantage or is in fact a disguised disadvantage in the broader context of the labour market. Namely, with the new, more individualized pension benefit formula, in which each worker's own earnings are the direct basis for his/her own pension benefits, a shorter working life will simply mean lower pension benefits for women – and higher rates of female poverty in old age. Is this context, is a lower retirement age an advantage for women or a subtle form of discrimination?

TABLE 1. Basic indicators

	2000	2005	2010	2015	2020	2025
	Reported data		Forecast			
Employment rate (%) total	47.5	49.7	52.7	54.5	55.8	55.1
female	42.9	44.4	49.4	51.4	52.6	51.5
male	52.4	55.4	56.4	57.9	59.3	59.1
Insured income (as % of average insured income)						
women	89.1	89.5	89.1	89.6	89.8	89.9
men	111.0	112.2	111.9	111.9	111.6	111.2
Retirement age						
women	55.5	58.0	60.0	60.0	60.0	60.0
men	60.5	63.0	63.0	63.0	63.0	63.0
Life expectancy						
female (at birth)	75.59					77.49
female (at age 60)	19.67					20.95
male (at birth)	68.68					70.54
male (at age 63)	14.08					15.02
Replacement rate						
women (1st pillar/PAYG) (%)	31.6	31.0	34.0	31.1	30.3	28.8
women (2nd pillar) (%)					5.2	6.6
men (1st pillar/PAYG) (%)	51.4	54.7	51.8	46.1	42.2	38.6
men (2nd pillar) (%)						7.6

Source: Based on data from "Gender Dimension of the Pension Reform in Bulgaria", <www.ilo.org/public/english/region/eurpro/budapest/download/socsec/gender_pension_bulgaria_eng.pdf>.

Individual savings versus social insurance: The individual savings accounts that constitute the second pillar of the new pension system magnify women's general disadvantage in the labour market, since they have no solidarity or social welfare elements that help to compensate for the gender wage gap. Thus, women's lower average wages are reflected directly in lower pension benefits.

Life expectancy: The second pillar legislation and regulations are silent on a key issue for all women, whether rich or poor: how life expectancy will be used in determining future private pension benefits. Internationally, private pension systems tend to pay lower benefits to women based on their longer average life expectancy, but there is no public system in the world that discriminates in this way. The new second pillar is a hybrid – publicly mandated and funded, but privately managed. Should public principles prevail in its design, or should these questions be left to private pension managers? In the event of the second scenario, what other groups will face discrimination because of longer average life expectancy? Non-smokers, who outlive smokers on average? Members of ethnic majorities, who on average outlive minorities? Those who are free from predispositions to genetic diseases? In this sense, gender discrimination would create a dangerous precedent.

Child care and pension rights: Men who take time off from work to care for their young children are treated less generously by the pension system than women who do the same. This form of discrimination penalizes men who share in child rearing activities and has been eliminated in most countries across Central Europe.

Some concluding remarks

The realization of pension reform is encumbered by the long absence of specially designed compensating measures and employment programmes, as well as by its 'overlapping' with reforms undertaken in other important areas: privatization and restructuring of the economy, health care, etc.

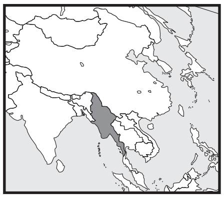
The application of a new pension formula, of a mechanism for an annual updating of pensions, and of new kinds of benefits and occasional additional payments to pensioners – at Christmas, for example – have improved the nominal amounts of pensions, but they still lag far behind an adequate level for the majority of pensioners.

The first phase of the supplementary compulsory pension insurance scheme has been declared successful, due to such features as public control, stable management and coordination with the public pension system. Representatives of trade unions and employers have received a relatively significant role in the implementation of the corresponding regulations and the execution and tracking of policies, including the guarantee of the rights of employed persons.

(Continued on page 240)

BURMA

Basic economic and social rights denied



Peaceful co-existence and the guarantee of social security for all persons can be ensured only if the people's right to self-determination is respected through an accountable, transparent and decentralized system of governance. Above all, the issue of people's severe lack of access to social security must be resolved by three sectors of society: the state, civil society and individuals.

Burma Lawyers' Council

As a country that has prioritized military expenditure over welfare provision for its people during the past four decades, Burma[1] has succumbed to an acute economic and social crisis. The ruling State Peace and Development Council (SPDC), which seized power in 1988, continues to spend over 40% of the national budget on the military, while International Monetary Fund (IMF) figures estimate that under 1% of the gross domestic product (GDP) is spent on health and education combined.[2] Consequently, the people of Burma are systematically denied their basic economic and social rights, whether it is access to employment, health care, education, or other fundamental needs.

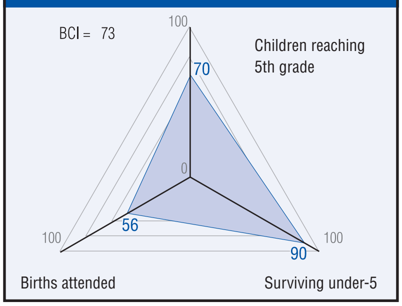
Hunger is widespread and serious throughout Burma, both in the areas affected by the ongoing civil war and elsewhere, and it is spreading both geographically and demographically. The causes of this growing phenomenon have been found to be:

- The destruction of staple crops which provide the local food supply.
- Uncompensated conscription of people to work on state projects which do not leave enough time for them to work their fields.
- Uncompensated conscription of 'porters' to areas far from their villages leaving them without time to grow food.
- Forced relocation of people to areas where rice is difficult to grow, or to unfamiliar terrain making it difficult to find enough food.
- A quota system whereby the villagers must provide a set amount of rice to the government well below the market price, regardless of whether or not the harvest was adequate, which leaves people in debt and without any rice of their own to eat (The People's Tribunal, 1999).

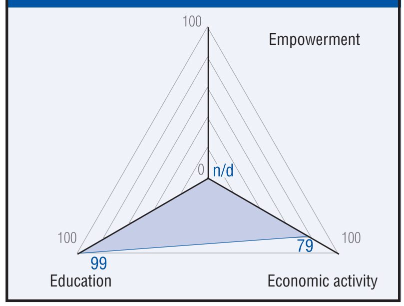
1 Although the ruling military junta officially changed the English version of the country's name from Burma to Myanmar in 1989, Burmese opposition groups continue to use the name Burma because they do not recognize the legitimacy of the military government.

2 Figures from Kachin Women's Association Thailand (2005, p. 15). See also UNDP (2000), which reported Burma's allocation of public resources at 0.2% of GDP.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Malnutrition, child soldiers and theft of women's hair

Food scarcity has had an especially alarming impact on the health and well-being of children in Burma. A United Nations report stressed that "the level and depth of hardship among families in Myanmar is vividly reflected in high rates of malnutrition among pre-school-aged children. Even based on official statistics, far too many of Myanmar's children suffer from wasting and stunting." Describing the situation as a "silent emergency," the report adds: "Deprivation on this scale indicates not only immediate need, but also adverse long-term repercussions for the health and intellectual development of the affected children" (Lallah, 2000a, para. 36, p. 10). According to the UNICEF report *The Progress of Nations 2000*, 45% of Burmese children under five are stunted in growth, and according to the World Health Organization (WHO), 39% are underweight. Food deprivation, repeated illness, lack or absence of health care and death or forced relocation of parents appear to be the major causes of the phenomenon of stunted growth in children (Lallah, 2000b, p. 10).[3]

The lack of adequate social protection provided by the state forces people to seek their own means of survival. The often desperate measures adopted place people at further risk of vulnerability to exploitation and abuse.

3 Paulo Sérgio Pinheiro, Special Rapporteur of the Commission of Human Rights on the situation of human rights in Myanmar since 2001, has not been allowed to visit the country since November 2003. Consequently, political discussions with the Government of Myanmar have taken place only outside the country on limited occasions.

Families that cannot afford to pay for their children's needs often send them to work as child soldiers.[4] Burma is reported to have the highest number of child soldiers in the world (CSUCS, 2001), with unofficial sources estimating the figure to be around 50,000 (Lallah, 2000b, para. 49, p. 10). Children lacking basic social security, such as street children, orphans and children belonging to ethnic minorities, are believed to be the most vulnerable to forced recruitment.

Another indicator of Burma's lack of social security is the growing number of reported cases of the theft of women's hair since 2003. Hair purchasing centres have dramatically increased in Rangoon, where 1.6 kilograms of hair can be sold for up to MMK 500,000 (USD 400).[5] Rising incidents of women's hair being cut off at crowded places to be sold to these centres, as well as women who secretly sell their hair to buy food despite the dignity associated with long hair in Burma, reflect the increasing need of the population to compensate for their lack of income.

A more alarming trend is the continuing incidence of trafficking of women as a result of poverty and lack of employment opportunities. Due to the failure of the state to provide identification documents, these women and girls are denied their right to travel or migrate legally and thus become vulnerable to trafficking. Once trafficked, the majority of women and girls are forced into sex work or sold as wives in China, where they are often exploited and abused due to their lack of legal status (Kachin Women's Association Thailand, 2005, p. 22).

4 *Voice of America*, 25 April 2007 [in Burmese].

5 *The Kantarawaddy Times*, 16 May 2007 [in Burmese].

Factors that aggravate social insecurity

A 'military welfare state'

The principal policy of the SPDC is to strengthen military might through rigid centralized control. Burma has the highest budget allocation for military expenditure in Southeast Asia, amounting to over 40% of its national budget, which excludes hidden accounts and subsidies to the armed forces (Selth, 2002, p. 135). The size of its army has more than doubled since 1987, from 186,000 personnel to 428,000 in 2004 (Encarta, 2007). It is estimated that arms imports comprise more than one-fifth of total imports (WLB, 2006).

A related SPDC policy is to create a military-dominated society, or a 'military welfare state', as opposed to a social welfare state that ensures that wealth and security are shared by the majority and nobody is excluded. This policy has resulted in the under-development of physical infrastructure for the people, such as electricity, transportation and communication systems. Only an elite few are able to receive basic health care services or achieve a moderate level of education (HRDU, 2005b).

The decision by the ruling military junta to move its capital from Rangoon to Naypyidaw in November 2005 is a case in point. Huge costs have been incurred to build a vast military complex, golf courses and high-rise government buildings, yet there are few signs of the schools and hospitals that the government has promised (Sipress, 2005). Electricity supply to the area, which was already erratic before the move, has become even more unreliable (McGeown, 2006). In addition, villagers and farmers have been forced off their land and their properties have been destroyed to make way for the building of new administrative offices, residential homes and military barracks (Democratic Voice of Burma, 2005).

In such times of hardship, the people lack unemployment insurance or public financial support. Despite an existing pension system, civilian pensioners live in dire need of subsidies as the pensions they receive barely cover the cost of a few days of food.

Obstacles to civil society and private sector involvement

The government's failure to adequately transfer its social security responsibilities to other sectors is illustrated by the impact of its resistance to the emergence of civil society inside Burma combined with its convoluted privatization policy. The SPDC does not cooperate effectively with international organizations in providing aid to the country's citizen, while it rigidly restricts the operations of local people's organizations.

The Joint United Nations Programme on HIV/AIDS (UNAIDS) reports that resources made available to combat HIV/AIDS are meagre in comparison with the magnitude of the problem, which is exacerbated by the SPDC's reluctance to permit international non-governmental organizations to work in collaboration with community-based organizations. Permits to visit patients are difficult to obtain and access to high-risk groups and vulnerable groups is restricted. UNAIDS has warned of a growing epidemic in Burma and indicated that the ruling regime has largely been ignoring it (Lallah, 2000a).

Flagrant neglect by the SPDC of its own citizens' health has resulted in Burma's overall performance in health being ranked second-to-last: 190th out of 191 states (WHO, 2000). Its policies in health "still appear to be indecisive and inadequate" with "wide inequality of access to adequate health care, both preventive and curative." (Lallah, 2000b, p. 7). Denied the basic right to health, some people cross the border to Thailand to receive free medical assistance at the Mae Tao clinic.[6] It is estimated that over 100 patients from Burma arrive at the clinic each day. The poor quality of public health care services is undeniable and must be addressed urgently throughout the country.

Laws enacted by the SPDC have contributed to the lack of effective privatization of social security services. For instance, without declaring a privatization policy, the SPDC enacted the Law Relating to Private Health Care Services on 5 April 2007, which is purportedly aimed at the systematic participation of private care services as an "integral part" of the national health care system. However, this law essentially lacks positive foundations for the successful operation of private health care services. For instance, there is no provision authorizing them to communicate with the international health community independently, and receive financial, material and academic assistance. Nor is there any provision stipulating the obligation of the state to facilitate access by private health care services to advanced medical equipment, hospital construction materials, emergency transportation, communication, electricity and other basic infrastructure, or reduced taxes. Instead, the law imposes negative prohibitions on private health care services, and penalties for violations of the law range from a minimum of six months to a maximum of five years imprisonment.

Similarly, the Law Relating to Forming of Organizations, enacted by the SPDC in 1988, obstructs the formation and independent functioning of all organizations, including those which attempt to promote the social welfare of local people. Section 5 vaguely prohibits "organizations that attempt, instigate, incite, abet or commit acts that may effect [sic] or disrupt the regularity of state machinery," and anyone found guilty of such an offence can be punished with a prison term of up five years. Penalties rendered under the law have created situations in which organizations operated by local civilian people are strictly controlled on one hand, while lackey organizations of the SPDC, such as the Union Solidarity Development Association, Myanmar Maternal and Child Welfare Association and Myanmar Red Cross – operated by the military leaders, wives and relatives of the military leaders, ex-army personnel and their cronies – enjoy opportunities to communicate with the international community and receive development and social welfare assistance under the guise of civil society.

Deprivation of livelihood and lack of income security

Farmers are effectively deprived of the right to own land. Under the Land Nationalization and Agricultural Lands Act of 1953, the transfer, partition or lease of land can only occur with permission from the authorities. The 1963 Tenancy Act usurped the right of landowners to lease their land, and the 1963 Protection of the Right to Cultivation Act stipulated that land would be protected from confiscation except in the case of "(a) non-payment of dues owing to the State, and (b) disputes arising from inheritance cases or actions taken by the State for security reasons." (HRDU, 2006).

The regime is further granted authority to confiscate land through Notification No. 4/78, enacted on 18 September 1978 (HRDU, 2005a). This notification establishes that failure to sow the allotted land with the earmarked crops to obtain optimum results, or failure to sell the full crop quota to the state at the stipulated price, would result in confiscation of land. Currently village and township administrators have the power to confiscate land and the cultivators are compelled to follow their dictates with no means to protest.

The primary reason behind land confiscation and forced displacement of people is to further extend the SPDC's military control over the country. This includes the establishment of military encampments, state enterprises and development projects to bolster the position of the SPDC. Confiscated land is also often used to grant concessions to foreign companies, to benefit the SPDC's lackey organizations, as well as to obtain access to natural resources.

One example is the continued sale of Burma's timber to foreign companies. According to the World Resources Institute (1998), the rate of deforestation has more than doubled since the present military regime came into power in 1988. Forest devastation continues in the states of Kachin, Karen and Karenni, benefiting only the SPDC officials and Chinese companies (PKDS & KESAN, 2004, p. 3-4).

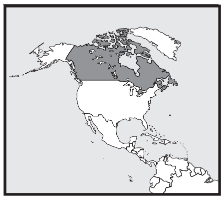
Development projects that have led to forced displacement in Burma include the construction of infrastructure, mines, irrigation systems, and natural gas and oil extraction facilities, as well as commercial agricultural fields and military bases (TBBC, 2005; HRW, 2005). According to Earth Rights International (2005), "dozens of large-scale dams (15 meters in height) have been already built or are currently under construction throughout Burma, especially in the central region of the country." The construction and resulting water displacement of these hydroelectric dams necessitate the mass relocation of those living in the affected area.

(Continued on page 240)

6 *Nightingale*, 9 January 2007 [in Burmese].

CANADA

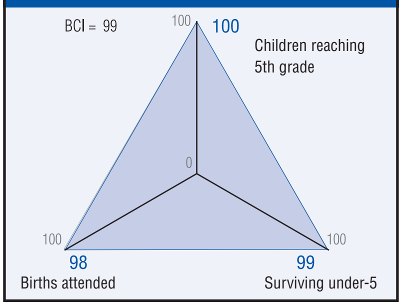
Insecurity amid wealth



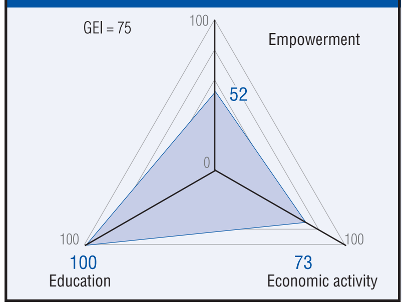
The Canadian economy continues to lead the OECD in many respects. The federal government, after a near-decade of surpluses, expects another surplus even larger than its own predictions. Employment is relatively high in spite of a crisis in manufacturing. Yet ordinary Canadians are worried, and with good reason. Their society is becoming more unequal by the day, and the public policies which combat inequality and sustain social security continue to be eroded.

North-South Institute
John Foster

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Canada's 'system' of social supports is a complex patchwork. Its origins extend to the 1920s (old age pensions for long-term residents 70 years and older). In 1965 Canada established a national pension scheme, the Canada Pension Plan, which built on a model established in the Quebec Pension Plan: universal, contributory, portable pensions with funds invested by the government. In 1966 the federal government picked up 50% of social assistance costs with the Canada Assistance Plan, which established national guarantees and the principle of a right to welfare assistance, and provided the poor with the legal right to challenge denial or reduction of benefits. This key element of rights recognition was abolished in 1996 and national standards and the concept of the right to welfare disappeared with it.

Canada has ratified the International Covenant on Economic, Social and Cultural Rights and was most recently reviewed by the ICESCR Committee in 2006. Canadian rights organizations and NGOs submitted detailed testimony on Canada's failure to fully implement the Covenant.

It is important to keep in mind that Canada is a federal state, in which jurisdiction in a number of areas essential to social policy is either almost exclusively provincial or shared between provincial and federal governments, while overall economic policy is orchestrated by the federal authorities. This division of jurisdiction, while it can lead to positive creativity at the provincial level, also often results in a confusion of regulations, frequently negative in its impact on basic security.

Working more, earning less

Inequality in Canada is on the rise. As documented in a study of Canadian families earlier this year, Social Watch's Armine Yalnizyan (2007) noted that "In 2004, the richest 10% of families earned 82 times more than the poorest 10% – almost triple the ratio of 1976, when they earned 31 times more. In after-tax terms the gap is at a 30-year high."

The issue touches many more than the defined 'poor'. Between 1976 and 1979, the bottom half of Canadians earned 27% of total earnings. Between 2001 and 2004, their share dropped to 20.5%, though they worked more. Up to 80% of families lost ground or stayed put compared to the previous generation, in both earnings and after-tax terms. This is occurring despite the fact that 90% of Canadian families are working more –200 hours a year more – than in 1996.

For the employed the reality is that average real wages (wages adjusted for inflation) *have not increased in more than 30 years*. The economy has grown 72% between 1975 and 2005 in real per capita terms. Labour productivity (in GDP per hour) grew 51%. Prior to 1975, real hourly wages grew steadily. Since 1975 they have stagnated. Thus the oft-repeated promise that "a rising sea/growing economy raises all boats" proves hollow.

There are some winners. For example, in the insurance, finance and real estate sectors, wages are up. There are also losers, such as transport sector workers who are losing ground.

This wage stagnation is a significant factor in explaining the growth in income disparity and insecurity in Canada. In terms of the overall economy, it is clear that some benefit, and benefit immensely. The share of corporate profits in the economy has been rising steadily, and is now at its highest point since 1961 – 33.68% of the economic pie, after taxes and some other factors are allowed for.

The federal government could innovate and lead in guaranteeing security for all. It had enjoyed *nine* successive budget surpluses as of 2006. Recently announced projections for 2007-2008 indicate a higher expected surplus than the government's initial projection of around CAD 3 billion.

Among Canadians there is a demonstrable majority (80%-plus in most cases) that favours government intervention to address the growing gap and eradicate poverty. What steps do people favour? Among the most popular are increasing the minimum wage, improving the tax system by closing tax loopholes on the wealthy and corporations, providing low tuition to increase access to higher education, subsidizing housing for those on lower incomes, and assuring accessible child care.

A sense of insecurity

In polling undertaken by the Canadian Centre for Policy Alternatives (part of Social Watch Canada) the majority of Canadians (65%) indicate that they are not benefiting from economic growth. Many state they are only "a pay cheque away from poverty" (CCPA, 2006).

Canadians believe that there is a widening gap, with no significant variation in the strength of that belief across income sectors. Some 65% believe that the richest Canadians are those benefiting from economic growth and prosperity. The continuation of these impressions erodes belief in the possibility of economic mobility.

Inequality yields many related expectations. Canadians believe the growing gap will feed an increase in crime, although crime rates have been largely in decline in recent years. They believe it erodes community solidarity which has been an important part of 'being Canadian', that society is becoming increasingly characterized by greed. They worry about their children living less well than they have done. Canadians see a more unequal society as a society more like that of the United States.

Clouds on the horizon

Perhaps the most serious threats to Canada's ability to assure greater social or human security to its people come from the commitment of some of its governments to increasing the privileges of those powers, particularly in the corporate sector, while reducing the ability – some would call it democratic sovereignty – of governments themselves.

The North American Free Trade Agreement (NAFTA) has acted as a 'chill' on further government intervention, while reinforcing unequal income distribution. Chief among current processes is the 'Security and Prosperity Partnership' between Canada, the United States and Mexico. This executive-led process includes a myriad of trinational administrative committees working on deregulation and 'harmonization' of practices, as well as a large agenda of security and surveillance measures affecting the movement of people, border supervision and prioritizing the movement of goods and international trade. Canadian federal officials asked by a parliamentary committee if they could cite any specific example of where a higher Canadian standard had been accepted by the other two countries were unable to do so. This 'NAFTA-plus' approach institutionalizes processes which have encouraged the growing gap in the last decades, rather than addressing them.

A provincial level initiative, the so-called Trade, Investment and Labour Mobility (TILMA) accord between British Columbia and Alberta, extends corporate privilege by allowing private interests to sue for up to CAD 5 million for any alleged violation by provincial governments, publicly owned corporations, school boards or municipal governments. The sort of policy which could be questioned would be, for example, the 'buy local' policy of a provincial crown (government-owned) corporation, related to its own development strategy. Adjudication would be by commercial tribunals, rather than Canadian courts. As a key academic expert noted, "unrestricted private access to the dispute mechanisms…would make almost any provincial and municipal programme subject to attack" (Helliwell, 2007). This move is an intrusive extension of corporate privileges created by NAFTA (Chapter 11). It has been rejected by the government of the province of Saskatchewan, but is under consideration by others.

Who benefits?

The government has guaranteed that the middle class in Canada, unlike that in the United Kingdom and the Netherlands, has not declined. Canada, like Norway, has seen a growth in the middle class segment of the population, from 33% to 37% over the two decades prior to 2000. The essential component, rather than levels of employment, age, working women, etc., is government policy: tax breaks for retirement savings, public medical care insurance, tax breaks for first home purchase and much more.

Are these carefully orchestrated 'tax and spend' policies, focused on the middle class, also helping the poor? According to the OECD, Canada dedicates 64% of spending to the middle-class four tenths of the population and a paltry 22% to the poorest three tenths.[1]

The ideological affection for continuing tax cuts, voiced by leading members of the current federal government, conflicts with the evidence that it is a more activist tax and spend approach which has kept Canada a competitive and agile economy and kept a significant sector of the population relatively comfortable. Tax cuts will not assist extension of the helpful elements of income policy to help lift the poorest out of poverty.

Continuing elements of social security

Decent work at a decent wage: Employment is relatively high currently, with a declining domestic labour pool and the likelihood of increased dependence on immigration and an expanding interest in guest workers, whose temporary status lacks the guarantees which union protection could provide. The quality of work has shown no improvement, and the proportion of people in precarious employment has not been reduced.

One of the key guarantees is that of minimum wage levels in both federal and provincial sectors of the labour market. There are currently positive signs that several provinces are increasing minimum wages (although not necessarily to poverty line incomes), in part due to active public campaigning by the labour movement and allied organizations.

Unemployment insurance: Canada's unemployment insurance programme was conceived in the lee of the Great Depression as a contributory plan in which the government backed working people in providing guarantees against sudden or catastrophic loss of wage income. In 1996, Unemployment Insurance was changed to Employment Insurance, and the resulting changes in eligibility rules have led to dramatic reductions in coverage, from 82.9% of unemployed Canadians in 1989 to 43.5% in 2004. The most seriously affected include new immigrants, recent entrants to the labour market, youth and non-standard workers. Women have fallen further behind men as the gender gap trebled between 1996 and 2004.

Child care: The Liberal federal government in power prior to 2006 introduced Early Learning and Child Care Agreements with the provinces, subsidizing an expansion of high-quality child care provision. The Conservative government which took its place ended those agreements and introduced the so-called Universal Child Care Benefit, which offers much reduced funds (a flat payment of CAD 100 for every child under the age of six provided to all families, including those that do not need it) and no guarantees that the funds will be used for public child care. Thus the promise of a nationally available, quality public child care system has been deferred once more.

Health care: Canada's universal, portable, public health insurance system is the envy of many neighbours, and a number of social movements seek its expansion into dental, optical and pharmaceutical insurance. It is under constant attack by advocates of private insurance, renewed since a Supreme Court decision struck down the prohibition of private insurance alternatives in Quebec. While the federal government has responsibility for enforcing guarantees in the Canada Health Act, it has proven very timid about doing so.

Pensions: An aging population together with more precarious work lives with less secure benefits make the public system more important than ever, but there are strong pressures to convert what is essentially a pool for public investment into a high exposure to risk in the stock market.

Housing: A national housing policy and national initiatives to assure affordable housing have virtually disappeared from the federal government agenda.

Access for the poor and First Nations: Recent government actions have shut down assistance for recourse to the courts in defence of rights, essential for the poor, women and marginalized groups. The current federal government struck down a broad accord with First Nations without yet replacing it with anything as comprehensive. A decade without Canada Assistance Plan guarantees has left many segments of the poor and marginalized with eroded security.

Moving forward?

Twelve years after the Copenhagen Summit on Social Development, Canada lacks a national strategy for eradicating poverty. Even Parliament, which more than a decade ago pledged to end child poverty, has failed miserably to implement its 'commitment'. Early in 2007 the National Council of Welfare, a quasi-official advisory body, called for a joint federal/provincial strategy for Canada.

The most recent federal budget (March 2007) initiates a Working Income Tax Benefit (WITB) designed to encourage those venturing from welfare support to working income. The working poor may be minimum wage earners, and those earning more than the minimum but still below official poverty lines.

If the objective of the new tax benefit was to get working families out of poverty, it stumbles partway there. It phases out below the poverty line, and the need to coordinate the federal initiative with existing provincial programmes will take lengthy negotiation and a good deal of confusion meantime.

Nevertheless, as one key policy group commented, "WITB has economic as well as social justice purposes that must be taken into account in any evaluation or cost-benefit analysis. It should help reduce welfare caseloads – to some extent – and resulting costs. More Canadians working will translate into increased consumer spending and tax revenues. At a time of growing labour shortages, it is all the more important to help make work pay better for low-earning workers and keep them from falling into the welfare net where they might no longer participate in the labour force at all." (Battle *et al.*, 2007)

Quebec has implemented a 'comprehensive' strategy to combat poverty and social exclusion, including increases in the minimum wage, housing with attention to people with disabilities, work premiums and additions to social assistance. The latter have been indexed to inflation.

Newfoundland, after extensive community consultation, has recently announced perhaps the most comprehensive package of policies designed to explicitly reduce poverty, including specific attention to the needs of First Nations. Included in its objectives are increased disability support, increased availability of affordable housing, increased income support levels, support for skills development, income support for youth and strengthened public early learning and child care systems.

(Continued on page 241)

1 These findings are based on OECD figures and on the study "The Decline of the Middle Class: An International Perspective" by Monmouth University professor Steven Pressman, as outlined by Saunders (2007).

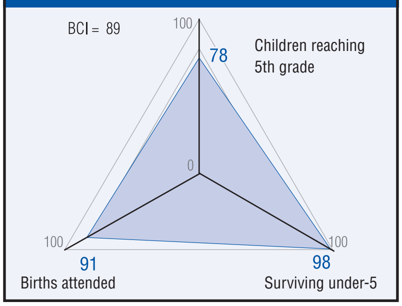
■ COLOMBIA

Scant guarantees

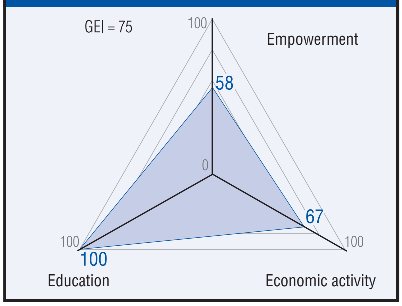
Changes have been made to social protection that involve privatizing the health and pension systems and breaking up social benefits programmes into a series of separate initiatives focused on specific population groups. Access to social security increasingly depends on the ability to pay, which goes against its whole legal basis and violates the principle of citizen equality.

Escuela Nacional Sindical
Corporación Región[1]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



In 1990 Colombia adopted a new economic model in which free market flows were seen as the engine that would drive development, and on this basis a series of structural changes were made to the country's regulations and institutions.

The social protection system now operates in line with this philosophy. It consists of two main components: the integrated social security system (health, pensions, work risk insurance), and the social assistance system (benefits and support in food or in money). The laws governing both systems allow private agents to operate in the spheres of health and pension administration. Alongside this, a subsidized public health care scheme has been created.

Access to social security is conditioned by the market

Private pension funds based on the principle of individual accounts have been set up, but the previous system, based on defined benefits and the public administration of resources, has been retained. In the health care sector, the insurance system was changed to allow private sector participation, while the state discontinued financing for the hospital system (i.e. subsidizing the supply of service) and instead grants subsidies to the poor to pay for health care. Hospitals and other health providers now have to finance themselves by charging for services.

Over the years, legislative changes to promote a free market system have tended to restrict rather than to widen access to health care. In 2001, a constitutional reform was made to the system of transfers,[2] and this gave rise to the current general system of competition in participation and distribution. The main changes in the social protection system have been: the conception, management and institutional organization of social policy; the adjustment of the labour market to the new trends, with the aim of reducing the country's pension liabilities; a reprise of a social assistance system; and the creation of the Social Protection System (SPS).

This new conception of social policy is based on the latest proposals from the World Bank about the theory of social risk management. The argument is that the SPS can assist individuals and communities to adequately manage social risk and coordinate economic development and protection for the most vulnerable sectors of society and for those living in extreme poverty (Rodríguez, 2006).

In January 2007 the government promulgated Law 1122, which does not alter the privileged position of private service providers. The changes that have been introduced still shift responsibility to contributors and regional bodies, which now have to allocate greater resources to try to extend the coverage of the benefits regime because the national government's proportion is reduced. Besides this, people between 19 and 24 years old who are single, unemployed and not students are excluded from the regime, as are population sectors in level 3 of the System for the Selection of Beneficiaries of Social Subsidies (SISBEN).[3]

To make matters worse, Congress has definitively separated the general contributions system from current state revenues, which means cutbacks for regional bodies that amount to COP 52 billion (USD 27 million) over the next 11 years in the areas of education, health, basic sanitation, nutrition programmes and care for the elderly.

Fragmentation of social assistance

President Álvaro Uribe's first government failed to reach the social security and protection goals set in its development plan for 2002-2006 entitled "Towards a Community State". This impeded moves to assist and resettle the population groups that have been displaced by the armed conflict, to establish a system of minimum charges for health services and to achieve universal health care coverage. At present, in the government's second term, it aims to complete the task, and this includes bringing seven million Colombians into the subsidized health regime and incorporating 300 hospitals into the Modernization and Restructuring Programme.

One of the mechanisms for this is the Network of Social Protection Against Extreme Poverty. In 2006 the Uribe government proclaimed that in its second term it would extend coverage to 1.5 million families (some 7.4 million people) in extreme poverty through public assistance programmes (CONPES, 2006). The new social management model incorporates monitoring by social management bodies (including the army, local authorities, church groups and NGOs) that will be required to collect and systematize information about the beneficiaries, draw up a 'Life Plan' for each and every family, and monitor progress to ensure that the state honours its obligations in this area.

Economic growth without job creation

In its first development plan, the Uribe government set the goal of creating 2.2 million new jobs in four years. This target was based on the belief that

1 Héctor Vásquez Fernández, José Fernando Gutiérrez, Rubén Fernández and Antonio Javier Jaramillo participated in preparing this report.

2 On average, transfers amount to 67% of departmental budgets and 46% of district and municipal budgets (except Bogotá) and constitute the main source of funding for social expenditure; 53% goes on education, 23.5% on health, 10% on basic sanitation services and the remaining 13.5% on nutrition, senior citizens' and employment promotion programmes. Since 2002, these transfers have been falling as a percentage of GDP.

3 Level 3 of the SISBEN includes people with family income that corresponds to three basic food baskets, which is equivalent to one minimum salary per month per family. According to the national average established in a PROFAMILIA survey, the average family consists of 4.1 persons.

economic recovery and labour legislation reform would have a positive impact on employment. The aims of the reform were to "establish regulations to promote job creation and widen social protection." But what actually happened was that the extra 35% paid for night work between 6.00 pm and 10.00 pm was abolished, pay for work on Sundays and bank holidays was cut by 25%, and the rates of indemnity for dismissal without just cause were halved.

This reform was promulgated when the country was barely beginning to recover from the worst economic recession in its history, during which the economic growth rate fell by more than four percentage points and unemployment soared to around 20%. It was implemented at a time of extraordinary global economic growth and unprecedented rises in the prices of Colombia's main export products.

Also, massive emigration during this period increased the flow of remittances, which underwent a fivefold increase between 1996 and 2005, and since 2004 have been the country's third biggest source of foreign currency, after oil and coal exports (Khoudour-Cásteras , 2006).

These indicators go a long way towards explaining why more jobs were created and why the GDP growth rate has risen. This is evident in Table 1, where it can be seen that in the first four years the employment rate increased and unemployment fell.

However, four years after this reform was first implemented and with the economic growth rate at around 7%, not only has employment fallen a long way short of the targets in the development plan, it has not even risen to the levels that prevailed before the 1999 crisis.[4]

Lack of decent work and social protection

Precarious employment. Employment has become more precarious in recent years in terms of duration, income, and respect for rights. However, the proportion of workers who are members of unemployment insurance funds (21%) and family benefit funds (27.5%) is indicative of a certain level of labour stability.

Limited access to social security. Although health, work risk and pension coverage is guaranteed to all workers by law, only 40.7% of people who work belong to the health regime, only 32% are covered against work risks, and only 26% are in pension schemes. All other workers have no social protection, and they have to prove they are poor to qualify for SISBEN health coverage, or pay for social security on their own account.

Lack of trade union freedom and social dialogue. In Colombia, trade unions are subject to systematic violence (in the last 20 years more than 2,500 union representatives and members have been murdered); government and business elites have an anti-union culture (President Uribe regards labour rights as "privileges"); trade unions have to rely on clandestine funding; and the labour code is obsolete, it does not include international ILO conventions and it only applies to workers with employment contracts.

4 In 2006, GDP increased by 6.8%, employment fell by 4 points, unemployment went up by more than a point, and underemployment by 4.5 points.

TABLE 1. Labour market indicators

	2002	2003	2004	2005	2006	2007
Economic (GDP) growth rate	1.9	3.9	4.9	4.7	6.8	
Employment rate	52.8	54.8	53.4	54.6	50.3	49.6
Unemployment rate	15.1	13.1	12.1	10.2	11.4	12.8
Underemployment rate	33.1	33	31.4	31.6	36.1	
Employment rate for men	65.9	67.6	67.3	68.2	64.9	
Employment rate for women	41.0	43.4	40.7	42.4	37.4	
Unemployment rate for men	12.4	10.2	9.01	7.8	8.9	
Unemployment rate for women	18.7	16.8	16.2	13.5	14.9	
Informal work	61.3	60.6	58.6	58.7	58.5	
Employed population	17,065,785	18,092,892	18,004,879	10,804,843	17,667,878	

Source: Compiled by the author based on DANE quarterly labour market data. See: <www.dane.gov.co>.

All these factors explain why less than 5% of working people belong to a union, less than 400 collective labour agreements are established each year (while the Company Superintendent's office reports financial information on more than 3,000 enterprises per year), and less than 1% of the working population has the benefit of collective agreements.

A weak state, a business culture of illegality. A great many business owners do not comply with their legal obligations, and the state fails to fulfil its responsibility to carry out inspections. Colombia ratified ILO Conventions 81 (in 1947) and 129 (in 1969) relating to labour inspections, but it excluded inspections in the area of trade, which is one of the sectors where the enforcement of workers' rights is most problematic. What is more, as the Ministry of Social Protection itself has reported,[5] there are far too few labour inspectors to cope with the widespread problems of illegal work and evasion, and this is a clear violation of what is laid down in Convention 81.

Conclusion

In recent years there has been an improvement in some indicators, in particular as regards access to social security. Trade union action and censure of the Colombian government by international bodies has pressured it to adopt a tougher stance with respect to employers' obligations, which include registering their employees for social security and family benefit funds, and paying the due contributions.

Fourteen years after the law to reform the social security system and promote universal protection came into force (Law 100 of 1993), barely 62% of the population has health coverage. The pension situation today is no better than it was in 1993, with a coverage rate of only 28%. The number of people insured against work risks has not increased because the informal sector is still excluded. However, the system as it stands today has made some 'progress', such as the introduction of the subsidized regime registration card, which gives the vulnerable population a feeling of belonging, and any attempt to interfere with membership is firmly rejected by the people affected. ■

5 As the National Trade Union School directly verified (30 September 2004), the failure of many employers to comply with labour standards has reached such a point that just one office (the Antioquia Regional Labour Office) received 69,000 individual complaints in one year, of which 45,000 were verbal, 24,000 written, and another 700 were collective complaints submitted by trade union organizations.

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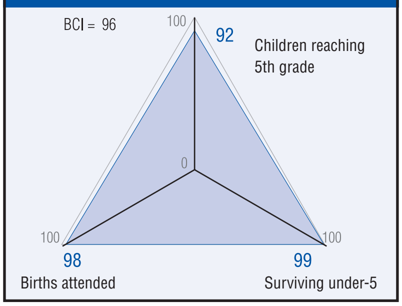
COSTA RICA

Social protection: a view from childhood and adolescence

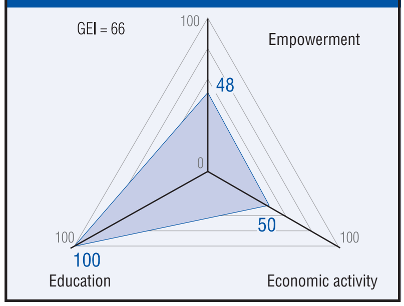
The low specific budgetary allocations for health care and social welfare programmes for minors demonstrates that the protection of the rights of children is not given the priority required by the UN Convention on the Rights of the Child and Costa Rica's Childhood and Adolescence Code.

Federación de Organizaciones de Defensa de Derechos de los Niños, Niñas y Adolescentes en Costa Rica (COSECODENI)[1]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The social spending which the state carries out is an effective yardstick to measure the effort actually made to promote social security and guarantee the full exercise of human rights, in particular economic, social and cultural rights.

The Costa Rican state's social spending during 1998-2003 rose from 16% to 18.7% of the gross domestic product (GDP). This spending is aimed at five general areas: education, health, social assistance, housing, and recreation, culture and religion.

Figure 1 shows the relative structure of social spending. It should be noted that expenditure on education, health, and social assistance combined constitutes over 90% of the total, whereas expenditure on recreation, culture and religion (which includes sports, cultural, recreational and religious services) makes up less than 1% of the total social spending.

As a percentage of GDP, the relative structure of social spending has undergone slight modifications during the period. There has been a slight increase (one percentage point) in education and health expenditure, while at the same time the growth in social assistance expenditure has declined slightly. Expenditure on the housing sector has remained practically unchanged, as has the minimal spending on recreation, culture and religion.

In Figure 2, however, it is worth noting the dynamic growth of the proportion of GDP devoted to servicing the public foreign debt. In comparison with the social spending components, the amount devoted to paying the debt is rising at a much faster rate, more than doubling during 1998-2003. Growing pressure to service the foreign debt is evident, even when this implies curbing expenditure on sectors which are key to the country's development and to creating the conditions necessary for the exercise of human rights.

Paradoxically, the debt contracted by Costa Rica to finance its development process has become a heavy burden weighing down the very development it should have facilitated. The country's foreign debt stands at USD 3.753 billion, and 40% of this amount is owed to multilateral organizations whose declared mission is to promote development and the exercise of human rights in developing countries.

It is also worth noting that in no year has expenditure on education reached 6% of GDP as required by the Constitution, thus constituting a violation of the Constitution itself and of the principles which establish priorities for the most vulnerable sectors of society.

A guarantee for the future

It is also clear that not all social spending is aimed at children and adolescents, and so it would be enlightening to attempt to visualize the proportion of this expenditure that specifically benefits minors.

The Convention on the Rights of the Child, ratified by the United Nations in 1989, is a broad compilation of the civil and political rights and of the economic, social and cultural rights of minors. It has been affirmed that for each of these groups of rights the state should adopt a different attitude, in order to provide citizens with guarantees regarding these same rights. Although civil and political rights establish that the state should abstain from taking measures which could limit them, in the case of economic, social and cultural rights, it is necessary for the state to adopt positive measures in order to make them possible.

Further to these arguments, in the case of the rights of minors, basic measures and actions are required, and these should be aimed, on the one hand, at directly guaranteeing fundamental rights such as health and education, and on the other, at enabling children and adolescents to enjoy these rights adequately. Not only must there be investment in education, but specific measures must also be taken to guarantee that all children are enrolled and effectively remain within the educational system.

In 2001, according to UNESCO (2004), 17% of expenditure on education was allocated to higher education and 9% to vocational training. Therefore, 74% of the total spending on education was directly channelled into general education (including study incentives), an area in which the great majority of beneficiaries are minors.

However, the same study shows that study incentives (grants, vouchers, school dining rooms and school transport) represent only 4% of expenditure on education, which is surprising, since these programmes are the main strategies established by the government to increase inclusion, permanence and school success of the broad sectors which are currently excluded.

Half of the resources allocated to general education are focused on primary education, which explains to a large extent the marked deterioration of secondary education.

A health model that gives little priority to children

As regards health, 77% of the total spending focuses on curative medical services, while only 17% of expenditure on the sector is devoted to primary health care (illness prevention and health promotion).

It has been shown that adolescents are the least frequent users of the curative model whilst simultaneously constituting one of the groups which most

1 COSECODENI is a member of the Costa Rican Social Watch Network. This report is an extract from the Alternative Report presented to the United Nations Committee on the Rights of the Child. Coordinating Team: Virginia Murillo Herrera (Defence for Children International-Costa Rica), Xinia Brenes (YMCA), Catalina Fernández (Casa Alianza). Alternative Report Work Team: Juan Carlos Zamora (Defence for Children International-Costa Rica), Djamila Salas (Aldeas SOS), Catalina Fernández (Casa Alianza), Josial Salas (World Vision).

urgently requires the services of preventive medicine, such as sexual and reproductive education, information for the prevention of drug consumption, and others.

Likewise, spending on nutrition programmes represents only 2% of the total amount devoted to the health sector.

Scant social assistance for minors

It is under the heading of social assistance that children and adolescents are least contemplated as regards budgetary allocation. From the total amount allocated, 87% is devoted to the payment of pensions and work regulation, areas in which minors have no participation. The remaining 13% is directly targeted at vulnerable groups, including, as one of the target groups, deprived children and adolescents.[2]

For its part, a study carried out by UNICEF and the Inter-Disciplinary Study and Social Action Programme for the Rights of Children and Adolescents (PRIDENA) maintains that the meagre budgetary allocation corresponding to institutions that protect children's rights "makes it clear that the protection of those rights is not being given the priority, fiscal or macroeconomic, required by the Convention and the Childhood and Adolescence Code [of Costa Rica, Law No. 7739 of 6 January 1998]" (UNICEF/PRIDENA, 2004).

In short, children and adolescents – who constitute close to 38% of the total population – receive 36% of overall social spending, which raises doubts as to whether the state is placing the priority on this age group required by both national and international commitments. Specifically, this group accounts for 67.2% of total expenditure on education, 33% of health spending, barely 5.8% of the amount allocated to social assistance, 39.5% of spending on housing, and 34.2% of the very small amount allocated to recreation, culture, sports and religion. ■

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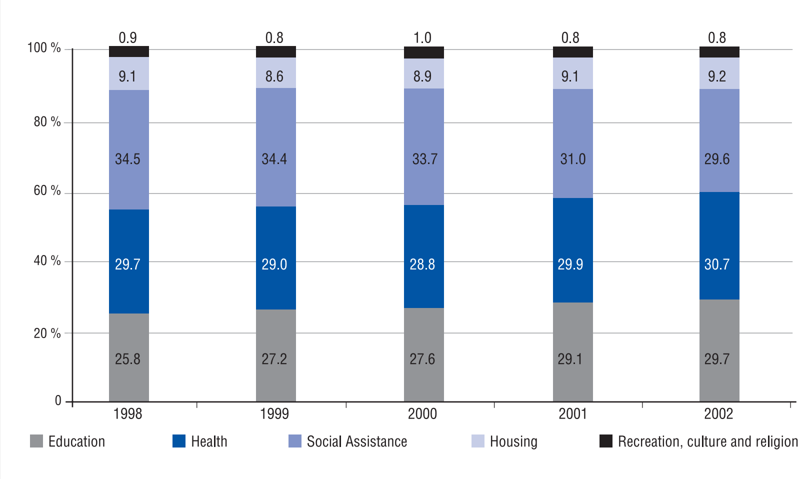
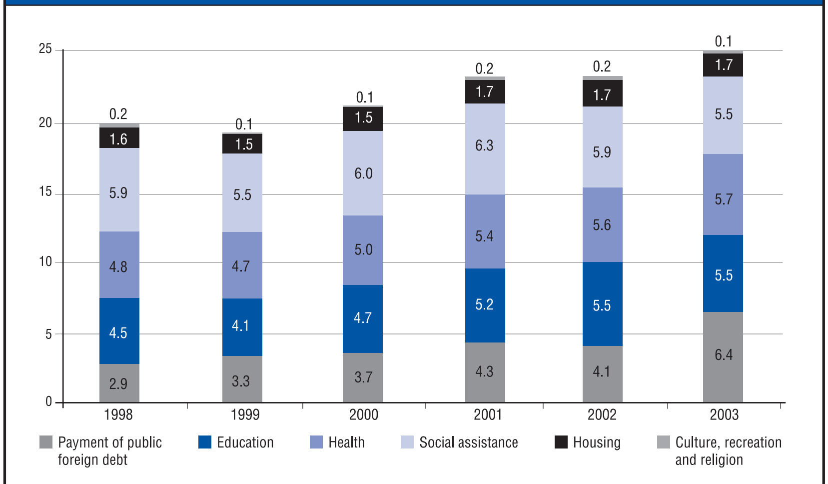
FIGURE 1. Relative structure of social spending (1998-2003)



Source: Drawn up by the authors with information from the Ministry of National Planning and Economic Policy: <www.mideplan.go.cr>.

FIGURE 2. Budget structure as a percentage of GDP (1998-2003)

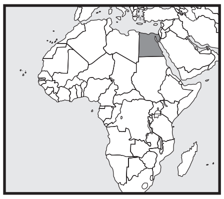


Source: Drawn up by the authors with information from the Ministry of National Planning and Economic Policy: <www.mideplan.go.cr>.

2 <www.eclac.cl/publicaciones/xml/8/4648/gasto.pdf>

■ EGYPT

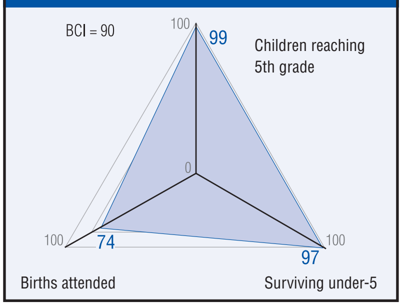
Shrinking state role undermines social protection



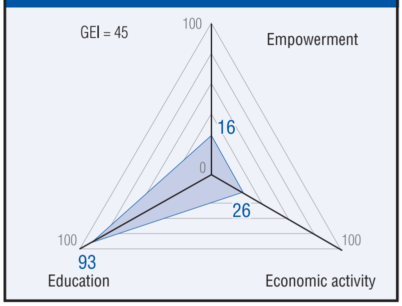
Decades of liberalization and structural adjustment policies have severely undermined what was once a highly developed social protection system. Most old-age pensions do not cover even the most basic needs of daily life, while the burden of payment for health care services is increasingly shifting to individual shoulders, and even the public health insurance system is being partially privatized. Meanwhile, growing poverty and inequality are creating social contradictions that threaten to lead to social outbursts with dire consequences.

The Egyptian Association for Community Participation Enhancement
Dr. Majdi Abdel-Hamid

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The application of liberalization and structural adjustment policies in Egypt resulted in a range of adverse social repercussions. The right to work enshrined in the Constitution has lost its meaning, and the living conditions of the working class have deteriorated due to the rise in unemployment and decline in real wages. Weak levels of economic growth, along with the absence of active industrial expansion, represent sizeable obstacles for the jobless as well as new entrants into the labour market in terms of finding jobs that offer consequential returns for both the economy as a whole and the individuals themselves. Serious gaps have emerged in the distribution of income and wealth among rural and urban segments of the population, while the incidence of poverty has risen, especially in rural areas. This was, in fact, the inevitable impact of the reduced developmental role of the state and the decline in its social duties. The rich became even richer and the poor poorer, as the policies adopted are generally biased towards the rich and the concept of equality of opportunities is usually traded off.

Social protection provided by the government to vulnerable segments of the population shrank with the increasing pressure on aid allocations, education, and health care, the continuous rise in the cost of basic services such as water, electricity and transportation, and the increase in fees levied on services provided by governmental authorities. There are no signs of policy change to remedy these adverse repercussions. On the contrary, successive governments have reinforced these impacts, under the growing influence of those calling for a free market economy and integration in the globalized capitalist system. It should be kept in mind that capitalism transforms many public services into private services, as the concept of public goods is abandoned and social issues are addressed from a market mentality.

Income distribution, poverty and safety nets

Poverty is closely related to two issues: economic growth and equitable distribution. More often than not, weak levels of economic growth are among the main causes for poverty, which means that improving and maintaining growth are crucial for poverty reduction. This however is a necessary but not sufficient factor, because if the benefits of economic growth are not adequately distributed, increased growth will not automatically lead to reduced poverty. In order for growth to favour the poor, there must be policies to reduce gaps in levels of income, wealth and assets. Hence in order to reduce (and eradicate) poverty, increased growth must be accompanied by improved wages, productivity, and job opportunities, especially since low wage earners, low productivity workers and the unemployed represent a large share of the population most vulnerable to poverty.

A quick overview of the evolution of the share of wages in GDP over the last 30 years depicts a significant deterioration in the conditions of wage-earners during this period. In 1975, wages represented about 40% of GDP; this share dropped to a third in 1985-1986 and to a fourth in 1995-1996. Although the share of wages in GDP rose slightly during the first five years of the new century, it remained below the level achieved 25 years earlier. Assuming that the descending trend that extended between 1974-1975 and 1999-2000 was maintained, wages would not make up more than 21% of GDP in 2004-2005.

Finally, the provision of social safety nets (education and health services, pensions, social assistance, etc.) is considered to be crucial for reducing the share of people who fall below the poverty line.

Social insurance does not protect pensioners from poverty

One of the longest standing and most highly developed safety nets is the social insurance system, which ensures that beneficiaries and/or their families are compensated for risks that leave them unable to work, and thus unable to generate income. This system basically relies on contributions paid by employees and employers, with benefits paid out in cases of work-related accidents, sickness and maternity, unemployment, old age, disability and death.

In terms of coverage, Egypt's social insurance system is one of the most highly developed in the world, covering workers in both the formal and informal sectors, employers, government employees, seasonal workers and workers based abroad, as well as the armed forces, with a wide range of social provisions.

However, the question remains: Is the social insurance and social security system playing its role in terms of providing individuals with pensions that are adequate to ensure an acceptable standard of living upon retirement, old age, disability or death, in the case of survivors' pensions? In order to answer this question, it is worth considering the following figures.

The minimum monthly pension for the self-employed is EGP 35 (USD 6), while 75.4% of formerly self-employed pensioners receive less than EGP 100 (USD 18), and almost all of the pensioners in this category (99.1%) receive less than EGP 200 (USD 35). As for those who were salaried employees in the formal sector, more than half (52%) receive monthly pensions under EGP 100.

Seasonal and informal sector workers are eligible for participation in an insurance scheme under the so-called Comprehensive Social Security System, which is limited to old-age, disability and survivors' pensions (in other words, they are not provided with the sickness, maternity and unemployment benefits offered by the conventional social insurance scheme). In return for a monthly contribution of EGP 1 (USD 0.18), subscribers to this scheme receive pensions that currently average EGP 80 (USD 14) a month.

Meanwhile, for those not covered by any social insurance scheme, there is a social security pension known as the 'Sadat pension', an unfunded monthly benefit paid on a means-tested basis to the elderly poor aged 65 and over. In September 2006, the government raised the social security pension from EGP 60 to EGP 70 (USD 11 to USD 12.50) for recipients living alone.

These figures are more meaningful when compared, for example, to the poverty line, which is currently set at EGP 3,000 (USD 533) annually – or EGP 250 (USD 44) a month. In fact, this poverty line is quite modest, as it represents just over EGP 8 a day, or less than USD 1.50. This amount is barely enough to purchase three humble meatless meals and two cups of tea, thus leaving other basic needs – other essential food and drink items, health care, education, housing, clothing and transportation – unsatisfied.

Many segments of the population fall below the poverty line due to the inexistence of alternative sources of income, including 69% of those eligible for pensions who were salaried employees, all of those who were self-employed, and all recipients of the so-called Sadat pension, even after the recent increase in benefits.

The dangerously increasing privatization of health care

Public spending on health care faced tremendous pressure in the 1980s and 1990s amidst the shrinking socioeconomic role of the state in an effort to reduce the budget deficit. The decline in public spending on health transferred spending from public funds to private ones, in other words, to individuals and households.

According to the World Health Organization (WHO), total expenditure on health in 2004 amounted to 6.1% of GDP. Private expenditure represented 61.8% of total expenditure, while government expenditure accounted for just 38.2%.[1]

These figures are especially troubling when one compares Egypt to the rest of the world. The ratio of public spending on health care to GDP is lower than the 3% average of middle-income countries, to which Egypt belongs. Moreover, individuals carry a bigger share of the health bill (61.8%) than their counterparts in other middle-income countries (50.4% on average). It is also noteworthy that Egyptians carry a heavier share of the health bill than citizens of high-income countries (59.4% on average). Therefore, Egyptians have become more exposed to poor health and disease, and in addition to their rising health care bills, the difficulties they face in receiving treatment add to the plight created by slow development and the increasingly limited role of the state.

Since the implementation of neoliberal economic policies in the early 1970s, the public health system has faced a series of events that have had an adverse quantitative and qualitative impact on the health services available to the population, due to cuts in public spending. The capitalist restructuring of the economy wrought havoc with the public health system, resulting in disparities in the level of services provided, uneven access to health services, low competencies, imbalances in the distribution of private resources between preventive and curative care, and a shifting of the burden of payment to private citizens.

As for public health insurance, which was established in 1964, its resources and capabilities are seriously limited in comparison to the demand on its services. By the end of June 2005, the system covered 36.7 million individuals, or 52% of the country's inhabitants. The majority of beneficiaries (73.8%) are infants, preschool children and students. Workers in the public and private sectors account for another 20.6%, and the remaining 5.5% are pensioners and widows. Although the total number of subscribers has risen, the ratio of subscribers working in the government and the public and private sectors to the total number of currently employed workers and the workforce as a whole remains very low, at 39.2% of total workers and 34.7% of the total workforce in 2004-2005. In addition, the system does not cover large segments of the population such as farmers, homemakers, seasonal workers, informal sector workers, and the unemployed, all of whom have no steady income.

Despite the large subscribers' base in the public health insurance system, the total spending of the Health Insurance Organization (HIO) was EGP 2.14 billion (USD 380.2 million) in 2004-2005. This figure is not much higher than the EGP 2 billion (USD 355.3 million) spent that same fiscal year by the Ministry of Health on treatment at the state's expense, which is restricted to few thousands citizens.

The government then decided to transform the HIO into a holding company as per Prime Ministerial Resolution No. 637/2007. This decision represents a major step towards the total privatization of health insurance and health care. It undermines the concept of social health insurance and the right of citizens to medical treatment. The resolution transforms the HIO into an administrative agency that does not provide services, but rather buys them from the private sector. In addition, it privatizes the administration of the HIO, which will consequently be based on commercial considerations.

The danger of such a step lies in the increased reduction of the role of the state and the deterioration of the concepts of social equity and social solidarity, which form the basis of society according to the Constitution. It also reduces public service to its minimum possible level. This transformation implies shifting the majority of what used to be public services, which the government pledged to provide to the citizens, towards the commercial sector, i.e., private sector establishments or the remaining public sector establishments working on the basis of maximizing profit. This will increase health care costs to levels that only a small section of the population can afford.

Such measures may succeed in reducing the budget deficit; however, they will deprive large segments of the population of the health services they need, except perhaps for primary health care. The direction being followed within the current social and political system increases social disparities, defeats the concept of equal opportunities among citizens, and increases social marginalization, which may have dire consequences on social harmony and cohesion.

A multidimensional crisis

The country was hit by a thorough social crisis as the ruling regime attempted to rebuild capitalism on its soil, under the slogans of liberalization, structural adjustment, and transformation to an open and integrated market economy. It was essentially a follower of a world capitalist economy, in a framework of a totalitarian regime and increased foreign hegemony. The crisis has had economic, social, administrative and political dimensions.

At the economic level, the crisis has revealed the inability of the regime to increase resources and widen the country's resource base, in addition to its inability to effectively manage existing resources amidst widespread corruption.

At the social level, the crisis reflects policies that are biased towards the rich, leading to increased poverty, destroyed safety nets, widespread corruption, and increased crime rates. This has led to severe social contradictions and amplified class struggle in society, which could in turn lead to social outbursts with dire consequences.

At the administrative level, the crisis reveals the weakness of the administration, its incapacity to manage its various responsibilities and the failure to provide the population with basic services. Government agencies are ineffective and have become unable to carry out their basic tasks with even a modicum of capability.

Finally, the political dimension is very clear. It has become common to describe the internal political situation as suppressed and tense. Popular outrage has grown alongside a power monopoly, political tyranny and totalitarianism, coupled with increased personification of power and the emergence of a family regime. There is increasing evidence of the intent to pass power through inheritance, which in turn feeds the internal crisis, as it reveals evidence of the unwillingness of the regime to democratize political life. All of this is combined with the increased concentration of wealth in the hands of a minority, and increased social polarization: the concentration of power intensifies, the basics of popular participation disappear, and the inequality of opportunities available to citizens is even further exacerbated. ■

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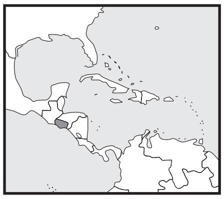
1 < www.who.int/countries/egy/en/ >

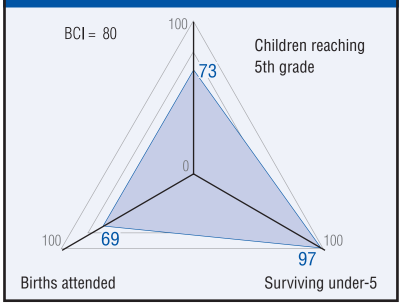
EL SALVADOR

Setbacks in democracy and development

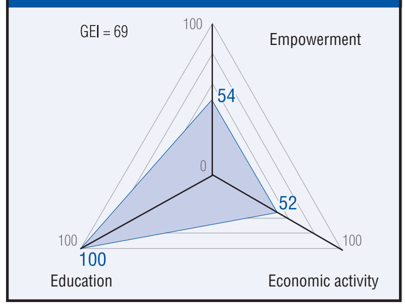


Social development indicators show some progress, but not enough, and economic growth is low with no benefits reaching the poorest households. Civil society participation, an essential element in the promotion of inclusive social security reforms, has been threatened by the Special Law against Acts of Terrorism that adversely affects the exercise of rights to free expression and organization.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Social Watch El Salvador
Armando Pérez
Claudia Hernández
Jeannette Alvarado
Mario Paniagua
Rudy Romero[1]

The economic, social and political dynamic of Salvadoran society is generating deterioration in security and well-being to such an extent that academic sectors claim that the country is heading towards a "precipice".

Year after year, unresolved problems with health, education, civil security, access to drinking water and other issues deepen the economic, social and cultural inequalities between a small group who hold economic and political power and the great majority whose needs are not met.

On top of all this, approval of the Special Law against Acts of Terrorism has criminalized civil protest and social organization.

Deteriorating economic condition of the population

Extreme poverty and social exclusion constitute a violation of human dignity that denies the right to economic and social well-being and to develop as human beings. Poverty reduction requires increased economic growth and reduced economic and social inequality. It is necessary to implement state policies of wealth redistribution.

The Economic Commission for Latin America and the Caribbean (ECLAC, 2007) includes El Salvador in a group of six Latin American and Caribbean countries that it considers are able to reduce poverty and build more equitable societies given a different income distribution model, which is feasible.

El Salvador's economic growth rate is one of the lowest in Central America and benefits from this growth do not reach the poorest households. Currently, out of each USD 100 generated, USD 62 remains in the corporate sector, USD 32 goes on workers' salaries and USD 6 on taxes.

In 2004 and 2005 El Salvador registered the lowest growth rates in the region (1.5% and 2.8% respectively) and in 2006 the second lowest (4.2%). In addition to this limited growth the trend for opportunities in the labour market has been towards less secure types of employment, while salaries are low and the price of public services has risen, all of which has reduced the quality of life and encouraged emigration (Concertación por la Paz, la Dignidad y la Justicia Social, 2007).

The cost of the basic family basket (a family's basic monthly needs in food, housing, education, health services, transport, etc.) was calculated at USD 699.2 for April 2007. However current minimum salaries are: USD 174.24 in the commercial and service sectors, USD 157.24 for *maquila* (assembly factory) workers and USD 81.46 in the agricultural sector. To cover the goods and services of the basic family basket at least four minimum salaries would be needed. Suffice it to say that average monthly expenditure on just drinking water, electricity and telephone services amounts to USD 64.05.

An improvement in economic conditions for the general population would require policies to fight tax evasion, mainly on the part of big companies, and public sector corruption. In the words of former US ambassador to El Salvador Douglas Barclay, "approximately 64% of taxes are not collected… If they were, there would be more than enough money to improve things…"

Data from the Central Reserve Bank shows that in 2004 tax evasion amounted to almost USD 2.57 billion and in 2005 over USD 1.3 billion. Of the latter, USD 702 million represents corporate tax evasion and USD 600 million is value-added tax (VAT) that is charged but not remitted to the Treasury.

Half way to 2015, health in a poor state

Among the areas where minimal progress has been made towards the Millennium Development Goals (MDGs) in El Salvador is that of chronic and global malnutrition. The former fell from 22.8% to 18.9% (a reduction of 3.9 percentage points) and the latter from 11.8% to 10.3% (a reduction 1.5 percentage points) over a 10-year period (1993-2003) (UNDP, 2007). This slow rate of progress is discouraging.

The greatest progress has been achieved in child mortality reduction, mainly in the 1990s after the armed conflict in the country. According to UNDP data, under-five mortality was 52 per 1,000 live births in 1991 and 31 per 1,000 live births in 2005. Similarly, reported data for under-one mortality was 45 per 1,000 live births in 1991 and 25 per 1,000 live births in 2005 (UNDP, 2007).

In relation to these indicators it is significant that higher mortality rates are to be found in rural areas where there is a high incidence of poverty and a lack of access to basic services.

The maternal mortality rate in El Salvador is one of the highest in Latin America. It rose from 158 per 100,000 live births in 1991 to 172 per 100,000 live births in 2003 (UNDP, 2007).

Faced with this data, in 2005 the Ministry of Public Health and Social Assistance (MSPAS) undertook a study that produced a figure of less than 72 per 100,000 live births, but this research was carried out with a methodology that precluded comparison with data from previous studies. Even with this statistical manipulation the figures are high and the causes of death remain the same: poverty and limited access to reproductive health services.

The evolution of public expenditure on health demonstrates that this has not been a priority area for the government over the last 10 years. As a percentage of GDP, during the last decade investment in health rose from 1.3% in 1997 to 1.7% in 2007 (Finance Ministry, 2007), a limited growth of just 0.4

1 Representatives of Social Watch El Salvador member organizations (APSAL, FUMA, Consortium of Human Rights NGOs, CIDEP and MEC).

percentage points and insufficient for meeting the health needs of the 80% of the population covered by MSPAS.

Total expenditure on health from all sources rose from 8.8% of GDP in 2001 to 11% in 2007 (Finance Ministry, 2007). The majority of this consists of private expenditure[2] on the part of private citizens who struggle to pay health care costs in a deteriorating economic situation for families. This private expenditure represents 7.3% of GDP.

Corruption clearly exists in the health sector and involves high-placed officers such as the Salvadoran Social Security Institute (ISSS) Director and the Minister of Health.

In addition, a hospital reconstruction programme financed with loans approved in 2003 has been abandoned. From a USD 169.4 million projected budget, by 2005 only USD 15.23 million of work had been completed (9.5%) even though the planned period of the programme was five years. Among the institutions adversely affected is the Maternity Hospital, the principal centre for women's health care.

HIV/AIDS: fourth most common cause of death

HIV/AIDS represents the fourth most common cause of death in the country. On average four people are infected daily and thousands hide their condition for fear of stigma and discrimination.

Recorded HIV/AIDS infection rates have been rising since 1984 due to the continuing or increasing incidence of unsafe practices and to improvements in detection with the greater availability of free HIV/AIDS testing at a national level (UNDP, 2007, p. 57-58). Recent data shows that in late 2006 there were over 18,500 registered cases of infection but according to UNAIDS the level of unregistered cases is high and the number of infected people could be between 25,000 and 50,000.

The ISSS coverage provides care to more than 1,280 people in the form of antiretroviral therapy, medical attention in case of opportunistic disease and attention during pregnancy to prevent infection at birth.[3] However, there is insufficient compliance with current procedural protocols, a sporadic availability of drugs, sometimes caused by late delivery, and a constant shortage of reagents for the CD4 cell[4] count test, all of which exposes many people to the occurrence, or increased complication, of opportunistic diseases and to death.

Since 1994 there has been an ongoing debate aimed at finding a consensus for health reforms but now in 2007 it seems that this may fail. The Executive has presented to the Legislative Assembly its proposed Law for the Creation of a National Health System that, in contravention of a government commitment, has not been arrived at by consensus. According to the Civil Alliance against Health Service Privatization, this move responds to a service privatization agenda that would further extend citizens' exclusion from health services.

The right to education now

Education indicators show progress in relation to 1990 when expenditure represented only 1% of GDP because the budget priority then was defence, due to the armed conflict.

The most significant progress has been made in illiteracy reduction and increased coverage for preschool and the first two cycles of primary education. However, stagnation persists in the level of education achieved, coverage deficiencies for primary third cycle and secondary education, low quality standards and geographical and gender inequity. Current literacy programmes have reduced illiteracy, principally in the 15 to 24 age group. In 1991, 85% of the population was literate and in 2005, 95% (UNDP, 2007).

When examining trends in education finance it can be seen that the total amount spent has increased from USD 471.2 million in 2002 to USD 527.5 million in 2007. However, the general trend as a percentage of GDP shows a decrease from 3.3% of GDP in 2002 to 2.8% in 2006 and 2.7% in 2007. Average expenditure on education in Latin America is 4.5% of GDP, while the expenditure recommended by UNESCO is 6% of GDP.

The goals set in the National Education Plan called for an allocation of USD 558 million in 2006 and USD 613 million in 2007, but combined actual expenditure fell short of this goal by USD 134 million in the first two years.

Endangered pensions system

The pension system in El Salvador was privatized 10 years ago. The government transferred to the Pension Funds Administrators (AFP) money that had been paid in by workers, while maintaining responsibility for the pensions of workers who were over 35 in 1996 and who remained in the old pension system. Six years after this privatization a reform was introduced that raised retirement ages. A person who previously could retire after a minimum of 30 years work now also needed to be 55 years old in the case of women and 60 in the case of men.

A study published in 2006 by Consensus for Dignified Employment in the Maquila (CEDEM) shows that the pension system is deficient in the economic and social benefits that it provides and is unsustainable in fiscal terms. Among the deficiencies highlighted are: 1) the exclusion of informal sector and domestic workers; 2) the high level of pension-related debt taken on by the state when it transferred public system reserves to the AFP, which increased the public debt to almost USD 8.24 billion in June 2006; 3) even when a person stops paying into the system, the AFP continues to charge a commission for administering his or her account, which adversely affects the amount of their pension at retirement.

One of the main problems with the pension system is the wrongful retention of payment instalments by employers who fail to remit them to the ISSS. In 2006 the Attorney General's Office reported 748 cases of wrongful retention of instalments, with maquila companies being the most frequent offenders. A total of 54 maquilas owed approximately USD 940 million to the ISSS, plus an additional 10% in delayed remittance charges. The average debt per company was USD 4.4 million.

In 2007 the government has to pay out approximately USD 345 million to retirees but does not have that money and the state's debt is three times greater than the proceeds from tax collection. In June 2006 the debt was calculated at USD 7.19 billion.

The government created a Pensions Trust Fund to pay pensions and the AFP has authorized the Multisector Investment Bank (BMI) to use money paid in by their affiliates to pay the pensions of retirees. The amount lent for 2007 was USD 345 million.

Because the government has such a high level of debt it is likely to have problems with repaying the AFP, so the entire system is at risk and the future pensions of affiliates are endangered.

Criminalization of civil protest

The fight against the causes of poverty and the promotion of inclusive social reforms in the fields of health, education and the supply of drinking water, as well as other initiatives aimed at improving the quality of life and increasing well-being for the population, must be carried out from a nationwide perspective and with the broad participation of all sectors of national life, particularly the more impoverished and traditionally excluded ones. However, this participation is now under threat.

On 21 September 2006 the Special Law against Acts of Terrorism was passed. This law has a clearly negative effect on citizens' ability to exercise their rights of free expression and organization, and has characteristics that are unconstitutional. According to human rights organizations and the Human Rights Defence Office itself, this law has created ambiguous criminal categories that lend themselves to arbitrary enforcement and in its present form it criminalizes social protest.

In fact, by July 2007, 14 men and women who are leaders of social organizations had been arrested with an excessive use of force and are in prison because they peacefully demonstrated against water privatization. ■

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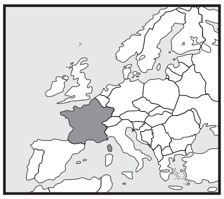
2 Out of this total, 1.7% corresponds to MSPAS, 1.7% to ISSS, 0.2% to the Teachers Benefit Association and 0.1% to Military Health Care, the remainder being accounted for by private expenditure.

3 <www.isss.gob.sv/comunicaciones/comunicados/comunicadospdf/DIA%20VIH%2006.doc>

4 White cell lymphocytes that control the defence of the organism.

Exclusion persists in one of the wealthiest countries in the world



Poverty and exclusion continue to worsen while the economic and social systems continue to reproduce these phenomena. The new government faces the challenge of addressing social inclusion through reinsertion into the labour market and universal access to quality medical care. Regarding development cooperation, aid amounts are inflated by the inclusion of debt cancellation and artificial categories and bilateral efforts must be considered when looking at advances at the multilateral level.

Coordination SUD
Secours Catholique / Caritas France[1]

The presidential and legislation elections in 2007 provided an opportunity for the ALERTE civil society network to demand a clear commitment from the candidates in the fight against social exclusion.

Even though France is considered the fifth richest country in the world, poverty and exclusion persist and continue to worsen. After alternating between left and right wing governments, the situation has not clearly improved since 1994. Civil society organizations confirm that taking emergency measures does not work if at the same time the economic and social systems continue to produce new exclusions.

There are still seven million poor people in a country with a population of 60 million. Poverty has become aggravated in some areas and precarious living conditions have become more generalized with the consequent loss of human, social and economic capacities.

This failure was made possible because our society did not impede it. Even when governments have taken adequate measures, these have not been fully applied. The public powers did not decide to prioritize the eradication of poverty, instead treating it as a misfortune.

The message of the ALERTE group through the election campaign was that "eliminating poverty requires relentless political will to eliminate exclusion at the highest level of the State. This condition is essential in mobilizing all citizens. It does not mean administering exclusion but rather eradicating it, since it is counterproductive for all."[2]

It remains to be seen in which way new President Nicolas Sarkozy, the new government and the new representatives will act with regards to this goal, and how far they will go beyond their declarations.

Guarantee the universal right to social protection

Social protection in France refers to all collective precautionary mechanisms that permit people to face the financial consequences of social risks. It works along three lines of logic: social insurance reserved to those who contribute (protection from loss of income: unemployment, illness, old age, work accidents); assistance (creation of a solidarity fund between persons: minimum wage, assistance to handicapped adults); and universal protection (family benefits). The French social protection system represents more than 30% of the gross domestic product.[3]

Employment: facilitating reinsertion into the labour force and guaranteeing the right to receive training

The labour sector is characterized by increasing fragility due to unemployment, a rise in precarious employment and unwanted part time employment. Of the seven million people who live below the poverty line, three million are poor workers. An important proportion of youth also live in poverty and are affected by massive unemployment, abandon the education system with little training and lack social coverage in the face of the risk of unemployment. Conditions for employment reinsertion and permanency are often rare (due to a lack of infrastructure for childcare, transportation costs, short schedules and very long days).

Our social organizations request:

- That the mechanisms used to reinsert those people furthest from the labour market be simplified, reformulating and streamlining the contracts and improving the public sector's role in the promotion of employment.
- The equal right to training, accompaniment and tutoring be guaranteed, concentrating training in extensive programs and directing those who are looking for employment and waged labourers with low levels of training.

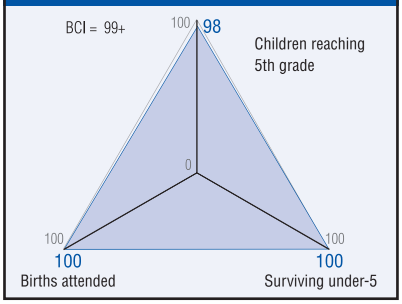
Health: guarantee universal access to preventative and quality health care

Thirteen percent of the metropolitan population admits to having declined some type of health care for economic reasons over the past 12 months with 20% of these cases being declined indefinitely, and the remainder being postponed (IRDES, 2006). The number of cases in which treatment is denied to people belonging to the Universal Health Coverage (CMU) and the State Health Assistance (AME) continues to be high. Access to our health system is not universal.

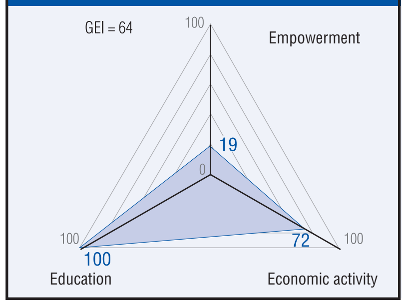
Our social organizations demand:

- That prevention be considered a priority, raising health professional remuneration to an adequate level, improving health attention at the school and labour levels, and making unemployed people the priority.
- Inequities in health care access, prevention and attention be reduced, developing the existing mechanisms for use of the medical care services and assuring that those people without social coverage can be oriented for a consultation.
- Development of regional programmes to improve access to medical prevention and attention that permits the coordination of actions aimed at people in precarious situations.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



1 For this report, Coordination SUD prepared the analysis of France's support to social protection policies in the framework of its cooperation for development. Secours Catholique / Caritas France (member of the Alerte group) developed the national aspect of the report.

2 <www.uniopss.asso.fr/gest-mail-uniopss/commun/Dossier_presse_ALERTE.pdf>

3 <www.vie-publique.fr>

- A high level of coverage for health insurance that should continue to be an obligatory social insurance that each person pays according to their possibilities and receives what is necessary to satisfy their health needs. The financial effort should be augmented exploring new options such as a generalized and progressive social contribution or a company contribution based on added value. Access to CMU and its complementary services should be broadened to all persons with income below the national poverty line, and in particular to the current beneficiaries of the AME. All people with income lower than the minimum wage must be provided with help in order to access a quality complementary health service.
- Penalization in cases where CMU and AME beneficiaries are denied medical attention.

Housing: no one should be obliged to live in the street or in precarious conditions

More than three million people live in precarious conditions or without a roof over their heads. After more than 25 years of insufficient construction and a lack of help from the state, there is a lack of at least 800,000 homes to satisfy existing housing needs. The current reactivation is not adapted to the most modest portion of the population. Additionally, the number of unhealthy homes has risen to 600,000.

Diverse housing laws are applied with much difficulty or not at all, in particular the law that stipulates the provision of 20% of social housing in towns with more than 3,500 inhabitants.

Our organizations propose:

- The creation of a right to housing, so that it can be an effective right accessible by all.
- That housing be considered a true priority, just like employment.
- Social efficiency of the aid programmes to purchase homes be reinforced, and must remain under state control.
- That a supply of economically accessible rentals be guaranteed.
- A universal system be implemented that grants security to those who face the risks of rental.

Development cooperation policy

Rise in aid: an optical illusion

According to the latest figures from the Organisation for Economic Cooperation and Development, in 2006 France assigned 0.47% of its gross national income (GNI), or EUR 8.3 billion (USD 11.4 billion) to official development assistance (ODA). ODA rose 77% between 2001 and 2006. However, if we analyze these statistics in detail, we can state that 'real' ODA, that is to say the costs that really contribute to financing development, progressed much more slowly. In actual fact, the rise in French ODA can be greatly explained by an increase in debt cancellation, similar to what happened in many donor countries. For this reason, ODA is inflated and could be qualified as 'artificial'.

In 2006, debt relief represented 34% of French ODA (EUR 2.8 billion), rising 450% since 2001. In many cases, these cancellations correspond to irrecoverable debts which would never have been paid. For this reason, their cancellation only has a limited impact on the budget of the beneficiary countries. They count more as a simple accounting elimination rather than a real contribution to the financing of development. Overall, the accounting for of these cancellations represents a problem since they do not reflect a real contribution to the development of the country.

Additionally, a growing part of the cancelled debts have been generated by an active policy to support French exportation, whose logic is very different from that of development. For this reason, nothing justifies considering these cancellations as ODA. France includes in its ODA the cost of students coming from developing countries to France for university studies. These costs reached EUR 896 million in 2006, up 98% from 2001. French ODA also includes costs related to the administration of migration flows which reached EUR 458 million in 2006, a 100% increase since 2001. Finally, the costs assigned to the French overseas communities of Mayotte, Wallis and Futuna (EUR 273 million) were also included in the ODA calculation. 'Real' help, which excludes 90% of the debt reductions in order to avoid distorting the ODA indicator, and the total of the artificial costs mentioned, does not represent more than 0.24% of GNI in 2006, at EUR 4.2 billion, and not increasing more than 27% since 2001. Unlike what is officially announced, available development aid remains insufficient in order to finance the Millennium Development Goals (MDGs) and social sectors in particular.[4]

Aid is insufficient for the primary needs of countries

During the period 2004-2005, France designated around 63% of its aid to least developed countries (LDCs) and other low income countries. In the same period, 56% of its aid was granted to countries in Sub-Saharan Africa. This would suggest that France respects its promises to prioritize its aid to the poorest countries and to Africa. However, the French overseas community Mayotte and four medium income countries are among its 10 primary beneficiaries, with these 10 concentrating one third of all French aid. One of these countries is Iraq, which was benefitted by important debt cancellations in 2005. Finally, only two of the beneficiaries (Senegal and Madagascar) are LDCs. The other three low income countries which figure among the 10 primary beneficiaries of French aid were in reality benefited by reductions in debt during this period (Nigeria, Congo and Cameroon).

Neither does the destination of French aid by sector fully reflect the commitments made at the World Forum on Social Development in Copenhagen in 1995 and the International Conference on Financing for Development in 2002 in Monterrey. In 2005, bilateral French investment remained low: only 4% was designated to primary social sectors, 2.2% to primary education, and 0.4% to primary health care.

Beginning in July 2004, France started a reform to concentrate its actions on meeting the MDGs, looking for a greater concentration of aid. In 2005, it adopted seven priority strategies and signed the Framework Partnership Documents (DCP) with each of the French aid beneficiary countries for the next five years. These DCP define two priority sectors where a great part of the resources must be concentrated. Even though education forms part of the sectors of resource concentration in many cases, the same did not occur with health, potable water or sanitation. Additionally, despite concentration efforts, French aid remains very disperse and some transversal activities have remained outside of the concentration sectors.

Multilateral actions working against a balanced commitment in health

In the area of health, France has made consecutive efforts through multilateral channels. Its contribution to the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria has doubled since 2005, with EUR 300 million assigned to this cause in 2007. This makes France the second highest contributor to the fund after the United States. France was also a pioneer in financing the fight against HIV/AIDS, malaria and tuberculosis through the implementation of innovative financing for development mechanisms. In 2006, together with Brazil, Chile, Norway and the United Kingdom, France formed part of the initiative of the International Drug Purchase Facility called Unitaid.[5] This facility, funded by an international tax applied to airline tickets, has the objective of offering long term access to treatments against HIV/AIDS, tuberculosis and malaria and reducing their costs. One of its great advantages lies in the stability and predictability of its financing, guaranteed by the international rate mechanism. In 2007 Unitaid had a budget of USD 300 million, an amount which could reach USD 500 million by 2009.

Despite this consistent investment in the multilateral area, French bilateral efforts in the area of health are insufficient. It is regrettable that France does not look more systematically for a better link between multilateral financing actions and bilateral activities. On the contrary, the embassies that negotiate the DCP often use the argument of multilateral efforts to explain the relative absence of health in concentration sectors of these macro agreements. Nevertheless, the French strategy in the area of health adopted in 2005 insists on the necessity of reinforcing health care systems and considers them one of the four priority areas to support on a bilateral level. This priority does not appear to have been reflected in the facts until now.

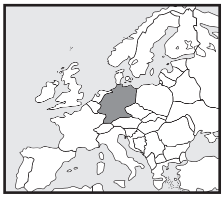
(Continued on page 241)

4 For a more detailed análisis of French aid, see the Coordination SUD report *L'APD française et la politique de coopération au développement: Etat des lieux, analyses et propositions*, 2006. Available at : <www.coordinationsud.org/spip.php?article2380>.

5 <www.unitaid.eu/en/>

GERMANY

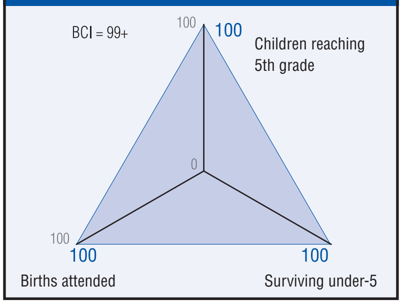
High level of social security under threat



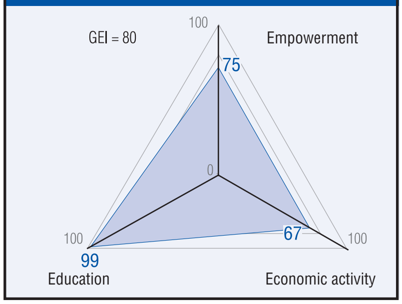
The implementation of neoliberal concepts requiring the scaling back of social security systems has led to major cuts in Germany's highly developed safety net. The recent raising of the retirement age means a pension cut for anyone who stops working before the age of 67, while health insurance reforms increasingly shift risks onto individuals. Meanwhile, the basic rights of asylum seekers are being violated, and promises of aid to promote development and social security in the global South remain unfulfilled.

Social Watch Germany
Forum World Social Summit[1]
Uwe Kerkow

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Germany has a highly complex system of social security. It is enshrined in a wide variety of corresponding legislation, ranging from the German constitution, known as the Basic Law, to labour law and labour market legislation and the country's comprehensive social laws. Both government action[2] and, to some extent, even private property[3] have obligations relating to social welfare.

Being closely related to the Fordist boom in the years which followed the Second World War, the financing of Germany's social security system is still based on the presumption of full employment and jobs with regular salaries. Today, however, the pay-as-you-go funding system based on this model no longer functions effectively, for Germany has a high level of unemployment and the number of workers with "full-time permanent contracts of employment in West Germany fell from almost 84% … to just 68% of all employed persons between 1970 and 1995" (Dombois, 2003). There are far more jobless than before, and the number of people in marginal and part-time employment has also increased substantially.

Admittedly, new models to finance social functions have recently been under discussion, such as the 'basic income', which would be funded by the state and guaranteed to every citizen regardless of income. Another alternative is a low wage supplemented with state benefits ('combi-wage'), and there are also calls for a minimum wage, which is intended to safeguard an adequate level of earned income. In practice, however, it is mainly neoliberal concepts which are being implemented at present, supposedly requiring social security systems to be scaled back even further. This, it is argued, is essential due to the constraints of globalization, which is restricting German companies' scope as social partners. A key feature of Germany's statutory social insurance schemes is that they are generally financed jointly by both sides of industry – the workforce and the employers. By far the majority of companies in Germany have been complaining about this obligation for years on the grounds that this places them at a competitive disadvantage.

Statutory pension and health insurance: towards the privatization of social risks

The currently very healthy state of the economy has pushed discussion about poverty in Germany into the background. Nonetheless, major cuts in the safety net provided by the social security systems have been made in recent months. The most significant change has undoubtedly been the raising of the retirement age from 65 to 67 years. The stated objective of this measure was to limit the pension contributions being made, especially by companies, not to secure the income replacement ratio. In effect, the raising of the retirement age means a pension cut for anyone retiring from working life before 67. Yet at present, only 38.4% of the 55-64 age group in Germany is still working (ver.di, 2007). Although many thousands of workers responded when the two largest German trade unions, the Metalworkers' Union (IG Metall) and the United Services Union (ver.di) called for protest demonstrations early in 2007, they were unable to prevent this change in the law.[4] Moreover, as far back as 2000-2001, the maximum achievable income replacement ratio under the statutory pension insurance system was reduced from 70% to 67% of net income.

In the meantime, the latest reform of statutory health insurance actually breaks with the previous system and increasingly shifts risks onto the insured persons: in future, the financing of the system will no longer be shared equally by the employers and the workforce. The health insurance funds can now require insured persons to pay a 'top-up' contribution, amounting to as much as 1% of their income, with no corresponding employer's contribution. Furthermore, some benefits are now being paid from tax revenue – currently accounting for spending of around EUR 2.5 billion (USD 3.4 billion), with plans to increase this to EUR 14 billion (Federal Ministry of Health, 2007). Admittedly, tax revenue is currently flowing in abundance (see below), but this type of subsidy could well be subject to cutbacks later. Criticism of the new arrangements also focuses on the fact that the funding base of the statutory health insurance system has not been expanded and that the self-employed and the affluent still do not have to contribute (Attac Germany, 2007).

Nonetheless, this latest health reform also has some positive aspects. First, everyone living in Germany is now required, by law, to obtain health insurance coverage. Second, private health insurance providers will in future be forced to offer a basic tariff whose services and benefits, in terms of their type, scope and amount, are comparable with those provided by the statutory health insurance schemes. This basic tariff means that private insurers will now have to comply with some of the solidarity principles which underpin the statutory health insurance system: in the basic tariff, for example, insured persons cannot be charged extra to cover individual health risks (Federal Ministry of Health, 2007). It remains to be seen whether this type of market regulation will prove its worth.

1 The basic structure and key elements of this report were agreed at a plenary meeting of Social Watch Deutschland/ Forum World Social Summit on 15 March 2007. The draft text was cross-checked by the editorial team of the German Social Watch Report and approved, with amendments, on 11 June 2007.

2 The principle of the social state: see, for example, the website of the federal administrative authorities: <www.bund.de/nn_3580/Microsites/Deutsche-Demokratie/Grundlagen/Sozialstaat/Soziales-Handeln/Soziales-Handeln-knoten.html__nnn=true>.

3 There is a constitutional requirement that the use of property should serve the public weal, Basic Law, Art. 14, para. 2.

4 See, for example, *die tageszeitung*. Berlin, 30 January 2007.

Migrants' basic social rights flouted

In its comments on Germany's fifth periodic report on the International Covenant on Economic, Social, and Cultural Rights (ICESCR), the NGO Pax Christi (2006) draws attention to "serious failings in the situation of refugees whose deportation has been temporarily suspended and people with no formal residence status, i.e. so-called 'illegals'." As a result of the restrictions imposed on refugees since the asylum laws were tightened up in 1993, says Pax Christi, Germany is violating the prohibition of discrimination enshrined in Article 2 of the Covenant. Although the employment ban for refugees has been abolished, the new regulations are so rigid that they still violate Article 6 of the Covenant, which guarantees "the right of everyone to the opportunity to gain his living by work which he freely chooses."[5]

Moreover, the right to education and even the right to health (ICESCR Articles 13 and 12, respectively) of refugees are being violated in Germany: in seven of the country's 16 federal states, there is no requirement for refugee children whose deportation has been temporarily suspended to attend school, and the same applies to some extent to the children of asylum seekers as well. In these cases, it is up to the head of the school to decide whether to admit the children. Meanwhile, the right to health is being denied, first and foremost to people who apply for political asylum. According to Pax Christi, the Asylum Seekers Benefit Act grants them only "very limited" healthcare, "and only for conditions causing acute pain. No provision is made for the treatment of chronic, pre-existing illnesses." (Pax Christi, 2006).

Development policy and social security in the global South

The development of the countries of the global South and support for their social security systems is one of the programmatic objectives of German development policy. A policy paper published by the Ministry for Economic Cooperation and Development (BMZ)[6] in 2002 demonstrates a comprehensive understanding of social security in developing countries – albeit without any specific reference to social security as a human right. The catalogue of measures outlined in the policy paper includes:

- Measures to improve … informal social security systems and their integration into a … universal system.
- Support for reforms in the field of public social insurance … with the aim of (a) expanding solidarity mechanisms within the systems and (b) … opening them up to persons employed in the informal sector.
- Promoting best-practice partnerships between the private insurance industry, the state and organizations representing the poor (including the development of insurance services …).

In the Programme of Action 2015[7] adopted by the federal government in 2001, which sets out a poverty reduction strategy encompassing all policy areas, "Guaranteeing Basic Social Services – Strengthening Social Protection" is identified as a separate priority area for government action. However, with development policy focusing primarily on the attainment of the Millennium Development Goals (MDGs), social security now rarely features as a separate category. The term "social security" appears just four times in the 309 pages of the German Government's 12th Development Policy Report,[8] published in 2005. In its policy paper, the BMZ comments on the development of social security systems as follows: "On the one hand, there must be a balance of interests between private-sector and public-interest solutions; on the other, there must be a consensus-based balance between social justice and the development of well-performing systems".[9]

In practice, German development policy mainly supports two types of project: firstly, the administrations of developing or newly industrializing countries are given support to develop social insurance schemes for their populations, as in Vietnam and Indonesia, for example.[10] Secondly, the German government is promoting 'partnership' initiatives with private companies. In the Indian state of Tamil Nadu, it is working with the Allianz Group, a major German insurance corporation which provides life insurance coverage for poor groups there (GTZ, 2005). At present, no comprehensive evaluations of this field of activity have been carried out, so no firm conclusions can be drawn.

According to preliminary Organisation for Economic Co-operation and Development (OECD) figures, Germany's official development assistance (ODA) amounted to USD 10.3 billion in 2006. In real terms, this reflects a marginal increase of 0.9% compared to the previous year. The ODA/GNI ratio (ODA as a percentage of gross national income) increased to 0.36% (OECD, 2007a). However, USD 3.6 billion or 35% of Germany's ODA in 2006 did not deliver fresh resources for developing countries. For the second year the lion's share of the increase in Germany's ODA/GNI ratio was due to debt cancellation, notably for Nigeria and Iraq. In 2006, Germany's debt relief amounted to more than USD 2.7 billion (OECD, 2007b). Excluding debt cancellation and expenditures for educating foreign students from developing countries in Germany (about USD 925 million), Germany in fact spent only USD 6.7 billion or 0.23% of GNI on genuine aid resources in 2006.

Germany would need to increase its ODA by at least USD 1 billion in 'fresh money' annually in order to fulfil its commitment to raise ODA to 0.51% of GNI by 2010 and to 0.7% by 2015 (Commission of the European Communities, 2007).[11] With a tax surplus expected to reach around EUR 180 billion by 2011, there is certainly the financial scope to honour this pledge.[12] ■

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5 Decision on the right to stay, adopted by the Conference of Interior Ministers on 17 November 2006. See, for example: <www.migrationsrecht.net/nachrichten-auslaenderrecht-politik-gesetzgebung/731-bleiberechtsregelung-beschlussvorschlag-wortlaut-innenministerkonferenz.html>.

6 <www.bmz.de/de/service/infothek/fach/spezial/spezial069/spezial069_90.pdf>

7 <www.bmz.de/de/service/infothek/fach/materialien/ap2015_kurz.pdf>

8 <www.bmz.de/de/service/infothek/fach/materialien/entwicklpol_bericht.pdf>

9 See footnote 6.

10 On Vietnam, see: <www.gtz.de/de/weltweit/asien-pazifik/vietnam/11287.htm>. On Indonesia, see: <www.gtz.de/de/weltweit/asien-pazifik/indonesien/14137.htm>. A detailed publication, "Extending Social Protection in Health", compiled on behalf of the German Agency for Technical Cooperation (GTZ), is available from: <www2.gtz.de/dokumente/bib/07-0378.pdf>.

11 <www.bmz.de/de/ziele/ziele/internationale_abkommen/odastufenplan/index.html>

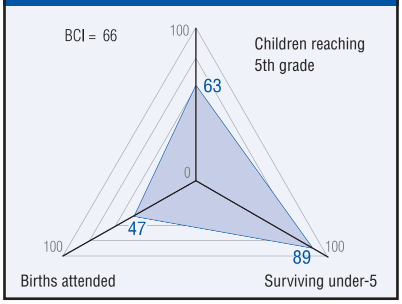
12 See, for example, *ZEIT-online*, <www.zeit.de/online/2007/20/steuerschaetzer-ergebnis>.

No hope for the poor

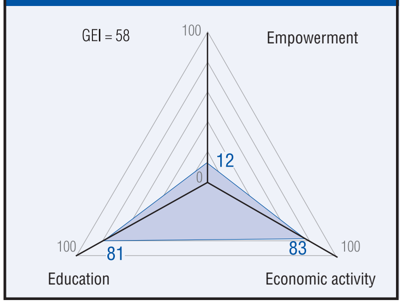
While foreign aid has increased significantly in recent years, it has been erratic and has largely fallen short of expectations. Nevertheless, dependence on this aid has been growing, as the domestic share in development spending becomes ever smaller. At the same time, domestic resource mobilization has largely focused on taxation, leading to a disproportionate burden on women and the poor.

Ghana Social Watch Coalition

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Every country must commit to the disadvantaged by having a social development policy that promotes universal and equitable access to a minimum set of social services and resources. This ensures long-term improvements in the living standards of both women and men in the society.

In Ghana, there is a recognized basket of social provision. This includes access to water and sanitation, universal tuition-free basic education for all citizens, and primary health care. Other basic social services are food security, social security (such as pensions), housing, and economic services such as energy and transport infrastructure. A more comprehensive approach to social security must include access to a minimum level of income for all citizens of working age and all families (The Women's Manifesto for Ghana, 2004). Thus a good social security system must provide protection against basic income loss in cases of illness and injury, old age and retirement, invalidity, and family responsibilities such as pregnancy and child care. Such benefits are important especially for women, given the particular inequalities and disadvantages they experience. This paper attempts to examine Ghana's social security system from a historical and gender analytical perspective to identify challenges and options. It traces the system's historical development and addresses the current attempts at privatizing the sector and its implications for women.

Women, a majority of the informal sector

The country has a working population of nine million, with women accounting for 51% of the total. The formal economy employs about 13.7% of the labour force aged between 15 and 64, while the remaining 86.3% work in the informal economy – divided between 52% in agriculture and 34.3% in non-agricultural activities (ILO, 2003). Women constitute 77% of the informal sector, and engage in both agricultural and non-agricultural activities. Informal trading is a major source of employment for many Ghanaians, especially those in the urban centres: there are 1.9 million households operating 2.3 million small businesses, and women operate over 66% of these small businesses. Over 56% of all non-farm enterprises are engaged in some trading activity, 24% in manufacturing, and the remainder in other activities (ILO, 2003).

Clearly, the vast majority of workers in Ghana are in the informal economy. Yet only 10% of the workforce, mainly those in the formal sector, benefit from social security (SSNIT, 2005). As a result, workers in the informal economy, most of whom are women, have no social security coverage. This is in spite of the fact that membership in the Social Security and National Insurance Trust (SSNIT) is supposed to be open to all who work in the informal economy, on a voluntary basis.

The history of social security

Before the introduction of a formal social security system in Ghana, the extended family system served as a source of social protection and a cohesive unit that provided security for vulnerable groups. But as Kumado and Gockel (2003) have noted, the advent of colonization changed this traditional system as men moved into employment centres to work in the mines, cocoa farms or the civil service. Women were virtually left on their own to engage in food production to sustain household members. The government and some private sector operators then introduced private social security schemes aimed at providing wage earners who were mainly men with some form of social protection.

The Compulsory Savings Act of 1961 sought to provide pensions for formal sector workers. The scheme created, however, collapsed through gross mismanagement. A more comprehensive social security system was subsequently introduced through the Social Security Act (Act 279) passed by the First Republican Parliament in 1965. The Act fixed the retirement age at 60 years for men and 55 years for women. It further established a Social Security Fund for the provision of superannuation, invalidity, death/survivors, emigration and unemployment benefits. It also provided for the payment of lump sums or what is known as the 'Provident Fund'. In terms of contributions to financing the scheme, workers were to contribute 5% of their monthly basic income while employers were to add 12.5%.

Weaknesses in the social security scheme adopted in 1965 were rectified through National Redemption Council Decree (NRCD) 127 of 1972. Under it, the SSNIT was established as an independent corporate body to administer the scheme. The retirement age was reduced from 60 to 55 years for men and 55 to 50 for women. The lump sum payment to retired workers was retained. The scheme also provided for coverage for up to five employees.

In 1991, the government of the Provisional National Defence Council (PNDC) repealed the 1972 social security decree, NRCD 127, and replaced the scheme then in place through PNDC Law 247 which was an attempt to redress the major defects of the provident fund scheme. Therefore, the main thrust was the conversion of the system from the payment of lump sum benefits into a pension scheme under which monthly payments would be made to members until death. Benefits enjoyed under this law are superannuation/old age pension, death/survivors benefits and invalidity benefits. The scheme is supposed to be open to all classes of employees in both the formal and informal economy.

As a result of the inadequacies in the social security system's coverage of the working population, the majority of Ghanaians have continued to rely on informal social security schemes such as social networks, trades associations, credit unions and remittances to meet their social security needs. These schemes oblige individuals, groups and communities to offer mutual support through the pooling of resources based on their own principles of insurance to extend help to each other within certain basic regulatory conditions. Such self-financed initiatives are essentially based on trust and the capacity of the group to manage the scheme. Informal social security schemes are the main sources of security for the poor, allowing them to continue to meet contingencies such as care and support for children, the aged and the disabled. However, there have been major changes in the form of mutual aid based on social networks, resulting in low well-being outcomes for the poor across all age groups. This is evidenced by health-related problems like malnutrition, livelihood stress, and the detention of newborns in maternity wards pending the payment of hospital bills.

TABLE 1. Contributions payable by social groups in the informal sector

Name of group		Who they are	Minimum contributions payable annually (USD 1 = GHC 9,000)
Core poor	A	Unemployed adults without any identifiable support for survival	Free
Very poor	B	Unemployed but with identifiable financial support from sources of low income	GHC 72,000
Poor	C	Employed adults with low income and unable to meet their basic needs	GHC 72,000
Middle income	D	Employed adults who are able to meet their basic needs	GHC 180,000
Rich	E	Adults who are able to meet their basic needs and some of their wants	GHC 480,000
Very rich	F	Adults who are able to meet their needs and most of their wants	GHC 480,000

Source: Government of Ghana, <www.ghanaweb.com/GhanaHomePage/documents/NHIS.pdf>

The National Health Insurance Scheme

In 2004 the government unilaterally decided to use 2.5% of workers' SSNIT contributions to establish what it called the National Health Insurance Scheme (NHIS).[1] The NHIS was created to replace the 'cash and carry' system, based on the principle that the inability to pay the costs incurred at the point of service should not prevent access to health care services. While three types of insurance schemes were available under the law – district-wide mutual health insurance, private mutual health insurance and private commercial health insurance – the government opted for a district mutual health insurance scheme throughout all 138 districts in Ghana. Contributions are based on the ability to pay, and workers in the informal economy have been categorized into social groups to enable individuals within each category to pay according to what they can afford.

Women who were interviewed for a recent study (Akakpo, 2006) fell within categories B and C, which means they are either 'poor' or 'very poor' and are only able to pay the lowest premiums (see Table 1). It is the right of every citizen to have equal access to good health care, but there are reports of differential treatment given to NHIS card-holding patients and non-card-holding patients at hospitals. For example, because the women sampled fell within the category with the lowest paid premium, they were hardly ever given medicines, and instead were given prescriptions to buy them on their own.

Privatization of social security

Women have largely not benefited from Ghana's social security system because of the large proportion of them employed in the informal sector, which is mostly not covered by the system. Yet even beneficiaries in the formal sector have complained about the inadequacy of monthly pensions and their inability to meet the basic necessities of life. Such concerns prompted the government to set up a Presidential Commission on Pensions in 2004. The Commission was to examine existing pension arrangements and to make appropriate recommendations for a sustainable pension scheme to ensure retirement income security for workers, especially those in the public sector.

The Commission proposed a three-tier pension structure, comprising two mandatory schemes and a voluntary scheme. They suggested that the SSNIT should be restructured to implement a mandatory State Social Security Pension Scheme, which would pay only periodic monthly and other pension benefits. With regard to the second tier, the commission recommended a mandatory privately managed occupational pension scheme, preferably a defined contribution pension scheme with payments mainly in the form of lump sum benefits. Finally the commission suggested a third tier which would be a voluntary, privately managed personal pension scheme offering attractive tax incentives (Government of Ghana, 2006).

The government issued a White Paper on 25 August 2006, virtually accepting all the recommendations made by the Commission without questioning any aspect of the report.

The challenge: higher pensions and inclusion

A recent study by the Research and Policy Department of the Ghana Trades Union Congress (GTUC, 2006) revealed that salaries in Ghana are lower than those in numerous countries in Sub-Saharan Africa with the same level of economic development.

One of the implications of the low salaries in Ghana is the poor pensions paid to retirees. Currently, the lowest pension that SSNIT pays is GHC 182,000 (USD 20.50) per month, while the highest is GHC 14.9 million (USD 1,675) per month.[2] Thus pensions are not only low, but their distribution also favours very few people, primarily men in the formal economy. The proposed 'multi-pillar system' will not address these shortcomings; on the contrary, it will worsen disparities and exclude many more, especially women, from enjoying social security.

In terms of the distribution of pensioners by gender, of the 66,971 SSNIT pensioners at the end of 2004, only 7,326 (11%) were women (SSNIT, 2005). Furthermore, despite the launching of an informal sector retirement scheme in June 2005, by the end of the year only 13,577 informal economy workers were registered with the SSNIT (6,577 who had signed on under the new scheme, together with roughly 7,000 volunteer contributors), as compared to 898,368 formal sector contributors (SSNIT, 2005). This underscores the need for a more comprehensive scheme to address the needs of both men and women in both the formal and informal sectors.

The three-tier approach which the Pensions' Commission has recommended to the government is basically the World Bank's template for managing pensions through scaling down public schemes. The privatization of pensions will create an opportunity for a very few private individuals to access cheap funds at the expense of the majority of citizens. Already a number of US firms are advertising their private pension schemes in Ghana. This approach has failed in Latin America (Bakvis, 2005) and is unlikely to work here. Once the money goes into private funds, the government would be deprived of resources to invest in social services. Women's socioeconomic well-being in particular would be sacrificed, especially in terms of their ability to access affordable health care, safe drinking water and improved energy technologies.

Research by the International Confederation of Free Trade Unions (ICFTU) has shown that the 'multi-pillar' system results in lower benefits for retirees, partly due to the extremely high administrative costs for private accounts encouraged by banks. Also, the fiscal cost of diverting contributions away from public pensions into mandatory private funds puts pressure on governments to reduce spending on other public services.

Clearly, a different national social security system that addresses issues of inequality, and specifically targets women and other disadvantaged groups, is what is needed to ensure a minimum lifeline provision for the poor and marginalized in rural and urban communities in Ghana. ■

1 <www.ghanaweb.com/GhanaHomePage/education/artikel.php?ID=41469>

2 Figures as of April 2007. <www.ssnit.com/Details_news_ssnit.cfm?EmpID=146&departmentId=1>

(Continued on page 241)

Between poverty and inequalities

Despite efforts proclaimed by successive democratic governments, reality shows a distinct discrepancy between objectives and achievements. Inequities persist although the state has repeatedly attempted to tackle the phenomenon of social inequality which affects the population in general, and women in particular. Welfare projects have failed one after another, giving rise to increasing uncertainty and insecurity among the citizens.

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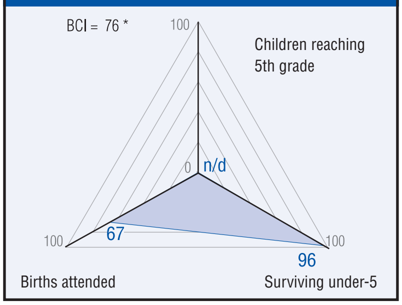
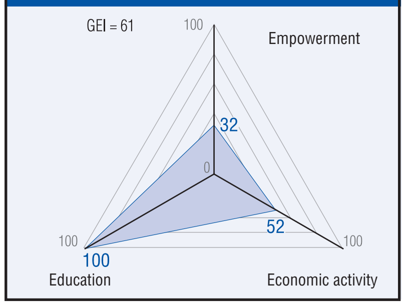
Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Hondurans are experiencing one of the most contradictory moments of the democratic paradox. After 25 years of government freely elected by the will of the people, the old issues of poverty and social exclusion remain unresolved. Improvements in the legal framework have not helped to increase citizen participation nor to consolidate the rights of women in electoral processes. On the contrary, small groups remain in power, holding the government apparatus hostage, while party structures survive under a vertical and authoritarian framework which denies poor women all access to elected and powerful positions in the country. Although there are 31 congresswomen out of a total of 128 legislators, they do not represent poor women, but rather the fundamentalist thinking of the Catholic Opus Dei sector, and their actions obstruct all progress which might have been made in the field of women's rights during the last quarter of a century.

Increasing corruption, which causes losses estimated at USD 500 million a year, the fragility of institutions and the system of patronage in party and trade-union organizations within the government are, among others factors, the cause of inefficiency in the state system. Instead of attempting to banish corruption, laws such as the so-called "Law Against Grey Traffic" are passed, which does nothing but generate a loss of over USD 69 million a year for the Honduran Telecommunications Company (HONDUTEL) with the manifest intention of causing its bankruptcy, although it is the state's most profitable company. The counterpart to this phenomenon is the Public Ministry's inaction regarding the more than 20 cases of corruption involving presidents, ministers and other persons with a great deal of economic power in the country.[1]

In spite of millions invested by the Poverty Reduction Strategy (PRS), both official and unofficial figures make it clear that the state still maintains a social debt to the majority of its population. According to the Social Foreign Debt Forum (FOSDEH), about USD 3.85 billion[2] was spent on PRS programmes and projects during the 2000-2006 period, whereas the percentage of poor people was reduced by only 4%.[3]

Budgets which discriminate against women

The inefficiency of the governmental apparatus, the dispersal of public investment and the lack of a strategy arrived at by consensus and with a vision embracing the country as a whole, are among the reasons for these results. The three successive governments which have conducted the PRS have implemented projects which have historically proven to have little chance of contributing to the objectives and goals of the programme. In the case of women, it was possible to observe in a mapping exercise carried out by CEM-H that only 14% of PRS resources which reached local governments were assigned to women. These interventions will, therefore, never be able to change the unequal power relations between men and women, or achieve strategic changes in gender relations in the country; nor will women ever be able to overcome the situation of poverty and violence in which the state has immersed them.[4]

According to the report on the Millennium Development Goals (MDGs) for 2007, female-headed households constitute 25.6% of poor homes (UN System in Honduras, 2007). The government of Manuel Zelaya Rosales has made attempts to reformulate the PRS, but in the new document women still appear as a vulnerable population, which makes it clear that gender mainstreaming has been fully ignored by the current authorities.

Faced with this perspective, it would not be going out on a limb to say that the country is very unlikely fulfill the PRS goals and the eight MDGs established for 2015.

An unwieldy and inefficient apparatus

Faced with the serious problems of citizen and juridical security, the issue of social security does not appear among the basic concerns of the majority of citizens, who are already used to living beyond the boundaries of universally accepted rights.

The 1954 strike in the banana plantations of the country's Atlantic coast laid the foundations for the present social security system. Five years later, the current Labour Code was passed and the Honduran Social Security Institute (IHSS) was established.

According to the Social Insurance Law, affiliation to IHSS is compulsory for "private workers who lend their services to a natural person or a legal entity; state workers; those who work for autonomous and semi-autonomous entities and the state's decentralized entities."[5] Likewise, the Law of Equal Opportunities for Women, passed in 2000, establishes in Article 50 that women in domestic service should be protected by social security. However, the law is rarely obeyed.

The IHSS covers the following: illness, non-work-related accidents, maternity, labour accidents and work-related illness, old age, disability, death, family subsidies, pensions for widows and orphans, enforced work stoppage for legal reasons or proven unemployment, and social services.

1 Interview with Congresswoman Silvia Ayala, National Congress of Honduras.

* One of the BCI components was imputed based on data from countries of a similar level.

2 Currency exchange rate used: USD 1 = HNL 19.

3 FOSDEH, <www.fosdeh.net/archivos/erp_act_2006_anexos.pdf>.

4 Study carried out by CEM-H.

5 Decree No. 140/1959.

Other institutions later emerged, such as the National Pensions Institute for Employees and Officials of the Executive Branch (INJUMPEMP) in 1971, the Military Social Security Institute (IPM) in 1972, the Teachers' National Social Security Institute (INPREMA) in 1980, the Journalists' Social Security Institute (IPSP) in 1985, and the Honduras National Autonomous University Social Security Institute (INPREUNAH) in 1989.

The state formally recognizes social security as a right. In the Constitution of 1982, Article 142 states that "all persons have a right to the security of their economic means of subsistence in the case of disability to work or to obtain remunerated work" and Article 143 compels the state, employers and workers to "contribute to the financing, improvement and expansion of social insurance." (Rojas Caron, 2001).

It is within this framework that the health sector operates. It comprises the Ministry of Health, the IHSS and the private sub-sector, with no coordination or functional links among them, in spite of commitments to align and harmonize government action and international cooperation.

In practice, the state has not fulfilled its constitutional mandate, and different governments during recent history's so-called democratic period have evaded their obligations. As an example, successive governments have maintained an increasing debt with IHSS regarding their obligations both as employers and government, and regarding the amounts retained from the salaries of state employees.

The administration of the IHSS is shared by the government, the private sector and workers' associations. After half a century, coverage provided by IHSS is deficient. Out of 5,507,697 persons of working age, only 580,000 are insured directly by IHSS and 843,900 are beneficiaries located in the country's largest cities (NSI, 2006).

Although there have been efforts to improve its efficiency, in particular after 2001, when employers' and workers' percentages were increased, the quality of the services rendered is still poor; a request for a doctor's appointment may take between two and three months to fill, there is a long waiting list afflicting beneficiaries in need of surgery, and the usual answer obtained from the IHSS's pharmacies is that "there is no medication available."

INJUPEMP members are employees of the executive branch with indefinite work contracts. The benefits provided are retirement pensions, disability pensions, benefit transferral, compensation for death in active service or withdrawal from the system, transfer of actuarial values, and also a mortgage and personal loans service. Until September 2002, membership amounted to 109,205 persons, of whom 54,654 were active contributors and 2,190 were retirees and pensioners. Of the total contributors to that date, 50.4% were women and 49.6% were men (Martínez, 2003).

INPREMA provides coverage for an approximate population of 50,000 primary and secondary school teachers. INPREUNAH provides coverage for about 4,500 university workers throughout the country.

Bearing in mind the quality of the services and the low level of coverage, the pensions system faces serious threats. According to the newspaper *El Heraldo*, in 2005 public social security institutions were burdened by a cumulative operating deficit of over USD 200 million (López García, 2005). Although at present these institutions have sufficient funds to pay members their benefits, in the medium and long term the situation could become quite serious.

Growing discontent among the population in general and direct users of the national social security system has allowed plans for the privatization of pension funds in particular to be re-launched. Companies devoted to this business are already operating in the country and a law is being promoted which could be a starting point for putting it into practice.

Citizen security for women: utopia

Between 2003 and July 2007, 673 women were murdered, and these crimes remain unpunished.[6] Despite the fact that in 2006 the sum of USD 894,000 was approved in the General Budget of the Republic for the establishment of special units for the investigation of violent deaths of women, to date the government has not yet managed to identify the funds required in order to make them available to the Public Ministry. Domestic violence is on the rise, with over 12,000 cases reported in 2006, but the creation of specialized courts in two large cities (stipulated by the Law Against Domestic Violence of 1997) is still being delayed. A significant fact is that over 12% of the crimes against women are carried out by their partners, with the aggravating circumstance that the victims had already filed a complaint, without receiving the protection from the state which is required by law. The Human Rights Committee, responding to the government and alternative reports on the International Covenant on Civil and Political Rights in November 2006, recommended that the state should "take appropriate measures to combat domestic violence and ensure that those responsible be brought to trial…" and further "invites the State Party to educate the population as a whole on the need to respect the rights and dignity of women, with a view to changing cultural patterns."

However, the current situation is far from one of respect for and implementation of these recommendations. Christian fundamentalist groups, together with government forces, have opposed the use of sex education and gender equity guidelines in educational centres, exhibiting a lack of interest in the increase of HIV/AIDS cases, 46.25% of which affect women. Only 52% of the persons living with HIV/AIDS have access to antiretroviral medication (UN System in Honduras, 2007).

In addition to all of this, the Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) has not yet been ratified, a fundamental requisite to enable women's organizations and the victims themselves to file the corresponding international reports. In spite of the pressure brought to bear by the organized women's movement, the government continues to delay ratification, thus demonstrating a lack of political will to make progress in reducing discrimination against women.

6 CEM-H Documentation Centre Database and General Criminal Investigation Office.

The Solidarity Network and the forbidden dream of the majority

Most citizens are excluded from social security. The Solidarity Network Programme created by President Manuel Zelaya's government is an attempt to organize "all existing actions to provide access to mechanisms of social protection for families in conditions of poverty and extreme poverty."[7] During the 2006-2010 period, the Solidarity Network will give priority to 252,484 households in a condition of extreme poverty throughout the country. To meet this demand, the government has increased the budget for the next three years by approximately USD 198 million. Compensation programmes such as the Honduran Social Investment Fund, the Family Allowance Programme which administers the conditional family voucher,[8] the School Fund and the senior citizens' voucher, will now be a part of the Solidarity Network package, under the direction of the country's 'first lady'. The Ministry of Education is in charge of distributing to secondary public school students a student voucher for USD 21 a year as well as a school meal and a basic package to handle the more common illnesses. The Ministry of Agriculture and Livestock distributes what is known as a 'technological voucher', which provides recipients with a set amount of fertilizer and seeds for planting corn or beans. The National Sustainable Rural Development Programme encompasses credit programmes, road improvement and irrigation systems to foster agricultural production.

In practice, the Solidarity Network initiative replaces the PRS as a policy. The government is ignoring the consultation mechanisms established by the PRS in the implementation of the network, which is being handled with an evident political-sectarian bias. The resources required are very high in relation to the government's capacity, and will have to be obtained from the cancellation of the debt or from new loans obtained from financial institutions. In conclusion, the Solidarity Network is a welfare package which increases the country's debt and condemns the poor to flee the country or to depend permanently on handouts. ■

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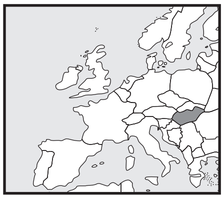
7 Executive Decree PCM 33-2006.

8 Aimed at improving height and weight indicators in children under five and preschool and primary school attendance, the voucher is for approximately USD 113.

HUNGARY

Privatization targets few remaining public services



Practically all areas of social policy have been affected by the transition from a socialist to a capitalist economy and by the neoliberal policies dictated by the international financial institutions. Wide-scale privatization has resulted in foreign ownership of two thirds of industry, and today even the handful of public services still provided by the state are being privatized under the official slogan of 'necessary reforms'.

ATTAC Hungary
Matyas Benyik

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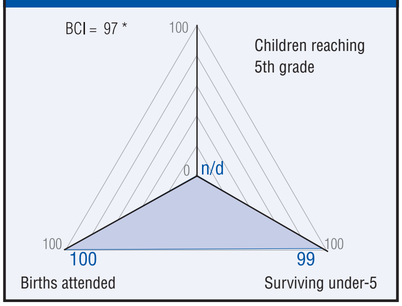
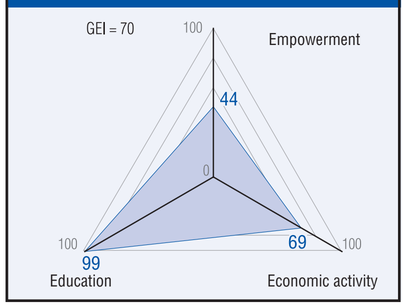


Gender Equity Index (GEI)



After the collapse of the socialist system, the transformation to a capitalist economy had severe social impacts. In the early years of the transition, up until the mid-1990s, GDP fell by about 20%, accompanied by a drastic decline in real wages and a dramatic increase in unemployment and poverty. The country's GDP eventually reached its 1989 level in 1999, while real wages only recovered their pre-transition level in 2002. The number of jobs sunk from 5 million to 3.8 million. The loss of jobs and growing unemployment have become the main factors causing poverty. With growing inequalities, about 60% of the population of 10 million have been adversely affected. The sectors hardest hit by the difficulties include unskilled workers, the population living in small settlements, families with children, and the Roma people (who made up about 7% of the total population in 2006).

Based on UNDP's definition of poverty – namely the proportion of those living on a daily income of less than USD 4.3 in terms of purchasing power parity (PPP) – 11% of the population was poor in 1991. During the subsequent economic recession the poverty rate steadily increased and reached its peak (18%) in 1996, then began to decrease consistently. By the end of the 1990s this figure had fallen to 6%. The relative poverty rate (the proportion of those living on less than 60% of the median income) increased from 11% in 1991 to 13% in 1995, and in 2004, 13.9% of the population could be considered poor in accordance with this standard. However, when measured on the basis of another definition of poverty –the proportion of those living on less than half of the average consumption level of the EU-15[1] – 73% of Hungarians are poor.

Practically all areas of social policy have been affected by the transition and the neoliberal policies dictated by the international financial institutions in accordance with the Washington Consensus, in other words, the strengthening of individual responsibility and the weakening of public responsibility. Meanwhile, labour rights have been weakened and joblessness has increased, so that labour security has been strongly undermined.

In accordance with the Lisbon Strategy, the EU's open method of coordination (OMC) on social protection and social inclusion is based on the fight against poverty and social exclusion, and includes the establishment of adequate and sustainable pension and health care systems. As part of the OMC, a standardized Hungarian National Strategy Report (HNSR) was prepared in 2006 by the Committee Against Social Exclusion for the period 2006-2008. The HNSR was drawn up in parallel with the elaboration of measures to implement the new government's comprehensive package of reforms, aiming at:

- Restoring macroeconomic balance.
- Implementing a reform process encompassing the entire operation of the state, including social services (public health, pension system, education, social policy, etc.)
- Elaborating and implementing a comprehensive development policy.

The HNSR was submitted to the European Commission in autumn 2006 together with the Convergence Programme, the New Hungary Development Plan and the Revised National Lisbon Action Programme.

The official slogan of 'necessary reforms'

Privatization had already begun in the early 1980s. In 'socialist' Hungary, a dual economy emerged, consisting of the first economy, which covered the state sector, and the second economy, covering all private initiatives and contributing close to one quarter of the aggregate household income in 1988. Some of these private initiatives were legalized and even encouraged by the 'socialist' state.

Another stage of privatization, starting in 1988, was the so-called 'spontaneous privatization', which meant the uncontrolled process of the transfer of state-owned property into private hands. The main players in this process were managers with connections in the state machinery, and it primarily involved the establishment of joint ventures with Western partners. Spontaneous privatization came to an end in early 1990 because the government realized that managers were an important source of capital and a legal framework for management buyouts was set up. Beginning in early 1993, it was also possible for employees to obtain shares in large state-owned companies, although the shares made available represented only 10% to 15% of total ownership. Privatization was led centrally and proceeded at a fairly brisk pace until 1994.

In the mid-1990s, the Hungarian privatization policy was aimed at the fiscal potential of privatization and therefore favoured direct sales of state-owned companies to foreign strategic investors. Some of the largest privatization deals in the Central and Eastern European region were struck, including the sale of gas distribution companies, electricity distributors and power stations. As a result of this policy, the flow of foreign direct investment into the country since 1990 has exceeded EUR 62 billion (USD 84.3 billion), which is now the highest in the region in per capita terms. The share of foreign capital (mostly transnational corporations) in industrial ownership is two thirds.

By the end of the 1990s, the privatization process had been practically completed, and only a small

1 The 15 members of the European Union before the 2004 enlargement.

* One of the BCI components was imputed based on data from countries of a similar level.

number of public services (e.g. health care, transport, postal services, education) remained in state hands. But even these public services are now being privatized under the official slogan of 'necessary reforms'.

Pensions shift from social security to private investment focus

Since 1998 the mandatory public pension system has consisted of two 'pillars'. The first is the social security pension system, operating on a 'pay as you go' basis and financed from contributions paid by the employer and the employee. The second pillar comprises market-based private pension funds.[2] Individuals starting out in the work force are obliged to participate in the mixed system (i.e. in both pillars) and a considerable part of their individual pension contribution (8% of 8.5%) goes to the private pension fund they select. The mixed system currently covers over 60% of the whole insured population. Private pension funds will begin to administer their services as of 2013, and will not comprise a 'typical' pension payment system until 2020, which leaves the social security pension system as an exclusive or predominant player for decades to come.

The retirement age is now 62 years for men and 60 years for women. However, various forms of early retirement exist and are often used, which means the average effective retirement age is significantly lower. The amount of pension received under the social security pension system depends on the pre-retirement average monthly salary and the number of years of employment. In the second pillar it will depend on the contribution paid, plus yields, minus the costs of the fund chosen by the insurance holder. In 2006 the minimum pension was about EUR 100 per month (USD 136).

In addition to providing an income for the elderly, pensions comprise a significant source of income for a large number of households and thus have an impact on the standard of living of the economically active population as well.

Public health: structural problems, misguided reforms

The financing of health care is based on two pillars. Maintenance costs are borne by the clinic and hospital owners (primarily local governments), while operating costs are covered by the National Health Insurance Fund (NHIF). The NHIF is partially funded through compulsory payroll contributions from both employers and employees, combined with transfers from the central budget. In addition, private expenditures are estimated to represent between 20% and 30% of health expenditures today.

The current health care system faces serious structural problems. Health services do not rely on potential prevention and screening systems from either an organizational or a professional point of view, and the capacity of rehabilitation centres is insufficient as well. Structural problems are made more severe by overlaps existing between certain services (e.g. health and social system), and the lack of advanced communications, which further obstructs the efficient operation of the health service system.

Under the slogan of 'reforms', the ruling social-liberal government is closing down hospitals, leading to a significant decrease in the number of hospital beds. Another objective of this 'reform policy' is to open the way for private health insurance companies.

Increased joblessness, decreased protection

During the socialist era, the country followed the principle of 'full employment'. Today, its labour market is characterized by a low employment rate (56.9% in 2005, although the rate of unregistered employment is estimated to be around 15% to 20%); a moderate – yet growing – rate of unemployment (7.5% in 2006); and a rather high rate of inactivity (38.6% in 2005).

The employment rate is especially low among individuals with low skills, members of disadvantaged groups, young people and the elderly. The unemployment rate among people with no elementary education was 35.3%, and among those with an elementary education it was 13.6%, while for the population aged 15 to 24 it was 19.1% in 2006.

Since the beginning of the systemic change, the unemployment rate has been consistently lower for women than for men, although the decline in activity has been greater among women, contributing largely to the decreasing total participation. One of the main reasons for this is that women faced with the difficulty of finding a job were more inclined to choose early retirement schemes as a preferred way of withdrawing from the labour market: several hundred thousand took early retirement or simply became housewives. The fact that the retirement age was lower under the socialist planned economy (55 years for women, 60 years for men) contributed to the widespread use of these schemes. The gender gap is greatest in the activity rate of the 55-59 age group, where it stands at 45.9% for men and only 16.6% for women.

The Roma population is faced with the most disadvantaged situation. They were among the first to become unemployed in the late 1980s, and most have been unable to re-enter the labour market, where they face serious discrimination. Although they make up only 7% of the country's population, they represent between 25% and 30% of the registered unemployed. In 2003, only 29% of Roma men and 15% of Roma women aged 15 to 59 had jobs.

In the meantime, social insurance in times of unemployment has become increasingly limited. Tighter eligibility conditions for unemployment benefits were first introduced in 1992, and the entitlement period was cut initially from two years to 18 months, and later to one year. The ratio of benefit to last wage was also reduced. In 2000 the entitlement period for unemployment benefits was further reduced to only nine months, and since 1 November 2005, unemployment benefits have been replaced by a 'job-search benefit'.

Social protection

Social protection expenditure constitutes over one fifth of the GDP. In 2003, over one third of welfare spending went to financing old age pensions, while old age, survivors and disability pensions combined accounted for 50% of social protection expenditure (10.5% of GDP). A further 30% of expenditure was allocated to health care, while family/children's benefits represent almost 3% of GDP.

Hungary operates a sophisticated family benefit system in which various forms of benefits may be universal, tied to the payment of contributions, or income-dependent. Benefits include, among others, family allowance, family tax benefits, pregnancy confinement benefits and child-care allowance. The reduction of child poverty has been a social expenditure priority since 2006.

According to a survey taken in 2005, on average 52% of the total annual income of households derives from work and 43% is some kind of welfare transfer. The largest welfare contribution to household income – approximately one fourth – comes from old age pensions, including all pension-like benefits. The second largest item (5%) is family benefits (maternity and child-related benefits together), while disability pensions represent a similar share (4%). More than half of the population receives payment compensation for electricity and gas expenditures. The disbursement of social assistance is basically the responsibility of local governments. ■

2 There is also a 'third pillar' of fully voluntary contributions to private mutual funds.

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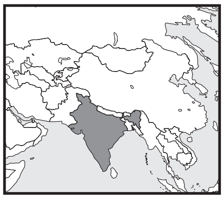
■ INDIA

Macroeconomic growth, challenging realities



In this phase of impressive macroeconomic growth, there is a clear need for renewed political and policy emphasis on reinforcing existing social security schemes, as well as developing new initiatives to keep up with the ever evolving socioeconomic and demographic realities of the country, such as its ageing population. While proposed legislation to protect the informal sector is a positive step, much more is needed to ensure an effective safety net for the vulnerable and marginalized.

National Social Watch Coalition
Himanshu Jha
Santosh K Patra

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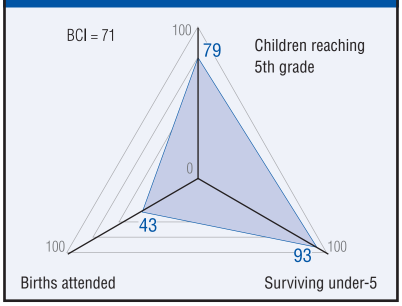

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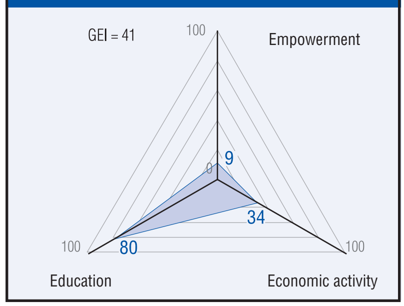

The Indian state is now moving towards a growth-oriented neoliberal policy, where GDP growth, privatization and industrial expansion have become buzzwords for the future. Yet there are considerable sections of society who are in need of some kind of safety net to realize their economic, social and cultural rights. In this phase of 9%-plus annual economic growth, it has become inevitable to move towards the realization of social security for all.

The nature of socioeconomic and demographic realities is such that it makes an effective social security system a necessity. The percentage of the population living below the poverty line is still around 27.8%. People aged 60 and over now make up 7% of the total population and projections indicate that the population in this age group will grow to 100 million by 2013. Workers in the unorganized or informal sector number over 370 million and represent 93% of the total workforce. The unemployment rate in the country increased from 6.1% in 1993-1994 to 7.3% in 1999-2000, and then rose even further to 8.3% in 2004-2005. The country's current economic growth has clearly not generated employment, and employment levels have declined even in the organized (formal) sector (Government of India, 2006).

Agriculture is an important sector supporting close to 115 million families across the country and providing employment to around 58.2% of all workers. It is therefore a matter of particular concern that there has also been a sharp increase in unemployment among agricultural labour households – from 9.5% in 1993-1994 to 15.3% in 2004-2005 – which are already among the country's poorest households (Government of India, 2006).

The urgent need for an effective social security system is increased by the rapid and widespread changes at the present juncture. Indian society is undergoing transitions on several fronts where the traditional social security system has almost completely broken down, leaving the old, the destitute and other vulnerable sectors to fend for themselves. On the other hand, the retreat of the state under the impact of the neoliberal framework and the forces of globalization has created a policy dilemma in which the concerns of the welfare state have been left behind. In spite of constitutional stipulations regarding the provision of social security, the current system leaves wide gaps, especially in terms of covering vulnerable sectors of the population like the elderly, women, children, and the millions of paid and unpaid workers employed in the unorganized sector. So far, there has been an absence of a comprehensive and realistic social security net provided by the state. Existing initiatives are ridden by ineffective and insufficient implementation and lack a long-term perspective. The state cannot shy away from its commitments under the constitutional stipulations. The multidimensional nature of the issue of social security makes it not only more complex but also more urgently in need of immediate action.

Social security for the informal sector: initiatives and challenges

While there is somewhat of a social security framework in place for the organized sector, there has been a serious gap in the social security policy for the unorganized sector. Out of 399 million workers in 1999-2000, it is estimated that 371.2 million (nearly 93% of the entire work force) were employed in the unorganized sector, as compared to only 27.8 million (7%) in the organized sector (Sakthivel and Joddar, 2006).

In line with the commitment made in its National Common Minimum Programme, the United Progressive Alliance government recently finalized the drafting of a social security bill for workers in the unorganized sector. As a complement to existing social security provisions at the national and state level, the bill offers such social protection measures as health insurance, maternity benefits and old age benefits to workers in the informal sector, while also addressing the conservation of natural resources on which workers depend for their livelihood. The uniqueness of the bill is that it is founded on a rights-based framework and is legally enforceable. The proposed scheme would be voluntary and contributory in nature, with contributions from both workers and government.

A closer look at the draft bill, however, reveals some glaring gaps. First of all, the bill is not in consonance with the principles of non-discrimination and equity upheld by our constitution and the international covenants ratified by India, such as the International Covenant on Economic, Social and Cultural Rights. The bill will cause further fragmentation by excluding people already covered in the existing schemes, and takes a segmented approach to providing social security by making a distinction between the organized and unorganized sectors instead of consolidating the two (Duggal, 2006). Questions can also be raised about the very definition of 'unorganized'. According to the National Commission for Enterprises in the Unorganized Sector, these are unincorporated enterprises owned by the individuals or households, which employ less than ten people. However, there are workers in the formal sector as well who may fall under the category of 'unorganized' because they do not have the rights and privileges that those working in the organized sector are supposed to enjoy (Chandrasekhar and Ghosh, 2006).

The bill has also adopted a 'blanket' approach towards the unorganized sector, failing to take into account its heterogeneity. As observers have pointed out, the specific minimum social security package needed by each of the sub-sectors is likely to be different, due to different priorities (Hirway, 2006).

Furthermore, while the provision of minimum social security coverage to the unorganized sector is a welcome initiative, the amount of money that is ultimately going to be received by the beneficiaries under different schemes and categories is clearly insufficient. For example, the proposed old age pension for workers below the poverty line after the age of 60 would be INR 200 a month (scarcely USD 5), while accidental death would be compensated with a lump-sum payment to survivors of INR 25,000 (USD 615). This raises questions about the intentions and the will of the policy makers, and leads one to wonder if this is perhaps yet another example of tokenism.

The elaborate institutional structure suggested by the bill depends upon the usual hierarchically graded system reaching from the central government to the district level, with the involvement of grassroots organizations like the *panchayats* (local government bodies), self-help groups and trade unions. However, this elaborate set-up has proven ineffective in many other previous schemes, and the fact that grassroots institutions are already loaded with many other functions casts serious doubts about their ability to effectively carry out this new initiative.

The tendency to overload the existing machinery and procedures is also illustrated by the fact that the notoriously inadequate 'below poverty line' criterion is proposed to be used for identifying the beneficiary households (Hirway, 2006).

In response to the social security bill, trade union federations have emphasized the need to improve the legislative proposals with more specific and concrete provisions on such issues as protection against job loss, appropriate compensation, working hours, labour inspection and dispute/grievance settlement machinery, and punishment for violations of labour standards (Central Trade Unions, 2006).

Increased need for protection of the elderly

The increasing life expectancy and growing share of the population aged 60 and over necessitate comprehensive social security coverage for older adults, who made up close to 7% of the population in 2001 and are predicted to account for almost 9% in 2016 (Government of India, n.d.). Estimates place the number of people aged 60 and over at 100 million by 2013 and 198 million in 2030.

Aside from the large size of the elderly population in the future, there are other factors that raise concern. Around 80% of the elderly live in rural areas, posing challenges with regard to an effective delivery mechanism for assistance. In addition, the feminization of this problem is highlighted by the prediction that women will make up 51% of the elderly population by 2016. Finally, the very elderly population – those aged 80 and over – is also increasing, and about 30% of this population lives below the poverty line (EPW, 2007).

In general terms, even the wage-earning population tends to move below the poverty line in old age because of insufficient savings and other contingencies. There are currently few social security provisions for the aged, and the existing provident fund and pension schemes apply only to the organized sector, leaving the vast unorganized sector uncovered. Other schemes providing some degree of protection to senior citizens are available in the form of marginally higher interest rates on small savings, but much of the effort to save for the future has been thwarted by the recent decision to tax accumulated savings (Gopal, 2006).

The Directive Principles of State Policy stipulate that "the state shall, within the limits of its economic capacity and development, make effective provision for securing the rights of public assistance in cases of old age." In this regard, the National Policy for Older Persons, announced in January 1999, could perhaps be viewed as a milestone. However, a recent study conducted by HelpAge India concludes that progress on its implementation has been tardy (EPW, 2007).

In February 2006, the Cabinet approved the Maintenance and Welfare of Parents and Senior Citizens Bill. The bill mentions a number of government initiatives, including the maintenance of a database on the elderly, the provision of an old age pension of INR 1,000 (USD 24.6) per month, and the establishment of an adequate number of old age homes, especially for those with no family support (EPW, 2007). The bill also outlines the setting up of tribunals through which the government would take action against individuals who do not take proper care of their elderly parents, resulting in imprisonment and fines of up to INR 5,000 (USD 123). This kind of legislation was long overdue, but what is needed now is its quick and effective implementation.

Women deprived as beneficiaries

Unpaid workers have been excluded from the proposed social security schemes for the unorganized sector, which has grave gender implications, since women tend to be considerably overrepresented among unpaid family workers (Neetha, 2006). Excluding unpaid workers as beneficiaries of these schemes will directly affect these women workers who already face the twin deprivations of being poor as well as being women.

Such a gender bias can also be seen in the National Policy for Older Persons. As Gopal (2006) notes, although it recognizes the higher life expectancy of women, "there is not much emphasis to highlight the gender implications of such a policy despite evidence that women in this category suffer greater vulnerability. In the sections on healthcare, nutrition, shelter and education, there is no specific reference to women's situation."

Schemes such as the Integrated Rural Development Programme, Integrated Child Development Services, Development of Women and Children in Rural Areas and other socioeconomic programmes have been operating since the 1980s, but so far have not been able to achieve the desired results. "Even though the state targets the family for provision of social security, as far as women are concerned, when their tie to the breadwinner is broken in case of divorce, desertion, separation or widowhood, it means destitution" (Gopal, 2006).

Rural employment scheme shows mixed results

The National Rural Employment Guarantee Programme (NREGP)[1] is perhaps one of the most extensive schemes in recent years to provide employment in rural areas during the lean season. It covers 200 districts across the country, with the objective of providing 100 days of guaranteed unskilled wage employment to each rural household opting for it. The NREGP is a demand-driven scheme, focusing on works related to water conservation, drought proofing, land development, flood control, drainage and rural connectivity. One major limitation of this programme, however, is the complete disconnect between rural infrastructure plans and the NREGP-related creation of infrastructure.

The implementation of the programme so far has shown mixed results. The registration percentage among eligible households ranges from 14.1% to 100% in some districts. The awareness level among the beneficiaries about the programme is also very low. Much needs to be fine-tuned in the implementation and utilization of the programme, in order to address such problems as the general awareness level, the timely and prescribed payment of wages, and the role of local self-government bodies (*gram sabhas* and *panchayats*) through which the programme is supposed to be implemented at the grassroots.

Essentially, the NREGP is more of an income support programme intended to help people face the current drought of work, and is not an instrument of generating employment in the medium to long run. ■

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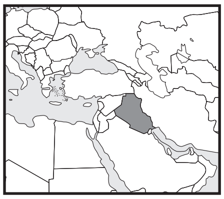
1 For further discussion see Social Watch India Report 2007.

Youth bear the brunt of violence, insecurity and poverty



Young people have been especially hard hit by the violence and humanitarian crisis situation facing Iraq. Many must work to help support their families, yet face an unemployment rate estimated at 50%. Literacy rates in young adults are declining, largely because of growing numbers of girls being kept out of school for questions of safety or religious restrictions. Youth aged 13 to 35 account for 65% of the victims of military operations and terror attacks, and most of these young victims are civilians.*

Iraqi Al-Amal Association
Dr. Wamith Khalil Al-Qassab[1]

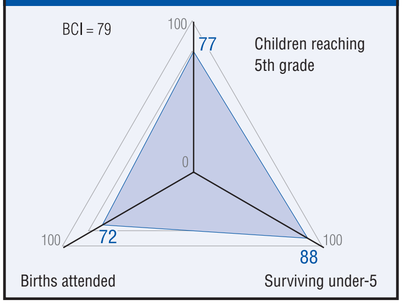
This report focuses primarily on youth in Iraq, as they represent a large section of society: 28% of the total population is aged between 15 and 29 and another 10% between 30 and 35. For the past three decades, the younger generations have grown up in a society marked by oppression, despotism and arbitrary policies, and have suffered the effects of economic sanctions. They have been used as a tool in wars, targeted by every power that wants to control the country, and forced to assimilate changes in religious, cultural, social and political practices. Violence and humanitarian crisis have become a part of daily life. Because of all this, social security is more essential than ever as a basis for the young to play a role in rebuilding their nation.

Employment opportunities limited by violence

Decades of armed conflict have made Iraq a markedly 'young' society. Many members of the older generation were killed in wars, leaving young people with the responsibility of working to help support their families. Under the previous regime, young men were obliged to enter into military service after graduating from secondary school and college, but since this has not been the case in the last four years, there have been a rising number of young people flooding the job market.

The proportion of youth among job seekers in the private sector or in government rose from 30% before 2003 to 70% between 2003 and 2005. After 2005, those seeking work in the private sector decreased to 50%, while those looking for government jobs rose from 70% in 2004 to 97% in 2007. The reason for this is that terror attacks on private sector establishments have led more and more people to aspire to the security of a job in the government, even if they are already working in the private sector. On the other hand, the increased activity of militia groups has led to a decrease in private sector employment opportunities, since most foreign investors withdraw after only a few months of work. Since 2003, because of the threat of violence and the kidnapping of their employees, many foreign business owners have been forced to move their operations to safer areas or leave the country for good.

Basic Capabilities Index (BCI)



The Iraqi economy was essentially a war economy from the 1980s until 2003, with the vast majority of government resources channelled to military spending. Under the previous regime, young men entering the job market at the age of 29 after completing their military service were faced with salaries of between USD 5 and USD 20 monthly in government jobs and USD 20 to USD 50 in the private sector. Young female workers received similar salaries but had far fewer employment opportunities. Meanwhile, between 1990 and 2003, a family needed an income of at least USD 100 monthly to meet their minimum needs for survival.

After 2003, the influx of foreign investors drawn by the drastic cuts in trade tariffs and the lucrative opportunities to participate in rebuilding the country, along with a new salary system established by the government, raised salaries to between USD 100 and USD 300 month. At the same time, however, agreements struck between the government and international banks led to a rise in fuel prices and service fees and a collapse in the electrical system, leading to a whole new set of needs for Iraqi families: fuel for electricity generators, heating and cooking gas, and water filters. As a result, a family now needs an income of between USD 200 and USD 300 a month to survive. Therefore, more than ever before, young people have an obligation to contribute to family income. Yet with the ongoing violence making jobs outside the government less and less available, and the threats from armed groups against those who work in the government, many young people end up sitting at home and waiting for relief.

Meanwhile, the number of females working in the private sector has decreased over time, because in many areas of the country, restrictions are being placed on women's style of dress and freedom of movement in accordance with the Islamic religion – despite the fact that the Iraqi Constitution states that all people have the right to work and live free from discrimination.

The government has attempted to decrease the high rate of unemployment among the country's youth by opening offices where young people can register to seek work. However, the large numbers of job seekers and limited numbers of job openings have created the conditions for corruption, while the youth unemployment rate remains critically high, and has been estimated at up to 50%.

Between 2006 and 2007, the Iraqi Youth Civil Dialogue Programme undertook a project to compare the living and employment conditions of young people in three areas of the country: the north (Sulaimaniya), the south (Dhiqar) and Baghdad. As can be seen in Table 1, despite the regional variations observed, the situation throughout the country is troubling.

Declining literacy rates

The government has always supported the educational system and school attendance is mandatory for the country's children. However, the violence and economic hardship of recent years have left many families without support and forced many young people to leave school and accept low-paying jobs, although some attempt to study and work at the same time.

According to the United Nations Development Programme (UNDP) (2004), the literacy rate for youth aged 15 to 24 was 74% in 2004, which was lower than the literacy rates for the 25 to 34 age group, reflecting deterioration in educational performance. Today, some estimates place the literacy rate for youth aged 15 to 24 as low as 55%. This decline is largely the result of decreasing literacy rates among girls, an increasing number of whom are being kept out of school, sometimes out of fear for their safety, and other times because they must stay at home and work.

In spite of this, among Iraqi youth who are able to undertake tertiary studies, females made up 55.4% of university admissions in 2006, and accounted for 63.3% of the highest grades among university students.

As Iraqi youth started to open up to technology in the past three years their applications to higher

* There are no available data en GEI components.

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education institutions have increased by 14% yearly. At the same time, however, tribal traditions and religious regulations affect their ability to seek an education, as some ethnic groups in southern Iraq prohibit girls and young women from entering internet centres or public libraries. There is also an increasing tendency to segregate male and female students, as well as campaigns against female students who refuse to wear veils.

Meanwhile, military operations sometimes make going to school or university impossible for many days on end, and this situation obviously has a serious impact on the education process. In addition, the growing influence of militia groups in some schools and universities forces many students to move to other institutes were there is a majority of students from their own ethnic group.

Factors like these have made many students aspire to finishing their education outside Iraq. A recent survey found that 66% of male students and 34% of female students said they would prefer to study abroad.

Violence and insecurity has also had a profound impact on the academic community. As of 2006, an estimated 172 scholars had been kidnapped, between 100 and 200 had been killed, and 66% said they feared for their lives. Not surprisingly, some 3,000 scholars have emigrated in recent years.

Most victims of military operations are young

While the government has historically provided people with the right to be treated free of charge or with minimum fees in government hospitals, the current conditions facing the health sector have made this commitment impossible to uphold.

According to a 2007 report from Oxfam International, 90% of the country's 180 hospitals lack essential resources such as basic medical and surgical supplies. In addition to the shortage of medical supplies, hospitals have also been seriously affected by the destruction of water supply networks and the restricted supply of electricity.

Youth between the ages of 13 and 35 account for 65% of the victims of military operations and terror attacks, and most of these young victims are civilians. The large numbers of people left wounded as a result of the ongoing violence exceed the ability of any hospital to provide adequate care. In addition, the need for assistance for people left disabled as a result of their injuries far outstrips the country's current capabilities.

Meanwhile, attacks against doctors and medical sector workers have led to the loss of experts in the medical field, putting more pressure on young graduates to fill the vacancies. It is estimated that since 2004, between 25 and 40 doctors have been killed, 160 to 300 doctors have been kidnapped, and some 3,000 doctors have left the country.

Women's freedom increasingly curtailed

As a party to the U.N. Convention on the Elimination of All Forms of Discrimination against Women, the Iraqi state has an obligation to "take all appropriate measures to eliminate discrimination against women by any person, organization or enterprise," as well as to "modify or abolish existing laws, regulations, customs and practices which constitute discrimination against women."

Despite this international commitment, Iraqi women are seeing their freedoms increasingly curtailed by the ongoing violence and the spread of new ideas that seek to control women in the name of tradition and radical religious belief. While Iraqi society provided women with a relatively high degree of freedom in the last five decades, today there is growing influence on the part of militia organizations and armed groups that have severely limited women's movement by prohibiting them from driving cars or leaving their homes without a veil. Military operations further restrict women's opportunities by forcing them to work and study near their homes.

TABLE 1. Youth, employment, violence and poverty

	Dhiqar	Baghdad	Sulaimaniya
Employed youth working in government jobs	20%	50%	45%
Youth leaving their jobs to look for jobs in government	70%	24%	70%
Youth who believe violence and terror affect their sources of income	80%	94%	53%
People living under the poverty line	84%	63%	28%
People living on a minimum survival income	68%	71%	32%
Unemployment among young women	80%	67%	35%

Concluding remarks and recommendations

- Government commitments to human rights and international conventions must be made more active and effective through government action to ensure that its obligations to the people are fulfilled.
- Violence is the major source of insecurity in all branches of life in Iraq, and all major players in the country must take responsibility for what is happening and the crises that people are facing.
- International organizations and the Iraqi government must work towards enhancing human security by promoting dialogue, the exchange of experience and joint work among young people, and empowering young people in the democratic transformation by rejecting violence and fostering participation in the development process on all levels (political, social, economic and cultural).
- The country's citizenship must be mobilized through a call for national unity amongst Iraqis by adopting dialogue as the only way to achieve national reconciliation, based on unity within diversity, non-violence, respect for human rights, and national independence, to preserve the country's natural resources from waste and corruption.
- Effective cooperation between the Iraqi government and civil society organizations will provide greater opportunities for incorporating social security into laws and government policies.
- Children's and women's rights must be given more support to be fully realized, and NGOs must be given greater space to work to spread awareness of these rights.
- Youth need to be trained to participate in the rebuilding of the country by learning their human and social rights.
- The concepts of social security and human rights should be linked through civil society work in order to build a new generation able to stand against all challenges in Iraq.
- The United Nations and international organizations from all over the world should be called on to take a larger part in helping to address the humanitarian crisis facing the country.
- Priority must be placed on the needs and role of women as key players in the process of human security.
- All citizens of Iraq must be made beneficiaries of the wealth derived from oil production by supporting social and human security programmes and projects.
- Cooperation between NGOs and donors or local banks is needed to provide small loans for youth and women to implement income-generating projects in towns or villages, especially for widows or women with no source of income.
- More aid must be directed to the two million internally displaced persons and two million refugees to provide them with food, water, education and health services. ■

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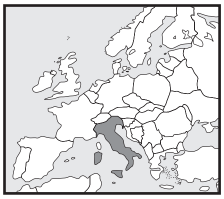
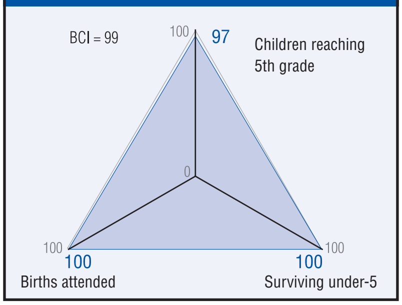
Privatization versus defence of public services



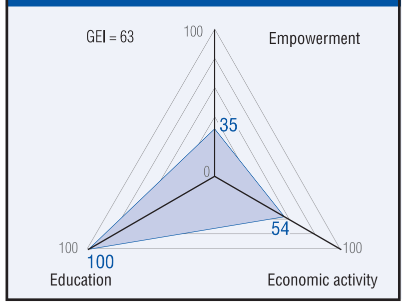
Despite the common conception that public expenditure is excessive, Italy actually ranks last among European countries in almost all areas of social protection spending. The one exception is the public pension system, which is now the target of a drive towards privatization. Attempts to privatize the provision of public services, however, have been tempered through the efforts of civil society.

Jason Nardi
Lunaria/Sbilanciamoci!
Tommaso Rondinella, Elisabetta Segre

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Current social expenditure trends

In Italy it is quite commonly believed that public expenditure is excessive, not only in absolute terms, but also in relation to other industrialized countries. In fact, however, European countries spend on average more than what is spent in Italy. This is not true only in the case of pension-related expenditure, whereas for social assistance and social security, Italy ranks among the last positions of European countries. One of the most critical aspects lies in the fact that as an ageing country, Italians are now increasingly paying more for their elderly without a sufficient generational exchange that can produce enough revenue to cover all social security costs.

Social protection expenditure in Italy represents roughly a quarter of GDP. During the last five years it has grown at a relatively high rate, though at a slower pace if compared with previous periods. The average increase in nominal terms between 2001 and 2005 was 4.9%, while it was 5.2% between 1996 and 2000 and 6.5% between 1990 and 1995. The ratio between social expenditure and GDP has grown by 1.6 percentage points during the last five years, rising from 24.5% in 2001 to 26.1% in 2005 (Pizzuti, 2007).[1] Most of the increase, however, is due to a slowing down of GDP growth. In 2005, for example, Italian GDP increased by 0.1%, while in order to maintain the same services, public expenditures had to grow by at least the same amount as the inflation rate, i.e. 2.4%.

Most of the increase in social protection expenditures is due to public institutions. Nevertheless, expenditure by private institutions – representing the activity of non-profit social institutions and the interventions of companies in favour of their employees – grew more in 2005 than public expenditure (4.4% vs. 3.5%).

Pension-heavy social expenditure

Considering the breakdown by sectors, there has been a clear decrease in the weight of the social security sector in favour of the health sector, while social assistance remained stable during the last decade. Nevertheless, social security still covers more than two thirds of total social expenditure, descending from 72.2% in 1995 to 68.5% in 2005. In terms of GDP, social security absorbs 17.7% of the 26.1% of GDP represented by total social expenditure. Most of this corresponds to pension contributions – 14.6% of GDP – while illness, maternity, unemployment, wage integration and family allowance benefits all combined total 1.7% of GDP. Health expenditure represents 6.4% of Italian GDP, having increased significantly during the last decade from 4.8% in 1995. Its main component is hospital services, which represent 43% of health expenditure and account for most of the increase. Finally, social assistance is the component that changed the least, remaining stable at around 2% of GDP.

Italy and the EU

A comparison with other European countries is possible only for the year 2004. Overall social expenditure in Italy was 1.4 percentage points below the EU-15[2] average (25.2% of GDP vs. 26.6%) and if per capita expenditure at purchasing power parity for the EU-15 were set at 100, Italian expenditure would reach only 86.7.[3]

With regards to social expenditures other than pensions, Italy presents very low levels, below most European countries. This is the case of health, for which Italy spends nearly one percentage point of GDP less than the average. But much worse is the pattern for assistance policies, such as support measures for families and the unemployed, as well as those for housing and social exclusion. For these areas Italy scores at the bottom of the European ranking.

Another indicator of the quality of social expenditure is the share of monetary and in-kind transfers within total social benefits. While in Ireland, the UK, Sweden and Denmark the in-kind benefits share is around 40%, in Italy it is around 25%, one of the lowest in Europe, showing a preference for monetary transfers instead of the provision of services.

Social security cushions

There is an obvious imbalance in the composition of social protection expenditure in different areas, particularly for protection against risks other than old age. From a detailed analysis of labour policies the social security cushions system appears as a "non-systematic and nearly ungovernable set of tools characterized by continuous overlapping" (Chair of the Council of Ministers, 1997). Inconsistencies are twofold: a sectoral one, since employees of bigger companies are more protected because of the strength of their union representatives; and a dimensional one, depending on whether employment is permanent or temporary and on the fulfilment of contributory requirements in periods previous to unemployment (Pizzuti, 2007).

The insurance nature of unemployment benefit schemes leads to inadequate or absent coverage of job loss risks for occasional workers or for young people who have been working for a short time. Moreover, the Italian system is completely lacking in protection measures for 'atypical workers', i.e. those working within the contractual frameworks aimed at a higher flexibility of the labour market introduced in 2003. Such contracts have been left with no social security safety net, resulting in an increase of precariousness together with flexibility.

1 It must be noted that, unlike in other European countries, social expenditure also includes severance payments. The actual value for 2005 should therefore be 24.7%.

2 The 15 EU member countries before the 2004 enlargement.

3 <epp.eurostat.ec.europa.eu>

The overall expenditure for social security cushions totals no more than 1.5% of GDP, and active unemployment policies represent 0.5% of GDP. The scarcity of resources for social security in Italy is demonstrated by the amount of benefits per unemployed person as a percentage of an active person's income. Italy shows an expenditure slightly higher than new EU member states, but much lower than Northern countries. Unemployment benefits as a percentage of income are below 10% in Italy, while the EU averages are 18% for the EU-15 and 15% for the EU-25.

The biased 'proof' for privatization of social security

One of the most noteworthy developments in the social protection sector is the privatization of the Italian pension system. The issue is very complex and does not only involve welfare considerations.

The need for drastic reform of the public and compulsory pension system due to its financial unsustainability is an issue that began to have major public resonance at the beginning of the 1990s. There are basically three factors used as 'proof' of this necessity: serious accounting imbalances in the Italian Institute of Social Security (INPS), population ageing, and the forthcoming retirement of the so-called 'baby boom' generation.[4] All these factors are used to justify the reduction of benefits guaranteed by the public system and a shift to a private pension system. Italian public opinion is deeply convinced that some sacrifices need to be made in order to permit the system to survive. What public opinion is not told is that there are strong biases behind this 'proof'.

First, one important reason for the INPS accounting imbalance is that it is responsible for providing other social security benefits that should be paid with general fiscal revenues. The INPS balance sheet includes expenditures that have nothing to do with pensions; revenues and expenses related to the pension system are more than balanced. Furthermore, pension expenditure is expressed in gross terms, which means a significant part of this money is going to return back to the state as tax revenues.

Second, it is not only the ageing population that should be taken into account, but also those who are currently unemployed, especially since the unemployment rate is not decreasing. Finally, the retirement of the baby boom generation, which comprises approximately 60,000 people, will imply an expenditure peak 20 or more years from now, while the reforms introduced are supposed to reach full application in 2010.

Contributory and earning-related pensions

Based mainly on the abovementioned considerations, a reform process began in the mid-1990s and is still ongoing. The goal is to convert the system from a pay-as-you-go system with earnings-related pensions aimed at guaranteeing a replacement rate close to 80% in many cases, into a funded system with contributory pensions. Basically, this implies abandoning a system based on the principle of intergenerational solidarity where active workers pay for the pensions of the former workers who contributed to their growth, education and the build-up of the infrastructure essential for their work. Under the funded/contributory scheme, instead, every worker is self-reliant, saving an amount of money to provide for an adequate pension upon retiring. The reform has reduced the public retirement system for future generations to a social security transfer meant to avoid extreme poverty among the elderly population. The replacement rate guaranteed is on average around 40%.

Private pension funds

This brings us to the core of the process aimed at inducing people to shift to a private retirement scheme based on private pension funds. This intention is always justified through the idea of the public scheme's unsustainability combined with the supposed 'evidence' that the market is in the long run more remunerative than the public provision system (essentially based on the average GDP growth rate over the last five years). The point that is not made clear is the contradiction of a financial market growing constantly faster than the real economy. This phenomenon represents a redistributive process from the real economy made up of firms, work and wages towards the owners of financial assets: financial markets do not create wealth, they only redirect it. The outcome of this flow is the reduction of the wage share in the economy in favour of the capital share.

Pension funds have incredible power in the financial markets: they represent 30% of the financial instruments present on the New York Stock Exchange. Whoever has access to this enormous amount of money has access to enormous economic and political power: it is not by chance that pension funds are managed by a financial oligopoly composed by Merrill Lynch, Rothschild, Crédit Suisse, ABN AMRO and a few others (in Italy a handful of banks – San Paolo, Unicredit, Generali, Arca, Fineco-Capitalia and Monte dei Paschi – manage 70% of the funds).

In spite of the efforts of past governments to encourage people to shift to a private system, pension privatization is still at an early stage, mainly because of the complexity involved in the shift from a pay-as-you-go system to a funded system that will probably take generations to be definitively implemented.

Defence of public social services

Another ongoing process is aimed at reducing welfare universalism in favour of a market structure through the privatization of the provision of public services such as education, health care, energy distribution, collective transportation and water supply. Although the privatization process has been presented to the public as unavoidable and somehow 'scientifically tested' by economists, a great debate has arisen between those who believe that the market is the only way to reduce losses caused by the public structure's lack of incentives, and those who highlight the distinct role of public services which cannot simply be converted to commodities. In fact, even though their production might be feasible (and profitable) for private firms, the nature of these services has historically induced the state to guarantee and protect their provision, keeping the production or process under public democratic control.

Mainly following the European Commission's directives, the current government prepared a law approved by the parliament (the so-called Lanzillotta Bill, named for the minister of Regional Affairs) concerning the privatization of local public services. The final version of the law was fairly different from the first version presented to the parliament. The constant work of many civil society campaigns not only prevented the complete realization of the government's intentions, but also opened the way for a possible future return to local management of important public services. While within the earlier legislation the only way to provide those services was through a joint-stock company only partially controlled by the municipalities, the forthcoming law clearly distinguishes between two ways of provision of public services: the private one and public one. This might be seen as an important step to overcome the ambiguity nested in a system that used to consider as public the provision of services by a stock company which is actually a private institution aimed at creating economic profitability hardly consistent with the provision of public services.

Another significant outcome of the negotiations between government and civil society concerns water management. An amendment to another important law aimed at introducing more competition within certain markets (such as taxis, mobile telecommunications, petrol distribution and pharmacies) made it possible to exclude water from those goods and services managed by private companies. In Italy, water has been at the centre of an increasingly successful struggle against privatization. The Forum for Public Water, which brings together about 70 campaign groups and trade unions and over 700 municipalities, recently launched a national initiative to halt local water privatization processes and bring back the already privatized regional and local water services to public management. ■

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4 In the 1960s, due to improved living conditions, there was an increase in the birth rate, and the people belonging to this generation are supposed to retire in the mid-2030s.

KENYA

Is the glass half full or half empty?

The impressive advances in social security made in the early years of independence have been largely undermined in the last two decades by market-driven neoliberal forces, donor-imposed structural adjustment programmes, and domestic corruption. All of the eight registered custodians of pension funds are commercial banks, while many senior citizens must fall back on family security networks. Meanwhile, civil society efforts to provide alternative education for around 30% of slum-dwelling children cut off from formal schooling have been replicated by the government.

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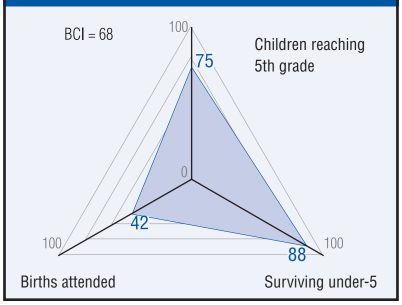
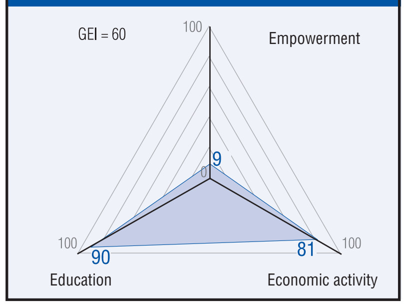
Njuguna Mutahi
Kenya Social Forum
Ayoma Matunga
Bunge La Wananchi
James Maina
Release Political Prisoners
Steven Musau
Migori Clan
Oloo Janak
Futa Magendo Chapters

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Social security in its broadest sense was at the centre of the Kenyan government's socioeconomic policy well before the attainment of national independence in 1963. Indeed, the manifesto of the party of independence, the Kenya African National Union (KANU), emphasized confronting the three main enemies of the young nation: poverty, disease and ignorance (GoK, 2002, p. 14). It was thus understood that secure livelihoods and universal health and education would be available to every Kenyan sooner rather than later.

During the first 10 years of independence, the government devoted considerable resources to expanding economic opportunities for peasants, small-scale traders and other players in the economy whose output would tackle poverty and economic insecurity head on. The creation of local capital formation opportunities through partially and fully state-owned corporations was also embarked on with commendable gusto. Africanization, Kenyanization and indigenization of the economy were not merely buzzwords, but rather deliberate government policy.

The government took steps to address the social security needs of its citizens by expanding educational opportunities, providing free health services and catering for senior citizens through a civil service pension scheme and the creation of the National Social Security Fund for the private sector. But these early gains have been reversed over the last two decades through structural adjustment-related donor conditionalities, neoliberal policies influenced by the corporate sector, and domestic corruption.

Insecurity in old age

In spite of the noble intentions to fight poverty, ignorance and disease, the government has not invested sufficient energy and resources in the future of its senior citizens. People who have graduated from active participation in the economy must fall back on traditional social security networks, which often means total dependence on their working offspring. Woe unto you if you do not have a wage-earning son or daughter!

Initially, the government created a pension scheme only for those who worked in the civil service. This made work outside the civil service quite insecure and led many to scramble for public service jobs, no matter how low the pay. However, due to deteriorating economic conditions, even this public service pension scheme has become more of a token than a guarantee of secure post-service livelihood.

For private sector employees, the National Social Security Fund (NSSF) was established in 1965. This was a contributory scheme where an employee contributed a fixed monthly amount that was matched by the employer. The funds could not be accessed by employees until they reached the age of 55, even if they retired earlier. The flaws in the NSSF were myriad. For instance, during its first 10 years of operation, women employees were excluded from the scheme. The first women were registered by the Fund in 1975 but did not contribute to it until 1977. In addition, private entrepreneurs and employees of the informal sector were not eligible for membership.

While the monthly contribution of KES 20 was reasonable at the time that the NSSF was established – when it was equivalent to USD 3 – it was not revised until the end of the 1990s, when it was worth a mere USD 0.28. As a result, the amount available to retirees at the end of a lifetime of contributions was not nearly adequate to ensure a secure livelihood.

It was not until recently that the government addressed the pension and social security sector. First, it amended the 1965 National Social Security Fund Act in 1987. This transformed the NSSF from a department in the Ministry of Labour into a state corporation with a board of trustees. Second, it liberalized membership to include the informal sector and the self-employed. Third, it sought to vary the employer and employee contributions to reflect prevailing economic realities.

Confronted with a growing population of retirees – partly due to the lowering of the age of retirement, which is now mandatory at 55 – the government was again forced to tackle the issue of social security towards the end of the 1990s. The single most important step was the creation of the Retirement Benefits Authority (RBA).

The RBA was created by the Retirement Benefits Authority Act of 1997, but did not become operational until January 1999. The objectives of the RBA include regulating and supervising the establishment and management of retirement benefit schemes; protecting the interests of members and sponsors of retirement benefit schemes; promoting the development of the retirement benefit sector; advising the minister of finance on the national policy to be followed regarding retirement benefit schemes; and implementing all related government policies (GoK, 2000).

In spite of the foregoing, however, the retirement benefit, social security fund and provident fund sector is overwhelmingly private sector-driven. As at the end of 2006, there were close to 1,700 registered and unregistered – but recognized – retirement benefit schemes. The majority of these (70%) are managed by the insurance industry, which controls about 10% of the total assets in the sector.[1]

Pension schemes hold an estimated KES 130 billion (USD 1.95 million) or 23% of the country's GDP. To underscore the stranglehold of the private sector on pension funds, it is worth noting that all of the eight registered custodians of pension funds are commercial banks. The 14 registered managers, 44 administrators and eight actuaries are all private companies as well (RBA, 2005).

The private sector domination of this sector has ensured that the profitable investment of these funds (in the interest of the companies themselves) has overshadowed their noble social mission.

Successful non-formal education

In keeping with the promise to fight ignorance as one of the Kenyan nation's three main enemies, the government invested commendably in the formal education sector in the immediate post-independence period. This spurred the expansion of education infrastructure, including the building of primary, secondary and vocational education institutions as well as middle-level colleges. Within 10 years of independence, free primary schooling was announced as a national project. This was later followed by a school feeding programme in the country's arid regions. However, these advances were subsequently undermined by the structural adjustment programmes imposed by international financial institutions.

From the mid-1980s, when structural adjustment programmes were fully implemented in Kenya, until the end of 1990s, enrolment in educational institutions at all levels plummeted. It was therefore music to Kenyans' ears when, in January 2003, the newly elected National Rainbow Coalition (NARC) government decreed free primary education once again. But this was done without understanding the problems that bedevilled the earlier attempt, and views are mixed on the benefits of this new initiative – particularly with regard to the imperative of quality.

It is estimated that between 30% and 35% of slum-dwelling children throughout Kenya are still cut off from formal schooling, despite the reestablishment of free primary education (GoK, 2006). When free primary education was relaunched in 2003, many thought this meant that every child of school-going age would be absorbed. But it turned out that, sooner rather than later, when the euphoria settled down, the reality remained. And the reality was that the same factors that had impeded many school-aged children from joining formal education in the past remained unchanged. Poverty, family breakdowns, parental neglect and child abuse, among other factors, continued to cause school dropouts. More recently, in 2004, a presidential directive reverted the heavy burden of the construction of classroom structures back to the parents. There are also PTA (Parents/Teachers Association) teachers paid by school committees with funds raised from the parents. School uniforms have remained mandatory for all children, and this is costly too.

These factors motivated numerous civil society organizations to experiment with alternative education systems. Some were short-lived, but others were wildly successful. One example of a successful alternative education system is the non-formal education programme of the Undugu Society of Kenya, known as the Undugu Basic Education Programme (UBEP).

When Undugu and other stakeholders began promoting non-formal education innovation in the 1970s, their efforts were not appreciated by mainstream education authorities. Non-formal education then was seen as an insidious attempt to dilute the quality and standards of education in the country. The government went so far as to accuse Undugu of sabotaging formal education in Kenya. However, non-formal education later proved to be a source of hope for the hopeless, a practical opportunity not only for those who could not afford the cost of formal education, but also all those wishing to bridge the gap created by missed educational opportunities in their childhood.

UBEP caters for children from the streets and slums who are unable to pursue formal education, either for lack of school fees and other school levies or for whatever other reasons. The three-year programme, which is followed by a year of exposure to basic technical skills, offers basic literacy and numeracy skills to learners, and runs parallel to formal primary school programmes (USK, 2000).

Children in non-formal centres such as UBEP do not pay the levies imposed on children in formal schooling. They do not even need uniforms. In other words, non-formal education is a more flexible and more affordable system. In this sense, non-formal education is committed to making it easy and possible for those who have been sidelined or marginalized by the formal education system to make up for the loss, and where possible, to catch up with others. The non-formal education learner is assumed to be more mature in age and thus more focused and better motivated to learn, and to learn at a greater speed. Three to four years are therefore assumed to be sufficient for basic education. The government later adopted the concept and now has a National Non-Formal Education Scheme.

The need to achieve social security

In Nairobi, 60% of the population occupies only 6% of the city's land and lives in informal settlements (UN-Habitat, 2005). The social insecurity in these informal settlements is not limited to ownership or user rights over land, but extends to incessant harassment by the landowners and administration officials (local chiefs and the police). In one of the Korogocho settlements of Nairobi, residents claim they cannot even repair the leaking roofs of their makeshift dwellings without permission from the area chief. Securing the chief's approval almost invariably involves a bribe, ranging from KES 100 (USD 1.50) to KES 1,000 (USD 15), depending on the chief's assessment of the level of need and ability to pay. For people who subsist on less than USD 1 a day, this is not a light demand (Kenya Social Forum, 2005).

Various surveys by the government show that more than 10% of the rural population is landless and about 44% owns less than two acres of land. Although there is evidence of the increasing importance of non-farming activities as sources of income and livelihood, access to farmland in rural areas still has important social and economic significance. Even those with industrial or intellectual sources of income still feel insecure if they do not own land.

For the urban poor, invasion of public land became the most popular (indeed the only) way of accessing land to put up their dwellings. This has recently changed, as wealthy and politically connected individuals have fraudulently appropriated most of the public land in urban areas. The alternative left for the urban poor, therefore, was to take up residence on land that is unfit for human habitation, ranging from the sides of railway tracks and highways – with a high risk of accidents and problems of exhaust fumes and noise pollution – to poorly drained areas that are prone to flooding, or the banks of rivers and inclines that are threatened by landslides as a result of rainfall or the removal of vegetation, as well as areas around factories, where both the air and soil are heavily polluted.

An analysis of crime trends also paints a worrying picture. Due to the apparent inability and/or unwillingness to act, many crimes are not reported. According to the government's own admission, over half of the victims affected do not report crimes to the police for various reasons. Still, a look at the crime profile from reported cases in the last five years tells a horror tale.

Insecurity affecting children and women – the groups that are most vulnerable by virtue of their removal from the mainstream of decision-making due to lack of economic clout – appears to be more pronounced.

Critical issues of access to land, land use planning, land administration, land information management systems, environmental protection, conflict management and restitution of historical injustices have begged redress.

Ad hoc policy reviews have been attempted since the mid-1960s in a bid to develop an integrated national outlook. These reviews have taken the form of parliamentary sessional papers, national development plans and sectoral action plans.

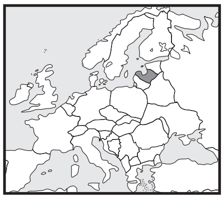
The need to eradicate hunger was recognized at the time of independence, and Sessional Paper No. 10 of 1965 on African Socialism and its Application to Planning in Kenya stated very specifically that hunger could only be eradicated through increased food production and land reform involving land adjudication, consolidation, transfers and resettlement.

(Continued on page 241)

1 For more information see: <http://allafrica.com/stories/200706260620.html>

■ LATVIA

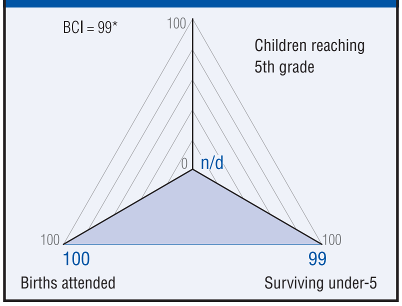
Most old age pensions fall short of basic needs



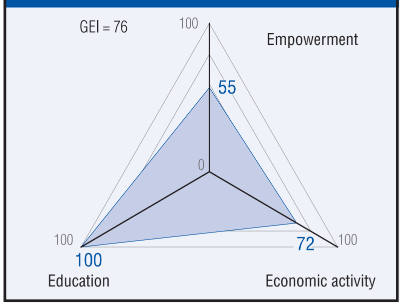
In the mid-1990s, Latvia became one of the first countries in Central and Eastern Europe to undertake radical pension system reforms, introducing a three-tiered system, raising the retirement age and limiting the possibilities of early retirement, all in the name of ensuring the system's sustainability. A decade later, up to 90% of retired people receive pensions that fall below the minimum subsistence wage level. Thus, instead of a time of well-deserved rest, retirement for the majority is a time of financial constraints and social exclusion.

MiTi Foundation
Gunta Berzina

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



On 18 December 2003, Latvian Minister of Welfare Dagnija Stake, together with Anna Diamantopoulou, member of the European Commission responsible for Employment and Social Affairs, signed the Joint Memorandum on Social Inclusion. The aim of the memorandum was to prepare the country for full participation in the European Union open method of coordination on social inclusion upon joining the bloc in May 2004.[1]

The memorandum was to have strategic significance by guiding the design and implementation of social inclusion policy based on defined priorities. It was a politically declaratory document defining short- and long-term activities to be implemented by the country to reduce social exclusion and poverty, paying particular attention to the people most vulnerable to the risks of social exclusion.

One of the principal political goals stated in the memorandum was to ensure an adequate income distribution. Considering that the social insurance contributions made by workers are rapidly increasing – the average wage has risen from EUR 215 (USD 288) in 2000 to EUR 550 in 2006 – one could presume that pension indexation would reflect this growth in income. Yet this has not been the case, as will be illustrated later in this report.

Pension reform and the adoption of a three-tier system

Latvia was one of the first countries in Central and Eastern Europe to introduce a multi-tiered pension system. Pension reform was set into motion in 1995, when Parliament approved the general reform guidelines developed in 1994. The Law on State Pensions, which enabled the implementation of the first pension tier, went into effect in January 1996; the Law on Private Pension Funds, which corresponds to the third tier, entered into force in July 1998; and the Law on State-Funded Pensions, which regulates the second tier, went into force on 1 July 2001.

The first tier in this new pension paradigm is a state compulsory non-funded social insurance pension scheme, based on the principle of intergenerational solidarity. It is essentially a traditional 'pay as you go' (PAYG) system in which those who are working pay for current pensioners' benefits.

The second tier is a state compulsory funded pension scheme, based on individual contributions to privately managed savings accounts financed from payroll taxes. Second-tier contributions are mandatory for employees who were under 30 in July 2001, when the scheme came into effect, and optional for those aged 30 to 49 at the time. Contributions will rise gradually from 2% of income between 2001 and 2006 up to 10% from 2010 onward, and contributions to the first pillar will be reduced proportionally (from 18% in 2001 to a matching 10% as of 2010).[2]

This mandatory fully funded scheme was originally administrated by the Latvian Treasury only, which was allowed to invest the contributions solely in government securities and term deposits with banks. Since 2003, however, workers have had the option to choose from a group of private providers who are authorized to offer a wider range of investment options and more diversified portfolios.[3]

The third tier is a system of voluntary private pension funds. Upon retirement, individuals who have invested in private pension funds can either receive a lump sum payment or life annuity from the private fund provider, or transfer the capital accumulated to the first pension tier in order to receive a pension based on the first-tier calculation formula.[4]

Other reforms adopted to ensure the future sustainability of the pension system included raising the age of retirement and reducing the possibility of early retirement. The transition to the new retirement age of 62 is being carried out on a step-by-step basis, with a six-month increment each year. The retirement age for men reached 62 in 2003, while the retirement age for women will reach 62 in 2008.

Workers who have made social insurance contributions for at least 30 years will still be able to opt for early retirement up until mid-2008, but from that point on, this possibility will be eliminated. For now, early retirement can be taken up to two years before the official retirement age.

Another form of early retirement that was a feature of the fully state-financed pension system before the reform was undertaken was that of 'long-service pensions', also referred to as service pensions. The former system allowed workers to retire with a pension before the regular retirement age in occupations that involved health-threatening working conditions – high stress, exposure to dangerous substances, noise, etc. – or when the ability to work in the occupation depended on age, as in the case of performing artists like musicians and dancers. Service pensions were also granted in the case of occupations or work positions considered to have special merit.

When the new three-tier pension system came into effect in 1996, it limited the availability of long-service pensions to a small number of public sector

1 <ec.europa.eu/employment_social/social_inclusion/docs/lv_jim_en.pdf>

* One of the BCI components was imputed based on data from countries of a similar level.

2 <worldbank.org/html/prddr/trans/marapr02/pgs34-35.htm>

3 <www.fiap.cl/p4_fiap_eng/antialone.html?page=http://www.fiap.cl/p4_fiap_eng/site/artic/20060529/pags/20060529155034.html>

4 *Ibid.*

posts, such as civil servants at the Ministry of Internal Affairs and the Constitutional Protection Bureau and public prosecutors. This move was highly criticized, especially since it eliminated the possibility of early retirement in occupations where continued activity genuinely depends on the workers' age and state of health. Performing artists, for example, are often not able to continue working in their professions until the age of 62, yet there are few other jobs they can turn to as an alternative.[5]

Pensions within the social insurance system

Funding for the social insurance system as a whole is based on the social insurance budget, which is divided into four 'special budgets': occupational accident special budget 1%; employment special budget 8%; disability, maternity and sickness special budget 16%; state pension special budget 75%. There are two basic principles underlying the current national social insurance system. The first is that social insurance service corresponds to the social contributions made, and the second is solidarity between those who pay social insurance contributions and the recipients of social insurance services.

According to the commitments made by the government, adequate state support should be available to everyone who needs it. Given that 75% of the total social insurance budget corresponds to the state pension special budget, and the vast majority (80.8%) of pension recipients are old age pensioners, it would be quite telling to take a closer look at the reality of retired people's lives in Latvia.

Pensioners living under minimum subsistence level

Two years after signing the Joint Memorandum on Social Inclusion, Minister of Welfare Dagnija Stake acknowledged in an interview with *Latvijas Avize* on 27 October 2005 that in order to provide a subsistence wage level pension for all the retired people in Latvia, the country would need an extra EUR 7 billion. In the same interview, she was forced to admit that 94% of pensioners were living under the minimum subsistence wage level at the time.

Latvia has no official poverty line or basic poverty line that could apply to its population and be accepted as the sort of critical minimum applied in other European countries. Under normal circumstances, the underprivileged can be seen as those whose monthly income per household is below the basic minimum wage. In 2006, the official minimum wage was EUR 130 or 76% of the minimum subsistence wage. This hardship is endured by 19% of the population.

On November 2005, the Cabinet of Ministers defined a new state-guaranteed minimum income (GMI) level, which was to be increased from EUR 30.17 in 2005 to EUR 34.48 in 2006. The amendments adopted provided for an increase in the income level for families or persons living alone and whose income does not exceed EUR 34.48 per person a month. According to statistical data, around 150,000 people or 6.5% of the total population fall in this group. There is no data provided on the age groups of those being forced to beg for help from the state to receive the miserable sum of just over EUR 34 per month.

TABLE 1. Minimum cost of living and income indicators (in EUR)

Year	2000	2001	2002	2003	2004	2005	%
Average value of minimum consumer basket of goods and services	159.57	158.88	148.73	145.11	146.17	**157.57**	100
Minimum wage						**118.76**	75.37
Average pension* in EUR	109.04	104.60	103.91	98.52	103.37	**115.70**	73.43
Minimum pension						**71.12**	45.14
State guaranteed minimum income						**34.48**	21.88

* The decrease in pension amounts in EUR is the result of rises in the exchange rate for the national currency, the lat. Expressed in national currency, the average pension has gradually increased from LVL 84.16 in 2000 to LVL 106.14 in 2005.

On 17 June 2006, the national news agency LETA reported that according to data from the State Social Insurance Agency (VSAA), 405,900 old age pensioners, or 86% of the total, receive pensions that are below the minimum subsistence wage. In other words, of the 471,200 people provided with old age pensions by the VSAA, only 14% receive a pension that exceeds the minimum subsistence level of the population as defined by the Central Statistical Bureau of Latvia. In fact, the lowest pension paid in 2006 was only 43.14% of the minimum subsistence wage.

The percentage of consumption expenditure allocated to food is recognized as an internationally comparable material welfare indicator. The provisional data from a household survey on consumption expenditures in 2006, compiled by the Central Statistical Bureau, reveals that in households of employers and the self-employed, as well as households of wage and salary earners, expenditure on food constituted 26% of consumption expenditure. Households of pensioners, however, devoted 43% of their total consumption expenditure to food.[6]

The Central Statistical Bureau also conducted a household survey in 2005 in which respondents were asked to self-appraise the financial and material situation of their own households. According to the survey results, slightly more than one fourth of households (26%) expressed the opinion that they are on the threshold of poverty, while another 5.6% of households consider themselves to be poor. In view of the income and cost of living figures presented in Table 1, these results come as no surprise. The situation is particularly difficult for pensioners: while the monthly cost of a minimum consumer basket of goods and services is estimated at EUR 157.57, the average pension is only EUR 115.70, while there are some who receive pensions as low as EUR 71.12.

Is it possible to survive?

On 17 April 2007 one of Latvia's leading daily newspapers, *Neatkariga Rita Avize Latvijai*, published an article entitled "Pensioners survive by working together". The article was an interview with Zenta Denisova, a retired history teacher who runs a Retired Teachers' Club.

"Complaining achieves nothing," said Denisova. "One may claim that you can't survive on one lat (EUR 0.7) per day, but we can. Only it is not a pleasant form of retirement, it is rather merely an existence. For many of its members, this club is the only hope in these booming millionaire times not to fall in a depression, and to be among peers. If the poor countries of the world have to survive on a dollar per day, pensioners in Latvia in comparison to most African countries don't even get that, due to the extra cost of winter heating."

During a meeting with Minister of Social Integration Oskars Kastens on 29 May 2007, representatives of the Latvian Pensioners Federation (LPF) pointed out that the elderly have been marginalized from general society. LPF leader Aina Verze noted that "pensioners are a central part of society who have given their working lives for the benefit of the state, and of course they are belligerent at the injustice forced upon them."

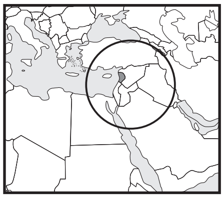
"Approximately 36,000 pensioners live below the poverty line and consequently have no possibility for a fulfilling life," she stressed, noting that the exclusion faced by the elderly impacts on almost every facet of life, from taking part in cultural events to maintaining their state of health.

Clearly, the government has a long way to go in making the promise of social inclusion a reality for the country's senior citizens. ■

5 <www.eurofound.europa.eu/eiro/2004/03/inbrief/lv0403101n.html>

6 <www.csb.gov.lv/csp/content/?cat=471&id=2921>

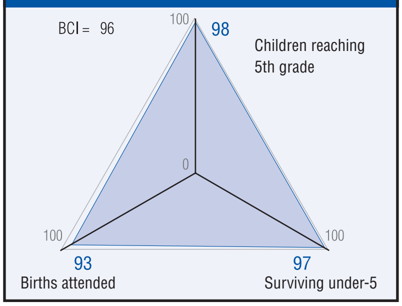
Gaps and efforts in social protection



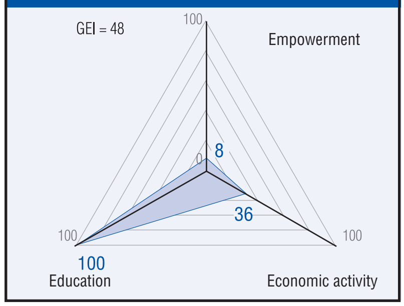
Lebanon lacks a coherent and comprehensive system for social protection. Over half the population is not covered by any form of health insurance, and retirement schemes exclude the most vulnerable and poor. NGOs play a major role in providing social assistance to those cut off from formal protection systems. Meanwhile, Palestine refugees, who comprise 10% of the population, face severe discrimination in the right to social security, to work, and to own property, resulting in high rates of abject poverty.

Arab NGO Network for Development (ANND)
Sawsan El Masri [1]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Social protection is defined as the set of policies and mechanisms in a given country to protect its citizens (or residents) from any risks they might face. In a country like Lebanon, faced with continuing political instability and its adverse impact on the country's economic performance and the people's living conditions, social protection becomes even more essential. However, is social protection given the priority it deserves? Are vulnerable groups and the poor adequately covered against the high possibility of shocks? What shape do the social protection mechanisms take? And what actions is the government planning to undertake to ensure proper protection for its citizens?

No health insurance for over half the population

Although Lebanon is considered a middle-income country, poverty rates are still relatively high. Around one quarter of its population is considered poor (deprived of basic needs), with 5% living in extreme poverty.

A major characteristic of social security mechanisms is that those most in need are the least covered. This is the case, for example, with regard to health insurance. More than half of the population (53.3%) is not covered by any form of health insurance. In terms of the type of health insurance, 23.4% of all residents are covered by the National Social Security Fund, 9% by health services provided by the Army and the Internal Security Forces, and 4.3% by the Public Servants' Cooperative. An additional 2.6% of residents are insured at their own expense, 2.2% receive private insurance through an institution or a syndicate, 1.7% are enrolled in a private insurance scheme at the expense of their employer, and 1.7% are covered by some other type of health insurance.

While there is no significant gender disparity in coverage – 43.6% of males and 46.3% of females are beneficiaries of some form of health insurance – coverage varies significantly based on age. The population aged 65 and above accounts for only 8.2% of the total number of beneficiaries (MoSA, 2006).

Regional disparity is a characteristic of poverty and inequality in the country, and disparity in health insurance follows the same pattern as disparity in other socioeconomic indicators. The peripheral regions like the Beka'a, South Lebanon, North Lebanon and Nabatieh have lower numbers of beneficiaries of insurance schemes – accounting for 10.9%, 8%, 15.4% and 4.1% of total beneficiaries, respectively – compared to central regions like the capital city Beirut (13.7%) and Mount Lebanon (home to 47.9% of all health insurance beneficiaries) (MoSA, 2006).

The absence of health insurance is highly correlated with unemployment. The unemployed and those who are unable to work represent 1.6% and 2.3% of the total beneficiaries of at least one type of health insurance, respectively. The correlation between poverty and the absence of health insurance is illustrated by the fact that the percentage of deprived households is 14% where the head of the household is covered by health insurance, while it increases to 34% where the head of the household is not covered by health insurance (MoSA, 2006).

Employment is the entry point for receiving health and social insurance. Once unemployed, beneficiaries and their families (as indirect beneficiaries) lose social insurance coverage. The current system, especially the public insurers, excludes the unemployed, agriculture workers, the self-employed, and those working in the informal sector (unskilled labourers, seasonal workers), who earn lower incomes and are more vulnerable to shocks and risks. Moreover, health and social insurance coverage of the elderly and the retired is largely limited to state employees and the staff of big corporations.

Poorest and most vulnerable cut off from retirement schemes

Retirement schemes are not much different from health insurance; similarly, they are largely linked to the labour market and generally non-universal. Only state employees (civil servants and military personnel), who account for around 10% of the labour force, have the opportunity to choose between receiving a monthly retirement income or a lump sum amount as end-of-service compensation after retirement. Those employed in the private sector, public utilities and municipalities – representing 25% of the labour force – do not enjoy the option of a continued retirement income. When they retire, they are entitled to an end-of-service lump sum payment only.

The better-off group includes those who are employers, self-employed or members of a liberal profession (lawyers, engineers, doctors) and therefore enjoy a middle to high income. Although they do not benefit from formal social insurance schemes, their income level makes it possible for them to invest in private pension schemes and/or accumulate substantial savings for the future. Much lower down on the ladder of protection are the wage earners employed in agriculture, construction, small business and domestic services. Workers in this group do not benefit from a retirement scheme unless they enter into one on their own initiative. The unemployed are definitely the most vulnerable, as they are theoretically and practically outside any protection mechanism. Lebanon does not have an unemployment compensation system to protect them while they are out of work, and when they reach retirement age, if they have not been employed, they will not be provided with the benefits of any retirement scheme.

1 The author acknowledge the kind support of Zena Ali-Ahmad.

Clearly the retirement system does not provide adequate coverage and excludes the most vulnerable and poor. Despite this poor performance, the retirement scheme covering civil servants, military personnel and private sector employees consumes 3.5% of GDP (2004), one of the highest levels of spending in the region.

NGOs play a major role in providing social services

Social protection mechanisms take two major forms. The first is that of institutional and formal mechanisms funded by contributions from the beneficiaries or their employers. Coverage by these institutions and mechanisms is based on the fulfilment of certain criteria, usually employment, as mentioned above. The second form is basically comprised by ad hoc interventions and programmes such as social assistance, relief efforts and credits that are financed by external or local funds and are usually managed by the government, civil society institutions, international organizations or the private sector.

Different government players are involved in mitigating the adverse effects of poverty, political instability and economic fluctuations. The Ministry of Social Affairs (MoSA) and the Ministry of Public Health (MoPH) act as a safety net to a substantive share of the population.

MoSA provides a wide number of social services (primarily health care and education) through a network of social development centres scattered all over Lebanon. In addition to social services, it provides in-house care to around 30,000 beneficiaries including children (especially orphans), the elderly and the disabled; this accounts for 60% to 70% of its budget.

MoPH, for its part, acts as a health safety net for those who are not covered by any health insurance scheme, by covering the costs of hospitalization in public or private hospitals. It should be noted that MoPH beneficiaries are treated on a case-by-case basis and have to negotiate before receiving service. The coverage does not include primary care, medical exams or consultations.

The role of NGOs in Lebanon is substantial. NGOs have played a major role in providing social assistance to the poor and vulnerable population in the past decades, especially during the years of civil war and the Israeli attacks. They have greatly contributed to the relief work and acted as a true safety net to a significant share of the population. Around 53% of the NGOs active in the country are primarily devoted to assisting the poor and the needy. The social assistance and support provided by NGOs gives priority to two major areas, the provision of health care and educational services, including literacy programmes.

In general, Lebanon lacks a coherent and comprehensive system for social protection. Spending on social protection is not proportionate with the outcomes reflected in the performance of the education and health sectors, where the vast majority of expenditure is allocated. The biggest share of the budget of the MoSA, public insurers and the civil sector is spent on education and health services, while the National Social Security Fund spends 32% of its budget on health, the Army spends 53% of its social budget on education and 40% on health, and the Public Servants' Cooperative disburses 55% on health and 40% on scholarships. The end result is that the provision of these services is mostly duplicated, largely improvised, and not always of sufficiently high quality.

Palestinian refugees: a neglected population

The official number of Palestinian refugees is currently about 409,000, which is roughly 10% of the population. Most of them live in 12 camps scattered throughout the country and are registered with the United Nations Relief and Work Agency for Palestine Refugees in the Near East (UNRWA),[2] which provides them with social assistance, particularly in relation to health care and education.

According to the UNRWA, all 12 of the refugee camps "suffer from serious problems – no proper infrastructure, overcrowding, poverty and unemployment." Lebanon is also home to "the highest percentage of Palestinian refugees who are living in abject poverty."

The deplorable living conditions are the cause and effect of the inadequacy or total absence of social services and protection mechanisms and deprivation of the right to work. The refugees are not allowed to practice a number of professions, including pharmacy, law, medicine and journalism, in addition to a list of dozens of other trades and professions, as they do not have Lebanese citizenship. Palestinians face similar discrimination with respect to the right to social security. With the exception of those working at the UNRWA, who enjoy the benefits of a secure job, Palestinians face severe discrimination in the right to work, to social security, and to own property, and this is reflected in increased poverty and worsening living conditions.

Plans for future action

After the Israeli attacks waged on Lebanon in July 2006, the international community gathered in January 2007 at the Paris III Donor's Conference to support Lebanon. The Lebanese government submitted a Social Action Plan to the conference, outlining the basic starting points for enhancing the living conditions of the poor and vulnerable groups, as well as improving the shortcomings in the social sector. The plan aims at 1) reducing poverty and improving education and health indicators; 2) improving the efficiency of social spending; and 3) minimizing regional disparities and achieving better dissemination of allocations in the national budget for social intervention. The objectives of the plan are to be achieved through strengthening social safety nets in the short term and introducing social sector policy reform in the medium to long term (GoL, 2007a).

In addition to the Social Action Plan, the "Recovery, Reconstruction and Reform" paper submitted by the government to the Paris III conference called for a reform of the pension system in Lebanon as a top priority (GoL, 2007b). The reform will work on merging the different systems into one modern scheme, reducing administrative costs, and extending coverage to the self-employed and casual workers with limited savings capacity. Implementation plans for these reforms are currently in preparation and efforts are underway to secure the needed funding.

In general, the Lebanese still rely on family and community networks for protection, especially when they are old or unemployed. More than half of the population, including the very poor and vulnerable, is not protected by any formal systems. The government appears to be committed to reforming and improving social protection mechanisms, as reflected in the documents submitted to the Paris III Donors' Conference, including the Social Action Plan. However, the government needs to translate this commitment to reform and cost-effective protection mechanisms into long-term and sustainable changes that prioritize the needs of the poorest and most vulnerable segments of the population. Reform plans must be linked to the adoption and implementation of comprehensive and integrated social policy. There is also a need to revisit the role of the state in relation to other partners to lead to a systematic and efficient division of labour between the state, NGOs and the private sector on the basis of a lengthy process of social dialogue involving the different stakeholders and partners. ■

2 <www.un.org/unrwa/>

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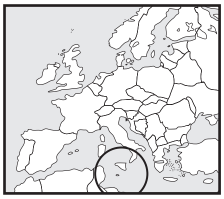
MALTA

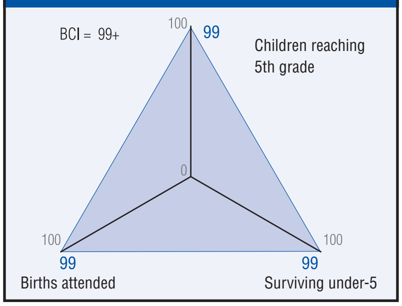
Will EU inroads foster greater social security?



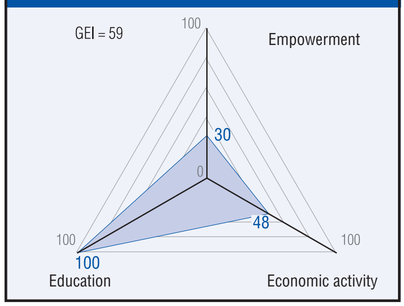
In 2006, Malta continued its inroads within the EU, with reforms in legislation aimed at adopting EU directives and reaching EU targets. Still, women face disadvantages to build an adequate pension and the new social security scheme may lower pension payments. Meanwhile, Malta claims to devote 0.15% of its GNI to 'development aid', although how much of this money actually goes towards its stated goal is highly questioned.

Kopin
Joseph M. Sammut

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Advances in gender equality

The legislative framework for gender equality improved considerably in Malta on joining the EU in 2004. Malta is continuously updating its own legislation in line with existing European Community legislation on equal gender treatment in the areas of employment and social solidarity. The employment rate among women registered a slight increase (one percentage point) between 2000 and 2005. There is still a large gap between women (33.7%) and men (73.8%) in the rate of employment. The employment rate for older women is 12.4% compared to 50.8% for men. The rate of employment for women between the ages of 20 and 49 falls by 8.9 percentage points when they have a child, while that of men increases by 4.4 percentage points. Around one fifth of working women (21.8%) work part-time, as compared to only 4.5% of working men. Malta has the widest gender imbalance in the EU regarding political decision making, with women holding only 9% of seats in parliament, while in the economic sphere, women account for only 17.7% of managerial positions. However, Malta tops all EU countries as the least inequitable with regard to the gender pay gap (4%). Women also represent the majority of new higher education graduates (57%), although this fact is not yet reflected in the different spheres of society. At the social level, women – and especially elderly women and single mothers – are at a greater risk of exclusion and poverty (Eurostat, 2006).

Poverty and social exclusion

The at-risk-of-poverty rate for 2004 stood at 15.5% among women (compared to an EU average of 20%) and 14.2% among men (EU average 15%). Children (21.9%) and the elderly (16.5%) are the population categories at highest risk of poverty. When analyzing poverty by household type, single-parent households (which are mainly headed by women) account for the highest percentage (47.9%) (NSO, 2007b). Half of the unemployed fell under the poverty line, in contrast to 5.5% of the working population. Most of the unemployed under the poverty line were male (53.7%). The ratio between the highest and lowest equivalized income quintiles was estimated at 4:1. The overall poverty rate in Malta (14.9%) is 1.1 percentage points lower than the EU average (16%) (Eurostat, 2007, figures for 2004).

Pension reform based on EU policy

Malta, like other developed countries, is facing an ageing population. Due to the effects of demographic trends on economic and social policies, a bill to amend the Social Security Act was presented to Parliament in July 2006 and became an Act on 1 January 2007 (Malta Parliament, 2006). The Act introduced a new pension system that responds to the need to provide for adequate and sustainable pensions in view of future trends. The new system is built on the EU policy (European Commission, 2003) to improve incentives for older workers to remain longer in the labour market, to strengthen the link between contributions and benefits, and to increase public and private funding, in light of the long-term implications of increased life expectancy on pension expenditures.

The government adopted a White Paper on a pension reform strategy in November 2004 and asked social partners and other interested parties to provide feedback and submit proposals. A multidisciplinary team was created to form the Pension Working Group (2005), which assessed the feedback received and presented its final recommendations to the government in 2005. That same year, the Ministry for the Family and Social Solidarity (2005), in collaboration with other concerned ministries, released the National Report on Strategies for Social Protection and Social Inclusion, which included a section on pension reform.

The old contributory social security system, introduced in 1956, catered for old age pensions and survivors' pensions. In 1965 the system was expanded to include disability pensions. In 1979 a mandatory earnings-related pension scheme that covered old age pensions and survivors' pensions was also introduced. It is called the 'two-thirds pension' because the initial benefits upon retirement were calculated as two thirds of the average income during the highest-earning three years of the previous 10 years, after a contribution period of 30 years. The retirement age was 60 for women and 61 for men. The lower the number of years of contributions, the lower the pension disbursed, and at least 10 years of contributions were required to be entitled for such a pension.

From a benefit scheme to a contribution scheme

The new pension reform gradually increases the retirement age from 60 and 61 years to 65 years for both genders. Workers will have to contribute to the scheme for 40 years in order to qualify for the full two-thirds pension, which will now be based on the average salary during the highest-earning 10 of those 40 years. The old system capped at a maximum pensionable income (MPI) of EUR 15,525 (USD 21,475). The new system raises the amount in accordance with the increase in the cost of living adjustment until 2010. By 2014, the MPI will be gradually increased to EUR 20,700 (USD 28,630), and social security contributions will be adjusted in line with this new MPI. After 2014, revision adjustments will be weighted 70% on wage indexation and 30% on inflation. Currently, the national minimum pension is equivalent to four fifths of the national minimum wage for married people and two thirds of the national minimum wage for single people. For people born on or after

1 January 1962, the guaranteed national minimum pension will be equivalent to 60% of the median national income.

A clause was also introduced through which persons over 61 years of age who were born on or after 1 January 1962 and have 40 years of credited contributions can opt for early retirement and start collecting a pension, as long as they do not resume paid employment before reaching 65. In addition, the Act established the crediting of contributions for parents (including adoptive parents) who were born on or after 1 January 1962, who have the legal care and custody of children less than six years old (or 10 years in the case of severely disabled children), and have stopped work to take care of their children. This provision applies to both mothers and fathers, who can claim the crediting of contributions for up to two years per child (four in the case of disabled children). The new Act also gives one year credit for students and workers who want to further their education and skills. Meanwhile, people working on a part-time basis can be granted the reduction of the minimum national insurance contribution to one tenth of their weekly earnings.

The new scheme mentions the introduction of a second pillar private pension at a later date, and a third pillar pension which is to remain totally on a voluntary basis. The second pillar will be built by directing a percentage of social services contributions to be invested through a retirement fund handled by professional fund managers. The government plans to introduce the second pillar scheme at the 'opportune' time, depending on the economic climate, so as not to impose heavier burdens on workers and employers.

The new pension scheme maintains the pay-as-you-go nature of the existing pension system, but has made substantial changes to the accrual of pension entitlements, the age at which benefits can be drawn, and the contribution periods required. Essentially, there has been a shift from a defined benefit pension scheme to a defined contribution scheme, which in turn shifts more risks towards the individuals concerned and results in a more restricted distribution to lower income earners and women.

Women disadvantaged to build an adequate pension

In principle, the new pension system gives everyone the same possibilities of building an adequate pension. In Maltese society, however, many women still devote more time to unpaid work and less time to paid work than men, which results in lower average pensions for women. The trend is for women's career patterns to be shaped by their care obligations towards the family. Statistics show that the most common reason for women to be unemployed is due to personal or family responsibilities (44%) (NSO, 2007a). The 2005 employment rate for women, 34.9%, is considerably below the Lisbon Strategy target of 60%, as is the employment rate of older workers (31.5%). The employment rate for older women of 12.4% is amongst the lowest in the EU-25 and decreased by 1.5 percentage points between 2003 and 2004.

Under the new scheme, it will be difficult for many married women and mothers to reach the 40-year target for a full two-thirds pension; women in certain age groups, who stopped participating in the economy for a period of 10 years or more, will not have made the contributions needed to qualify. Although the new scheme gives two years credit for each child, considering the wide gender gap in employment rates there is a need for more effective means to protect women against discrimination in their old age. Women should be better remunerated for their care-giving role in the family, a factor which has a considerable weight in Maltese society.

The new pension system does not include an automatic scheme for persons who care for elderly and less healthy individuals. The Social Security Act provides for a carer's pension for single people who have left the paid work force to care for their elderly relatives, but this is governed by a means test and subject to certain conditions; for instance, the patient must be bedridden or wheelchair bound. In several EU countries, care of the elderly has begun to be credited within the pension system (European Commission, 2006, p. 142), an important feature left out of the new pension scheme even though home care is considered a priority in elderly care in Malta (MFSS, 2005).

Pension payments on the decline

Due to the considerable lengthening of the measuring period from the top-earning three of the final 10 years (a period when workers would be near the top of their earning history) to the best 10 of the full 40 years, the remuneration may no longer be representative of the final salary of workers before they retire. This kind of reform is more likely to harm those who had steep earning rises in their careers, but may not be any more beneficial to those on a low-income trajectory. With the new changes, pension payments are expected to be on the decline, which in turn is likely to raise the risk of the elderly falling back on means-tested social assistance or dropping below the poverty line.

The shift to a more direct contribution scheme and the determination of benefits by the amount of funds accumulated make it crucial to have an adequate crediting system in place for periods during which workers are prevented from contributing by circumstances such as illness, unemployment, training, or caring for children and the elderly.

The second pillar, when introduced, creates new questions. In general, multi-pillar reforms are still too new for their long-term impact to be evident. A study by the Hungarian Central Bank (Orban, 2005) notes that "the returns recorded so far in the private pension funds fall short of expectations and, on the condition that these low returns persist, the second pillar is projected to provide annuities that do not make up for the reduction in benefits received from the public pillar." Shifting the weight to a direct contribution structure increases the risks shouldered by individual contributors instead of the state, and can reduce the redistributive element present in a more public direct benefit. Given the gender differentials in employment in Malta, it will also tend to lead to greater gender inequality. The second pillar will also introduce investment and administrative charge risks to pension schemes.

The shift to more direct contribution implies that an individual's contributions and benefits will become directly linked, reducing the possibilities of redistribution. Such a move will be negative for lower-income individuals. The longevity risk is shifted squarely to the shoulders of individual contributors of the same generation and not borne by the state, since the move to a direct contribution scheme shifts the financial risk of changing economic and demographic factors from the state to the individual. Taken together, all these measures tend to disadvantage those with low lifetime earnings, and their net outcome increases the risk that women will continue to have lower annual pension incomes.

In general, the parametric reforms are driven by the objective of increasing revenues and decreasing 'generosity' in terms of the annual pension benefits paid out, and thus they are likely to have a negative impact on the incomes of certain strata of pensioners. The new pension reform is mainly driven by demographic pressure and fiscal stability concerns, and its impact on income adequacy and pensioner poverty does not always appear to have been given sufficient assessment. The new reform sends a clear signal to individuals that they need to work more to qualify for the same benefit, rather than simply cutting benefits and then possibly facing a political backlash and being forced to increase them once again. Pensions were introduced in Malta not by chance, but as the result of social consensus after the Second World War that poverty among the elderly must be eliminated.

Social assistance to refugees

The government offers asylum seekers and refugees free accommodation in open centres, as well as an allowance for food and transportation for unemployed immigrants. Services and the duration of the period for which services are offered are regulated by an 'integration and service agreement' or a 'return and service agreement'. Refugees are given social security benefits and are also assisted with a rent subsidy (MFSS, 2007).

As of January 2007, the daily allowance given to unemployed refugees in open centres varies according to the status of the immigrant. A person with temporary humanitarian protection is given EUR 4.65, an asylum seeker (someone who is still awaiting a reply from the Refugee Commission) receives EUR 4.65, and a rejected asylum seeker receives EUR 3.5. Couples with children receive EUR 2.33 for every child. Persons with refugee status receive weekly social security benefits which amount to EUR 81.20 and EUR 8.14 for every dependant.

Both refugees and individuals with temporary humanitarian protection are entitled to work after being issued a work permit by the Employment License Unit, valid for one year. Upon employment, all social security benefits and allowances are stopped. All allowances given in the open centres as well as social security benefits and rent subsidies to refugees are taken from the government budget. All immigrants, irrespective of their status, are entitled to free health care.

(Continued on page 242)

MEXICO

Right to social security under threat

A social security regime benefiting salaried employees and their families does not cover the informal sector or the unemployed and half of all children are unprotected. The pension system has been subject to regressive reforms, which have been opposed by workers through political mobilization and legal action.

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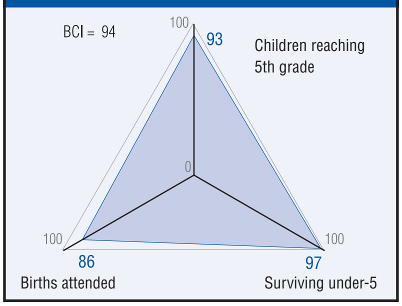
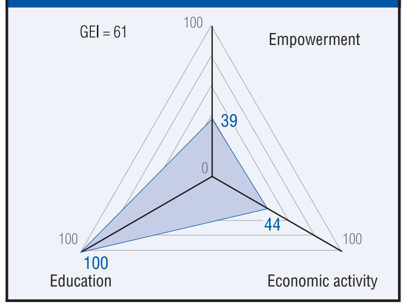
Endorsed by Espacio DESC[3]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Poverty, inequity and inequality in access to services

In the 2007-2012 National Development Plan (PND), the federal government acknowledges the reduced economic growth that has been reflected in an insufficient generation of formal employment positions and almost no increase in real salaries, thus preventing sustained increases in family income and exacerbating the persistence and intensity of poverty. Inequity in income distribution has also not improved in recent years and unequal opportunity persists, in particular manifesting regionally between different states and municipalities.[4] The PND acknowledges that public health service coverage is still not universal, that it is very difficult for most people to pay for private services and that great inequalities persist in the quality of services, these being associated with insufficient infrastructure and supplies, as well as problems related to the number and distribution of qualified personnel.[5]

Limited social security coverage and increasingly precarious employment

In Mexico the constitutional basis of social security resides in article 123 on employment and social security.[6] Within the framework of international law protecting the right to social security, Mexico has ratified the International Covenant on Economic, Social and Cultural Rights (ICESCR), the American Convention on Human Rights, the San Salvador Protocol and several International Labour Organization (ILO) Conventions including No. 102 on social security (minimum standards).

According to Article 2 of the Social Security Law, the aim of social security in Mexico is "to guarantee health care rights, medical assistance, the protection of livelihood and social services that are essential for individual and collective well-being, as well as the provision of a pension that, where applicable and where legal requirements have been fulfilled, will be guaranteed by the State."

In general the system is based on an occupational model[7] and benefits salaried workers and their families, providing health care services, pensions and some contributory social and economic benefits. But this model does not cover, for example, the unemployed or those working in the informal sector. According to official figures for the first quarter of 2007 (INEGI, 2007, p. 5-6), the unemployed numbered 1.7 million, resulting in an official unemployment rate of 4%, while informal sector workers numbered 11.4 million, equivalent to 26.9% of the economically active population in employment.

Moreover, according to the National Population Council (CONAPO) half of Mexico's 31.7 million children are not covered by social security.[8]

It is also apparent that with the advance of job market flexibilization, the ratio of temporary workers to permanent workers is increasing, and the former do not receive social security benefits even when they are working in the formal sector. According to the Mexican Social Security Institute (IMSS) 2004 report, jobs with social security coverage frequently pay less than jobs without it, and this encourages workers to choose employment that does not provide IMSS coverage, or informal work, because it pays more than formal employment with social security (CESOP, 2004, p. 28).

In 2006 a total of 58,302,000 people held benefit rights, 47,536,000 through IMSS and 10,766,000 through ISSSTE (INEGI, 2006). According to the National Occupation and Employment Survey 2006, just over a third (35.7%) of the employed economically active population had access to health institutions, while the other 64.3% were without coverage.

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2 Consultoría Especializada en Justiciabilidad de Derechos Económicos, Sociales y Culturales (CEJUDESC), independent lawyer member of Espacio DESC. Contact: <cejudesc-olvera@yahoo.com.mx>.

3 Espacio DESC, an alliance of civil society organizations that work for the promotion and protection of economic, social and cultural rights, was founded in 1998 and is a Social Watch reference group in Mexico. A complete list of participating organizations can be found in the section on organizations that promote and develop the Social Watch initiative at the beginning of this report.

4 Poverty reduction measures taken between 1996 and 2005 have merely re-established the same poverty levels that prevailed prior to the 1995 economic crisis. In 2005, approximately 18% of Mexicans were living in a condition of food poverty and 47% of the population in a condition of 'patrimonial poverty' (in which minimum needs for food, education and health can be met but with a per capita income that is not sufficient for the acquisition of minimum requirements in housing, clothing, footwear and transport for each member of the household) (PND, 2007, Central topic: Equality of opportunities, Subject: Overcoming poverty).

5 Mexico has 4,203 hospitals, 1,121 of which are public and 3,082 private. The public sector has an average of 0.74 beds per 1,000 inhabitants, which is less than the figure of 1 bed per 1,000 inhabitants recommended by the World Health Organization (WHO). Mexico has 1.85 doctors per 1,000 inhabitants, which is less than the recommended international average of 3 doctors per 1,000 inhabitants (PND, 2007, Central topic: Equality of opportunities, Subject: Health).

6 Article 123, Section A, sub-section XXIX for workers in general and section B, sub-section XI for state workers.

7 The universal or Beveridge welfare model incorporates citizens' basic rights to welfare, is characterized by unrestricted access to social services and is financed by taxes. The occupational or Bismarck model corresponds to the distributive principle of social security in which monetary benefits, and in particular pensions, depend on contributions made. (CESOP, 2004, p. 7-8).

8 "Sin seguridad social la mitad de los niños, revela CONAPO". *El Sol de San Luis*, 30 April 2007. Available from: <www.oem.com.mx/elsoldesanluis/notas/n259630.htm>.

TABLE 1. Summary of the main social security systems in Mexico

System	Type of financing	Legal basis	Involved stakeholders	Benefits covered
Mexican Social Security Institute (IMSS)	Individual contribution with a minimum guaranteed subsidy	IMSS Law	Tripartite: employee, employer and federal government Financial institutions (pension fund administrators)	Sickness and maternity; work-related injuries; disability and life insurance; retirement and old age pensions; child care and social assistance benefits
Public Employees Social Security and Services Institute (ISSSTE)	Individual contribution with a minimum guaranteed subsidy	ISSSTE Law	Tripartite: employee, government department and ISSSTE Pensionissste (state administrator) and financial institutions (pension fund administrators)	Health insurance (preventive, curative and maternity medical care, physical and mental rehabilitation); work-related injuries; retirement and old age pensions; disability and life insurance
State companies: Petróleos Mexicanos (PEMEX), Comisión Federal de Electricidad (CFE), Luz y Fuerza del Centro (LFC)	Solidarity scheme	Constitutional law and collective employment contracts	Tripartite: employee, state company and federal government	Sickness and maternity; work-related injuries; disability and life insurance; retirement and old age pensions; child care and social assistance benefits
Health Social Protection System operated through People's Health Insurance (SPS)	Public subsidy and pre-paid by non-beneficiaries of social security institutions	General Health Law	Federal and state governments and non-beneficiaries of social security institutions	Voluntary medical insurance including health care and medicines (limited to the Essential Services Catalogue)

Source: Compiled by authors based on official information.

Of those who did have access, IMSS covered 27.3%, ISSSTE 5.2%, state ISSSTE 1.3%, PEMEX together with the Navy and National Defence Department 0.7%, and others 1.2% (IMSS, 2007, p. 6-7).

To provide coverage for the 57.8% of the total population who are not insured by any social security institution (non-salaried workers, the self-employed and unemployed), People's Health Insurance[9] was created six years ago and by the second half of 2006 had 15,672,374 affiliates (IMSS, 2007, p. 7). However, the 2006 Alternative Report's chapter on the right to health care[10] condemns it as an instrument that institutionalizes a regression in the right to health care, violates constitutional principles of free and universal health care and follows the trend towards the progressive minimization and commercialization of services provided for the general public.

Regressive pension reform versus international recommendations

The 1999 Alternative Report alerted the UN Economic, Social and Cultural Rights Committee to the legal reforms of 1992 and 1997 that led to the replacement of the solidarity pension system by a system of individual contribution under the administration of finance institutions that charge a commission for account management and earn interest from the investment of pension funds in the stock market. The Committee expressed its concern to the Mexican government about social security system privatization "which could result in those who cannot make contributions to a private pension account being deprived of benefits…" (ECOSOC, 1999, E/C.12/1/Add.41, para. 24). The 2006 Alternative Report also condemned the performance of the Pension Fund Administrators (AFORES) and the precarious situation of IMSS and ISSSTE.[11] In response the Committee recommended a number of measures to the government, such as "a thorough evaluation of the modifications to the current pension system involved in the new law governing the Public Employees Social Security and Services Institute, as well as future modifications to other social security systems, in order to guarantee that such modifications do not generate employment insecurity for future pensioners or reduce the value of future pensions thus endangering an appropriate standard of living" (ECOSOC, 2006, E/C.12/MEX/CO/4, para. 35).

The ILO Committee of Experts on the Application of Conventions and Recommendations has recently issued an individual observation for Mexico in relation to Convention 102 on social security,[12] in which it requests from the government, among other things, the texts of the agreements with the private sector for the transfer of responsibility for services, in order to verify their compatibility with the Convention, copies of the inspection reports, and information from supervision bodies indicating the average percentage of commission paid to AFORES. It also notes that the minimum guaranteed pension for 2005 is equivalent to 30.82% of the wage of an ordinary adult labourer, which is considerably less than the minimum percentage prescribed by the Convention (40%), and that consequently the government is expected to adopt the necessary measures to raise the minimum guaranteed pension (CEACR, 2007, Doc. No. (ilolex) 062007/MEX102). The observation relates to the 1997 IMSS Law reform but it is foreseeable that the Committee will have to pronounce again on Mexico's non-compliance with Convention 102 in connection with the new ISSSTE Law.

A legal analysis[13] of the 28 March 2007 ISSSTE Law reform concludes that it is a regressive measure when compared with the previous legislation and that it contravenes both the Mexican Constitution and specific provisions of Convention 102 that the Mexican state has an obligation to comply with. Although the new law contemplates several types of insurance and benefits that could be said to fulfil obligations incumbent on Mexico, the truth is that they are regulated in a way that does not include the obligation to provide benefits "for the entire duration" of each contingency. Even worse, this law includes several specific articles that entitle ISSSTE to withhold benefits, either because the department in which an individual is working has not fulfilled its obligation to remit contributions or because of a discretional management of financial resources that employs a merely financial logic and not the criterion of rights fulfilment (provisions in articles 15, 25, 196 and 198 of the new Law imply a complete lack of security for workers). Furthermore, this law is based on an individual contribution system administered by private institutions, in contravention of the obligation that the social security system be collectively financed, as prescribed by ILO Convention 102.

Hundreds of thousands of public employees have politically mobilized and taken legal action against this reform. Among the legal actions instigated are the following:

- Writs of injunction: According to information from the Supreme Court, between May and July 2007 more than 160,000 legal actions were presented, of which 107,000 were admitted, and it is expected that the Federal Judiciary will protect workers affected and potentially affected by the reform.

(Continued on page 242)

9 See: <www.ssa-sin.gob.mx/SEGUROPOPULAR/Index.htm>.

10 The Report of Civil Society Organizations on the Situation of Economic, Social, Cultural and Environmental Rights in Mexico (1997-2006) is an alternative report to the 4th Periodic Report of the Mexican State on the Implementation of the ICESCR. Right to Health Care chapter, coordinated by COCOMI, Mexico, April 2006. Available at: <www.equipopueblo.org.mx> and <www.ohchr.org/english/bodies/cescr/docs/info-ngos/mexico-coalition_En.pdf>.

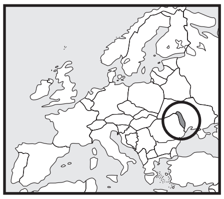
11 *Ibid.* Right to Social Security chapter, coordinated by Centro de Reflexión y Acción Laboral de Fomento Cultural y Educativo.

12 In 1961 Mexico ratified Convention 102, the following parts of which are obligatory: II (medical care), III (sickness benefit), V (old-age benefit), VI (employment injury benefit) and VIII-X (Maternity benefit, Invalidity benefit and Survivors' benefit).

13 This analysis is based on the claim under article 24 of the ILO Constitution presented by several trade unions and coordinated by Rodrigo Olvera Briceño, Consultoría Especializada en Justiciabilidad de Derechos Económicos, Sociales y Culturales (CEJUSDEC). Mexico, D.F., 6 June 2007.

■ MOLDOVA

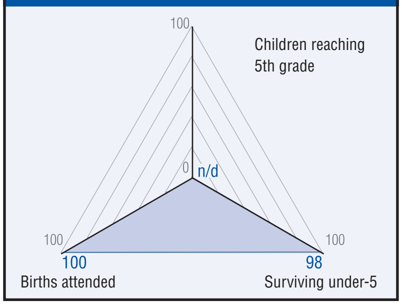
Old age pensions near the poverty line



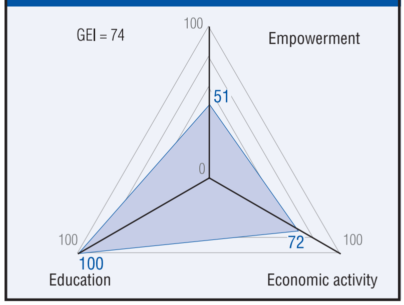
Despite comprehensive World Bank-supported reform of the public pension system, old age pensions remain very close to the poverty line. While current public expenditure on health care is significant compared to other former republics of the Soviet Union, the public health care system faces major challenges, including the loss of trained professionals to neighbouring countries. Meanwhile, community-based social services are being developed in partnership with civil society as an alternative to institutional services, especially for children and the elderly.

National Women´s Studies and Information Centre "Partnership for Development"
Diana Mocanu

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The reform of the pension system was supported in large part by the World Bank's Social Protection Management Project. The social insurance system from the pre-transition period could not ensure protection for the people of Moldova, and the elderly and poor were among the most vulnerable. Among other things, the system suffered from a poor political framework, a weak administrative capacity, and a lack of understanding by society. The country's overarching economic challenges further undermined the system's sustainability.

In 1998, things began to change. That year, with the assistance of the World Bank and European Union, Moldova's long-term pension strategy was finalized and a new law on state social insurance pensions was adopted, establishing a correlation between social contributions and pension size.

In 1999, Moldova asked the World Bank for support in implementing comprehensive reforms of the public pension system and designing a new organizational structure for social insurance. The project included analysis, monitoring and evaluation of social policies; strengthening of social protection management by creating and implementing an integrated information system; and better public information.

As a result of the project, the capacity of staff in the Ministry of Labour and Social Protection has been increased considerably through training. Social protection policies are evaluated regularly, social reports are published yearly, and the Moldovan people are well informed about reforms through public information campaigns that utilize brochures, radio and television programmes, public service announcements, and newspaper articles to spread the word.

The organizational structure of the National Social Insurance House (CNAS) was improved, taking into account international best practice examples, and staff members have been trained accordingly. Both the CNAS central office and local offices have been furnished with the equipment needed to ensure that individual records of social insurance contributions are kept, and many offices have been renovated. Communications and internet networks have also been installed.

The results of the project are clear. The number of contributions to the state social insurance budget has increased and the budget income has also risen. Pension arrears have been settled, and pensions are now indexed yearly. Employees can more efficiently monitor the payment of contributions by employers. Public communication regarding social protection policies has also greatly improved, and as a consequence, the population is better informed about the connection between the sums of social contributions transferred and pension size.

However, in 2006 retirement pensions averaged MDL 457.51 (USD 38), reflecting a 15% increase compared to 2005 (MDL 397.18 – USD 33). This level is very close to the poverty line. In addition, the replacement rate (payment size as a percentage of last income) continued to decrease, falling to 27% in late 2006 from 30% in 2005.

Public health system faced with serious challenges

Access to quality health services is a key problem for Moldova. According to a national household survey, only 44.1% of the country's population has full access to health services, 40% has limited access, while 15% has no access to health services at all. This situation is largely explained by economic factors. For example, direct payments for health care services significantly exceed the 15% share of the health care budget recommended by the World Health Organization (WHO). The low wages of medical staff also affect the accessibility and quality of health services. The Public Opinion Barometer Surveys carried out during 2000-2003 indicated that as much as half of the population in the Republic of Moldova who benefited from hospital care had to pay additional unofficial fees for health care services.[1]

During the implementation of the 2004-2006 Economic Growth and Poverty Reduction Strategy Paper (EGPRSP), the development of the health care sector was marked by the extension of the primary health care network, the introduction of mandatory health care insurance, and an increase in state budget contributions, which amounted to 3.5% of GDP in 2006. Current public expenditure on health care is significant compared to other CIS[2] countries, but is 1.9 times less than in the EU countries. Currently, about 75% of the population of the country is covered by health care insurance and over 80% of the population has access to family doctors.

The strengthening of primary health care is still one of the priority strategic areas in the health sector. In 2006, the average number of visits to the family doctor stayed the same as in 2005, and was 3.3 visits for insured persons and 2.7 visits for uninsured ones. The share of doctors' visits corresponding to preventive health care was 21% for adults and 49.7% for children. As compared to 2005, requests for emergency health care services had increased by 3.8%, while in comparison with 2004 they had grown by 22.3%.

Over recent years, specific actions have been undertaken to strengthen primary health care institutions in rural communities. However, there are still many challenges facing the health care system. With the exception of facilities renovated through the Investment Fund for Health Care project, the infrastructure of primary health care institutions tends to fall considerably short of expectations. Only 91 of the country's 979 primary health care institutions

1 <ec.europa.eu/health-eu/doc/lgbt.pdf>

2 Commonwealth of Independent States, a loose federation of 11 former Soviet Republics.

have new health care vehicles, and numerous institutions are operating in deteriorated premises and urgently need capital repairs or relocation. For the most part, health care equipment is old and outdated, which results in insufficient use of high-performance technologies for diagnosis and treatment. The poor working conditions for health care staff and lack of opportunities to use modern diagnosis and treatment technologies spur young medical specialists to migrate abroad. This problem has become even more acute as a result of substantial increases in salaries for health care staff in neighbouring countries. The number of family doctors in Moldova in 2006 was 2,031, which represented a 1.7% decrease as compared to 2005.[3]

The country also faces significant gaps in health care access between the poor and non-poor, and between rural and urban populations. About 25% of the socially vulnerable population of working age, mainly concentrated in rural areas, has no adequate access to health care services due to financial difficulties and lack of transportation infrastructure, among other factors. These sectors of the population are not covered by the mandatory health care insurance system. For example, in rural areas, a poor household spends 28 times less on health care services than a prosperous one. Uninsured persons may benefit from minimal health care provided free of charge by the state, which includes services offered as part of national programmes, family doctor consultations, and emergency health care for major emergency cases at the pre-hospital stage.

Unemployment insurance

Unemployed persons can receive unemployment benefits if they are registered at a district employment agency, have worked for more than six of the previous 24 months, and have no income of any kind.

Unemployment benefits are tax free and are allocated from the state social insurance budget. Depending on the reason for termination of employment, benefits represent either 30%, 40% or 50% of the national average wage during the previous year. The length of time during which unemployment benefits can be received varies in accordance with the amount of time the individual had been employed. It ranges from six months (for those who have worked at least six months), to nine months (five to 10 years) to 12 months (for those who have worked more than 10 years).

Growing number of children and adolescents in institutions

The limited access to specialized community-based services for children in difficult situations has fostered an increase in the rate of institutionalization. There are various reasons for which children are institutionalized: 36% of children in institutions were placed there as a result of diseases and disabilities; 16% after their parents' death; 27% because of their parents' poverty; 8% because of family problems; and 4% because their parents were unemployed. It is worth mentioning that some children are institutionalized because of the lack of primary education institutions in the localities were they live (0.2%). Often institutionalization is used as a means of resolving the problem of children who are left without permanent supervision when their parents leave to work abroad.

Support for immigrants and asylum-seekers

Asylum-seekers are provided with free legal aid and representation, and those considered as vulnerable refugees and asylum-seekers receive basic humanitarian assistance. Training activities specifically geared to the judiciary, police, lawyers and ministry-level officials have contributed to enhancing government expertise in the field of asylum. At the end of 2006, according to government figures, there were more than 160 recognized refugees along with more than 1,700 stateless persons living in the country.[4]

Social assistance for vulnerable groups

Expenditure on social assistance programmes has increased over the past few years, rising from 8.8% of GDP in 2004 to 11.7% of GDP in 2006. The system of 'nominative targeted compensation' – through which benefits are provided to households based on membership in one of 11 'socially vulnerable' categories, as opposed to financial need – continues to be the most expensive social programme, accounting for roughly 47% of social assistance expenditure from the state budget.

In the context of reforming the social assistance system, a pilot testing of a new mechanism for nominative compensation benefits was undertaken in 2006. Information was collected about the income of 25,099 families that are beneficiaries of nominative compensation grants. The analyzed data revealed that 56.6% of these households came from rural localities, whereas 43.4% were from urban localities. Two categories accounted for almost one half of all beneficiaries: 'second-degree' work disabled persons, who made up 34.3% of beneficiaries, and pensioners living alone, who made up 13.8%. Women represent over 80% of all pensioners who live alone.

The distribution of targeted compensation beneficiaries by revenue categories reveals that the disabled, participants in the Second World War, and victims of the Chernobyl nuclear disaster tend to fall into higher income categories. Individuals in these categories typically receive social assistance from other programmes as well. Meanwhile, the beneficiaries in the poorest categories come from rural localities and consist of 'third-degree' disabled persons, families with four or more children, 'second-degree' work disabled persons, and persons who have been disabled since childhood.

The lack of a single database of all social assistance beneficiaries makes it impossible to identify both the number of beneficiaries of social assistance and the number of social benefits rendered to them. Another problem is related to the lack of a recording mechanism focused on a 'family' approach, because within one family there may be two or even more persons entitled to separate benefits, which makes it impossible to evaluate the total amount of the assistance delivered by the state to vulnerable groups.

Promoting community-based services

Currently, the demand for community-based social services far exceeds the local public administration capacity. The need to develop cost-efficient services with a community accent, as an alternative to institutional services, is more than obvious. As a result, in some districts of the country, the local public authorities have entered into partnership with civil society groups and donors to develop such services. In 2006, the community-based services registered included 21 community-based senior citizens' homes, where 481 elderly people are provided with housing and access to different services, and 64 community-based social service centres that cater to 2,964 vulnerable persons, such as elderly people with disabilities, children and young people in difficult situations.

However, the most widespread social service at the local level is that of home-based services. A total of 2,329 social workers offer home-based services to 24,446 senior citizens living on their own and individuals unable to work.

There have also been new social service programmes established with the goal of decreasing school dropout and the institutionalization of children. In 2006, a total of 193 children who had been living in residential institutions were able to return to living with their families.

Alternative services are developed and delivered mainly with the support of civil society. At the same time, however, there is no state mechanism to certify social assistance services and control their quality. As a result, there is no way for the government to effectively monitor the situation of social services development, assess the costs of services, and create a competitive market for all social service suppliers. ■

3 <ec.europa.eu/europeaid/projects/tacis/pdf/moldova_ap_2005_pf_health_reform.pdf>

4 <www.unhcr.org/publ/PUBL/4666d24e11.pdf>

MOROCCO

Social protection hampered by bad governance

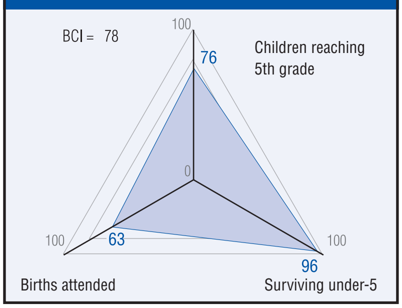
It is essential to overhaul decision-making and management mechanisms and re-launch public programmes to make them more efficient, and to create a synergy among the various components of the systems that provide services. There must be transparency to promote a climate of confidence among the different social actors, and to protect the people from economic and social risks.

Espace Associatif
Larbi Jaïdi

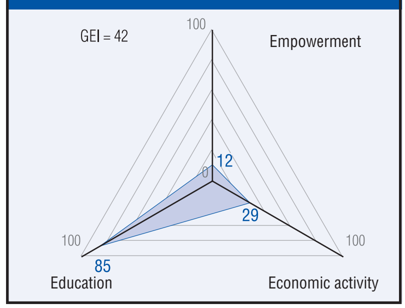
To produce this report, Espace Associatif[1] used a participative methodology based on a scheme proposed by an expert in this field, Larbi Jaïdi. A panel of 10 organizations[2] was set up, each from a different thematic area of social protection, and each organization completed an e-mail questionnaire giving its point of view in function of its own activities and objectives. Then there was a meeting at which representatives from the organizations exchanged views, and Larbi Jaïdi was able to check and complete the report. The organizations subsequently made amendments, and approved the final version at a second meeting with Larbi Jaïdi.

In October and November 2007, there will be a process of reflection, and proposals will be presented to involve more Moroccan social actors and NGOs and mount campaigns to promote change and raise awareness about social security in the country.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



At the start of the 21st century, Morocco is finding it difficult to achieve prosperity and social cohesion, partly because of backwardness in many areas of social development. A package of reforms was implemented more than 10 years ago and some notable progress was made, including an obligatory illness insurance law and reform to the Family Code, but major problems remain. Illiteracy is becoming more widespread, progress is not uniform or harmonious, and there is still gender inequity and great differences in development levels in different regions. In 2006, the UNDP Human Development Report ranked Morocco at 123rd in the world, which is very low. The reforms have still made hardly any visible impact on conditions of life in the country, and the greatest challenge facing the administration is to improve the governance of these social programmes.

Morocco has entered into numerous international commitments, including the United Nations Millennium Declaration, which binds the country to adopting human rights and gender equity approaches in public policies. This means the state must strengthen its capacity to ensure the promotion and protection of human rights, taking account of people's ability to have their rights recognized, and also to establish mechanisms to follow up and evaluate public action to make sure that these rights are completely satisfied. It is true that Morocco has taken some measures to improve the situation of women, including officially adopting the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), but the institutional dimension of the gender focus has not yet been consolidated.

Access to health: dysfunctions that jeopardize equity

Morocco has also made international commitments to provide national health care services for the whole population. However, in many cases people find they are hindered from actually accessing health care, and this is due to various dysfunctional weaknesses in the health system, including the following:

The fact that the general state of health of the people is still unsatisfactory. The maternal mortality rate is high, as are mortality rates among newborn babies and children under five years old; contagious illnesses still persist (there are 30,000 cases of tuberculosis per year) and so do maternal and perinatal health problems (27% of children born in rural areas and 13% in urban areas suffer stunted growth, and 12% of children in rural areas and 3.3% in cities are underweight); and non-contagious illnesses due to changes in people's ways of life have emerged (17.4% of the total of years of life lost through premature death are due to circulatory system diseases, 6.7% to tumours and 4.6% to respiratory diseases). There is also the problem of HIV/AIDS, which is still on the rise, especially among women, who account for 50% of cases in the last five years in contrast to the 1986 to 1990 period when only 20% of HIV/AIDS cases were women (Ministry of Health, 2005a).

Inequalities in the offer of and access to health care. In spite of the efforts that have been made, the health system still has numerous shortcomings including insufficient infrastructure and equipment[3] and geographical access problems in some parts of the country: around 31% of the population lives more than 10 kilometres from a health centre (Ministry of Health, 2005b).

Mechanisms to finance the health care system are underdeveloped, and only a totally inadequate 5% of the general state budget is allocated to this sector. To make matters worse, a massive 70% of the total health budget consists of operating credits; there is a lack of coordination between resource allocation criteria and areas of expenditure (the hospital

1 An association founded in 1996 to strengthen and promote the associative movement for democratic development in Morocco. Email: <espasso@iam.net.ma>; website: <www.espasseassociatif.org>.

2 This report includes contributions from Fatiha Daoudi, ADFM; Saïd Makhon, Al Amana; Ahmed Douraidi, ALCS; Najat Razi, AMDF; Mohamed Khattab, AMDH; Abdelaziz Ameziane, Carrefour associatif; Laïla Imerhrane and Amina El Gani, OMDH; Abdellah Lefnatsa, UMT; Abdelatif Ngadi, Transparency Morocco; Abdesselam Aboudrar, civil society activist.

3 At the present time there is one basic health care post per 14,012 inhabitants, which amounts to one hospital bed per 1,060 persons (Ministry of Health, 2005a).

network, outpatient services, training, etc.); there is scant financing from public sources;[4] services are of poor quality with long waiting times, examinations that are only superficial, illogical prescriptions, shortages of medicines and low health insurance coverage that provides protection for only 15% of the population (Ministry of Health, 2003).

The new Compulsory Health Insurance law (AMO) means a whole change of perspective for most people. It encompasses all public and private employees and is based on principles of solidarity and equity, coverage for everyone, and no discrimination for reasons of age, sex, type of activity, level of income or medical background. However, the evolution of health care and the rate of coverage are still subject to restrictions imposed by the financial equilibrium of the system.

The state, in cooperation with the banking system and micro-credit organizations, has set a series of initiatives in motion to provide coverage for self-employed workers in the expectation that AMO coverage can be expanded to include these specific categories. A bill is being prepared to enable economically vulnerable population sectors that are without coverage to benefit from a health care system (RAMED). But this project has run into difficulties in the implementation phase due to problems with identifying the beneficiaries, partial contributions from certain population groups, hospital reform and the participation of local communities in providing finance.

Limited retirement pension coverage

The retirement pension sector is made up of 10 different systems, and total coverage is still limited. In 2005, the four biggest retirement pension funds provided coverage for 25.6% of the economically active population (Ministry of Finance and Social Security, 2003). There is a generalized notion that these systems are generous, but in fact the average benefit per person is very meagre, indeed it is less than the minimum salary in the country. The retirement pension system has problems that undermine its financial stability and have a negative impact on its efficiency and future viability. These can be briefly summed up as follows:

- The retirement pensions sector is not organized in any legislative framework.
- There is not enough control or supervision.
- Contributions are low (5%) compared to other countries (Portugal 35%, Brazil 30%, Turkey 20%) and are increasingly insufficient to finance benefit payments.
- There is weak governance in the pension funds.
- The pension systems are not coherently coordinated (Ministry of Finance and Social Security, 2003).

The whole equilibrium of the system is at grave risk because the demographic balance essential to pension provision is expected to deteriorate over the next 30 years. Demographic projections cast doubt on the sustainability of the system, and people do not think it will be able to meet its commitments in the years ahead. In the long term, it will only be possible to counter the negative consequences for this sector if Morocco can achieve a good and long-lasting rate of economic growth. The traditional forms of solidarity and mutual support among people are disappearing, so the retirement pension system will have to be expanded, and there will have to be a change of mentality so that old age pensions come to be seen as a human right.

The condition of poverty

In 1999, there were approximately 5.2 million people (19% of the population) living below the poverty line. Rates were much higher in rural areas than in the cities (27.4% and 12%, respectively). The poor tend to have large families (70% have more than five children), low levels of education, a lack of assets and, most serious of all, they do not have land that can be cultivated. The unemployment rate is high in this population sector, reaching 30% in urban areas. An estimated 44% of children under 15 years old are living in poverty, while distribution by gender shows an increasing trend towards the feminization of poverty (Ministry of Economic Security and Planning, 2000).

There are various vulnerable groups in society that require attention, above all:

- Children: It has been calculated that there are 600,000 child workers, many of whom live on the street and are exposed to physical and sexual violence. About half a million children are beggars.
- Widowed, divorced and single mothers who are heads of households: Women in these categories who are more prone to poverty, in part because Moroccan legal statutes and inheritance laws discriminate against women and make them more vulnerable.
- People with different abilities: In 4.3% of households that are below the poverty line, the head of the household is disabled or ill (Ministry of Economic Security and Planning, 2000).

At the end of the 1980s, the government implemented a social strategy to combat poverty that was geared to expanding access to basic social services to include people in situations of disadvantage, increasing the number of jobs available for these groups and strengthening social care and protection programmes. The programmes to combat poverty, which were intensified between 1995 and 2005, have been aimed at promoting activities to generate income and foster youth employment. However, in many cases the plans to provide education, vocational training, basic health care, potable water, electricity and social housing have been distorted. Public effort in these areas has been dispersed, the programmes are not sufficiently coordinated, local communities are only involved to a limited extent, and follow-up and evaluation are lacking, all of which has tended to limit the impact of these programmes.

In May 2005, the government launched a National Initiative for Human Development, which shows that there is political will to tackle the problems of the needy, above all in poor urban neighbourhoods and disadvantaged rural communities. It is still too early to gauge the impact of this initiative, but already some flaws have become evident: the projects are slow to go into operation, there are no clear criteria for allocating funds, there is more concern with statistics and numbers than with actual concrete results, and there is friction between institutions as a result of the trend for human development committees to take over the role previously played by elected councils.

One measure in operation is a system of micro-credits, and while it is too early to tell whether this has been effective in combating social exclusion, the beneficiaries' living conditions have clearly improved and the scheme is expanding rapidly thanks to the opportunities it offers. At the end of 2006, the micro-credit sector represented a portfolio of 1,034,162 clients, most of whom were women (66%).[5] Micro-credits are clearly having a positive impact since most of the beneficiaries enjoy a rise in income, and participation in the programme fosters the diversification of activities. However, there is evidence that micro-credits basically serve as circulating assets, and that there is no particular focus on pockets of poverty.

Unemployment and lack of job stability

Some 1.5 million people are unemployed, and this problem is getting worse every year. In 2004, overall unemployment stood at 11.2% but there were big differences between the rural and urban rates, and also differences depending on gender and educational level. Long-term unemployment (more than 12 months) and 'recurrent' unemployment have become the main factors underlying social exclusion. The unemployment rate is higher for women (25.8%) than for men (17.4%), and unemployment among young people is increasing and causing serious concern. The percentage of young people who drop out of the educational system before graduating and therefore have poor qualifications is high, and this makes them more vulnerable to labour and social exclusion. Even young people with professional training find it difficult to enter the labour market. The relative weight of unemployed young people who have completed their studies is increasing because company recruitment practices tend to be very selective (Ministry of Economic Security and Planning, 2005).

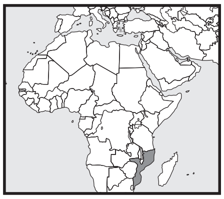
(Continued on page 243)

4 The main source of finance for health expenditure comes from households, whose direct contributions account for 53% of the total. National and local fiscal contributions account for only 25% of insurance payments and only 16% of treatment costs. Other sources of finance make very small contributions: 4% from employers (excluding the State and local communities) and 1% from international cooperation agencies (Ministry of Health, 2003).

5 FNAM: <www.fnam.ma/article.php3?id_article=180>. See also the website of one of the biggest micro-credit associations, Al Amana <www.alamana.org> and an evaluation of the contribution Al Amana makes to the development of its micro-enterprise clients.

MOZAMBIQUE

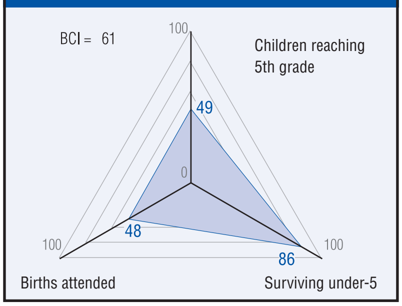
Management of public funds must be improved



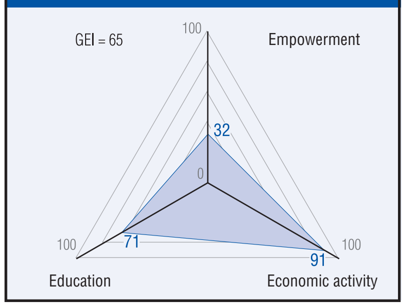
Although there has been economic growth in Mozambique in the last 10 years, the population's standard of living remains among the lowest in the world. The country continues to face enormous social, economic and regional gaps, and there are no clear inclusive and participatory public policies. Good governance is an essential requirement to provide the population with a minimum of basic social services and living conditions which can pave the way towards ensuring genuine social security.

Social Watch Mozambique
Mozambican Human Rights League
Custódio Duma
Joaquim Dimbana

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



More than 60% of the population still depends completely and exclusively on agriculture for survival. According to a recent Ministry of Agriculture report (SETSAN, 2005), there are 520,000 people in the south of the country who are facing a situation of extreme food insecurity and need immediate assistance. The number could rise to 660,000 if no help is forthcoming before October 2007. In the south, the production of cereals has fallen by around 30% and vegetables by 12%. The southern and central regions are ravaged by cyclones, floods and drought.

Meanwhile, the report *Poverty and well-being in Mozambique* (2004) reveals that rates of poverty in different regions of the country vary widely. The highest rates are in the central region (around 74%), and in the provinces of Sofala (87.9%), Tete (82.3%) and Inhambane (82.6%), but these areas are not very densely populated and only 28.2% of the poor live in them. In contrast, 39.3% of the nation's poor live in the much more densely populated provinces of Nampula and Zambezia, but although poverty rates are higher in these two regions the annual budget allocation they receive is less than the funds that go to other less impoverished provinces with smaller populations.

According to the report cited above, only 12% of rural dwellers have access to running water and only 31% have an indoor latrine, whereas in urban areas the percentages are 66% and 68% respectively. A mere 20% of the rural population have a health care centre or post in their village. This is probably the reason why some 60% of childbirths in rural areas take place in the home, while in the cities the rate is 16%.

According to the Joint United Nations Programme on HIV/AIDS (UNAIDS), life expectancy in Mozambique is just 41.9 years, among the lowest in Africa, and the HIV/AIDS pandemic is partly responsible for this situation.

Government plans to promote development

Official projections indicate that the country's economy will grow by 7% in 2007, and there will be one-digit inflation. Investment will be mainly concentrated on improving and harnessing infrastructure in the sectors of energy, communications and water supply in rural and peri-urban areas.

The current government has made the fight against poverty the main priority in its five-year plan. This is seen as a precondition for human, economic and social development not only in the countryside but also in the cities. There are huge differences between rural and urban areas and between the regions near Maputo and those farthest away, and these gaps are a long way from being rectified. The administrative unit in the country's 11 provinces is the district, and the idea is to use each district as a nucleus for national development. One of the most important elements in the five-year plan is the allocation of MZN 7 million (USD 274,000) to each of the 128 districts, to be used initially for public investment programmes.

In 2006, Social Watch Mozambique criticized this policy, alleging that the distribution of funds did not follow coherent allocation criteria nor was it proportional to the potential or the needs of each district. The project was a failure in terms of management, implementation and monitoring, which led the government to decide that the funds would be disbursed as credits or micro-credits to finance initiatives from local development organizations and associations. This connected state activity with the commercial bankers, in spite of the fact that it is a consultative committee run by the local administration that decides which organizations to finance.

The Mozambique school network will be expanded in 2007. There are expected to be 4.9 million pupils in the general education system (covering grades 1 through 10), which represents a 12% increase over the 2006 figure, and there are plans to build 1,425 classrooms throughout the country. This amounts to significant progress, but there are still serious problems as regards the distribution of school resources. The province of Zambezia, for example, has an enormous population but receives the lowest education allocation from the national budget.

There are also plans to build seven hospitals in rural areas, plus three health care centres and four medicine storage facilities, and to renovate another 17 medical facilities (hospitals and health care centres). In 2007 work will begin on the construction of a general hospital in Matola, training centres in Mocímboa da Praia in Cabo Delgado and Cuamba in Niassa, and the Infulene Institute of Health Sciences in Maputo. In addition, antiretroviral treatment will be extended to cover more than 96,000 people living with HIV/AIDS. It is estimated that around 1.8 million people in Mozambique are HIV-positive.

Foreign assistance

Overall government expenditure in 2007 is expected to be MZN 70.8 billion (USD 2.77 billion), and around 54% of this will come from foreign sources.

The World Bank promised USD 70 million in 2007 to support the government's programme to combat extreme poverty with the Social Economic Plan, and this sum came into the country's general state budget in the form of a credit. The government made a commitment to use these funds to reduce poverty levels and promote rapid economic growth that would be sustainable and inclusive, but it did not give any concrete data about the plan. The USD 70 million was to be handed over in two payments, one in each six-month period. A World Bank representative said that the poverty reduction assistance programme included a new series of credits whose main objective was to support the implementation of the Action Plan to Reduce

TABLE 1. Measures of the incidence and depth of poverty (using the basic basket approach)

	Incidence of poverty			Depth of poverty		
	1996-1997	2002-2003	Difference	1996-1997	2002-2003	Difference
National	69.4	63.2	-6.2	29.3	25.8	-3.5
Urban	62.0	61.3	-0.7	26.7	26.2	-0.5
Rural	71.3	64.1	-7.2	29.9	25.6	-4.3
North	66.3	68.1	1.8	26.6	27.7	1.1
Centre	73.8	59.2	-14.6	32.7	23.5	-9.2
South	65.8	63.6	-2.2	26.8	27.1	0.3
Niassa	70.6	61.2	-9.4	30.1	21.8	-8.3
Cabo Delgado	57.4	72.3	14.9	19.8	28.1	8.3
Nampula	68.9	68.1	-0.8	28.6	29.1	0.5
Zambezia	68.1	58.6	-9.5	26.0	21.1	-4.9
Tete	82.3	71.6	-10.7	39.0	34.2	-4.8
Manica	62.6	60.2	-2.4	24.2	26.3	2.1
Sofala	87.9	48.4	-39.5	49.2	16.6	-32.6
Inhambane	82.6	80.1	-2.5	38.6	41.3	2.7
Gaza	64.6	58.6	-6.0	23.0	19.7	-3.3
Maputo Province	65.6	66.9	1.3	27.8	28.9	1.1
City of Maputo	47.8	45.5	-2.3	16.5	16.2	-0.3

Source: *Poverty and well-being in Mozambique* (2004).

Absolute Poverty 2006-2009 (PARPA II). This will include three annual operations to be implemented between 2007 and 2009. The programme began in 2004, and the country received the sum of USD 60 million in that year.

In July 2007, the United States awarded Mozambique a five-year grant totalling USD 506.9 million, to be invested in reducing poverty rates in the country. The government has decided to invest these funds in the provinces in the northern region.

In Mozambique the financial sector is very weak because of high levels of corruption, a lack of transparency and access to information, fraud in the banking system, and the fact that the legal apparatus does not have the independence to tackle financial wrongdoing.

Failures in governance erode the people's trust

Poverty in the country is generally defined as serious deficiencies in the areas of nutrition, health, schooling, access to potable water, and a safe and healthy living environment, which are all critically important for individual well-being. Therefore, poverty is seen as an evil that must be attacked by implementing public policies geared to individual and social well-being.

This definition of poverty suggests that the government should implement public policies that are not just designed to improve the country's economic development indicators but are aimed at improving people's lives. Every day there are reports that large numbers of people are dying for lack of medical attention or medicines, and in the district of Chibabava in Sofala province there are many who have nothing but wild fruit to live on. The government went so far as to finance the purchase of donkeys at some administrative posts in the north of the country to help move sick people, and at the hospital in the city of Nampula there is a three-month waiting list for medical consultations.

Citizens' participation versus bureaucracy and centralization

Under pressure from donors, the government of Mozambique set up a mechanism known as the 'joint review' whereby each year the government itself, the donors and representatives from civil society review current economic and social plans by examining the balance of what has been achieved. This mechanism should be transparent and honest, but it is becoming more and more complicated and centralized because the flow of information is rather slow and the data that is supposed to be discussed, compared and monitored by those taking part is not received in good time.

In the joint review this year it was suggested that the problem was not that the government lacked the resources to improve the lives of the people, but that it lacked suitable public policies and the political will and ability to manage public funds. For example, in 2006 the Ministry of Justice received a mere USD 100,000 to reform the prison system, while a permanent secretary in the province of Sofala spent around USD 325,000 from the public treasury to buy and renovate a house for himself. This fact is on the record, documented in the accounts of the Administrative Tribunal.

It is this kind of mismanagement of public funds and poor rationalization of resources, plus the fact that state agents accused of corruption and appropriating public funds for their own ends are not brought to trial, that constitute the main obstacle to reducing poverty in Mozambique.

The wrong choices

In 2007 the government announced that it was giving priority to the 'green revolution', a programme whereby subsistence-level peasant farmers would be transformed into traders. However, this scheme overlooked the fact that agricultural techniques in the country are rudimentary and there is no incentive to modernize them. Something similar happened last year, when the government promoted the cultivation of jatropha to produce biofuel as an alternative to petrol, which was becoming more and more expensive. Vast areas of land were allocated to this crop, but today its future is unclear because there was no defined policy as to how this product was to be produced and exploited, and already people are talking about the negative and polluting effects this plant can have.

Mozambique is a member of the Southern African Development Community (SADC), and starting in 2008 various consumer products will be exempt from 20% of customs duties under the trade protocol in this regional agreement. Business leaders in the country are predicting disastrous results from this tariff change because they are not in a situation to compete with a strong economy like that of neighbouring South Africa.

Citizenship without security

The people of Mozambique are further and further away from being able to exercise their economic rights or enjoy the benefits of economic justice. It has been calculated that half the population is not officially registered, which means that these individuals cannot prove that they are citizens for any official purposes. One of the main reasons why enrolment rates in schools are so low is that many children are unregistered and do not have any kind of personal documentation or identity card.

Crime rates are increasing, mainly in the big urban areas, and according to the newspaper *Jornal Domingo* more than a thousand people were murdered last year alone. In 2006, a study by the Mozambique Human Rights League found that 69% of the young people involved in crime and prostitution in the cities of Beira and Maputo had resorted to these activities for lack of work, food or housing. This suggests that good health care and education have a direct impact on well-being, because they improve quality of life and the ability to participate in society, just as good health and education increase an individual's ability to be economically productive. ■

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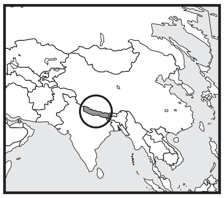
NEPAL

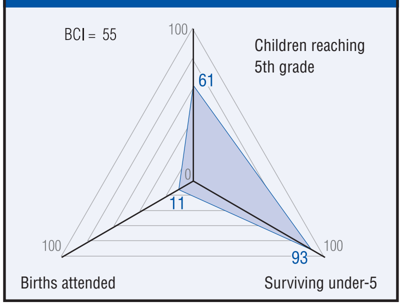
Social injustice and exclusion



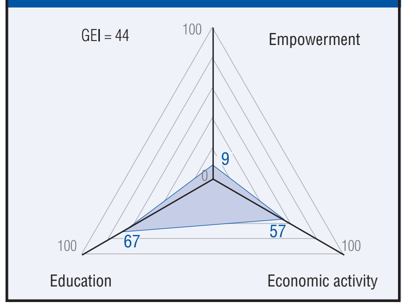
Only workers employed in the public sector are covered by the public pension system, and this group comprises only 4% of the population. There is no social security system for health established by the state, and the situation is particularly alarming regarding children. All this highlights the need to promote social security funds in various sectors, with the involvement of local bodies to ensure that development plans meet local needs.

Rural Reconstruction Nepal
Prajeena Karmacharya
Dr. Sarba Raj Khadka [1]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Despite more than five decades of planned development initiatives in Nepal, key issues directly related to social security remain unresolved, neglected and often even exacerbated. Many of the 'development strategies' adopted throughout these years have been hastily implemented ad hoc measures based on a combination of models derived either from other country experiences or simply from the standardized recipes of the International Monetary Fund (IMF) and World Bank (RRN and CECI, 2007).

Throughout the country, discriminatory practices rooted in traditions are mainly based on caste, ethnicity, class and gender. As a result, *Dalits* (members of the 'untouchable' caste), *Janajati* (indigenous nationalities), the poor and women are deprived of opportunities to meet their basic needs of food, shelter, education and health services. These discriminatory practices are more prevalent in rural and remote areas where unequal power relations, unequal distribution of land and income and a lack of basic facilities are common (ESCR Sub-Committee/HRTMCC, 2007).

Nepal is classified as a least developed country and is ranked 138th on the Human Development Index (UNDP, 2006). About 31% of the population lives below the national poverty line. Poverty cuts across all caste and ethnic groups, although most of the poor belong to either the *Dalit* and/or ethnic minority communities; the poverty incidence among *Dalit* and ethnic minority communities as a whole is above 40% (UNDP, 2006). Meanwhile, discrimination based on the patriarchal structure has stripped the majority of women of their human rights, and they are the most underprivileged even amongst the marginalized caste and class groups. Inequality in the distribution of wealth and income also contributes to socioeconomic insecurity. The poorest 20% of the population enjoys only 6% of the total income, while the wealthiest 20% enjoys 54.6%.

Nepal is currently a state party to 20 UN and seven International Labour Organization (ILO) conventions, including the UN Covenant on Economic, Social and Cultural Rights. Despite these commitments, the country suffers heavily from almost all the striking features of underdevelopment – such as rampant poverty, unequal distribution of, access to and control over power, resources and opportunities, social injustice and exclusion, exploitation, and discrimination – which have persisted for decades and by nature are deep rooted and complex.

Government spending on the social sector has remained extremely weak. Current public expenditure in health and education, a major portion of which is channelled to recurrent expenditures, is a mere 1.5% and 3.4% of GDP, respectively (UNDP, 2006).

Social security status and trends

The impact of privatization

Industrialization in Nepal was initially state-led, but in an attempt to globalize the national economy, the trade, investment, foreign exchange, financial and industrial sectors were deregulated, de-licensed and subsequently privatized. Although the IMF and the World Bank imposed structural adjustment policies in the 1980s, economic liberalization actually began in 1992. As a part of the development of the private sector, the government drew up the Privatization Act (1994), which led to the privatization of 17 out of 47 public enterprises. Of the 17 enterprises privatized, four have already closed down.

The privatization of basic services such as water, education and health has further increased inequality by decreasing both the quantity and quality of public health and education services. The so-called Melamchi Project – a major multilateral project to improve water supply to the Kathmandu valley – is being funded by many donors, including the Asian Development Bank, which is insisting on the privatization of the management of the state-owned Nepal Water Supply Corporation as a precondition to release its loans.

Furthermore, unlike public sector workers, many employees in the private sector are completely excluded from any formal social security system. At most, half a million out of the country's total of 11.2 million workers (barely 4% of the labour force) are under some sort of formal social security coverage.

Informal sector unprotected

The extraordinarily low rate of formal social security coverage highlights the need to promote social security funds in various sectors, with the involvement of local bodies like the District Development Committees and Village Development Committees, particularly for the large masses of the population who work in the informal and agricultural sectors (Upadhyaya, 2007).

Most workers in the informal sector are engaged in semi-skilled and low-paid jobs (Pandey, 2005, p. 101). People working in the informal sectors of transportation (such as rickshaw pulling), portering, hotel services, factory and industry services and agriculture are the least protected against unpredictable circumstances. A variety of labour contracts and piece-rate payment systems that are particularly prevalent in the private sector informal economy severely undermine the concept of social security for wage earners. There are also fewer and fewer opportunities for employment on a regular basis. The proportion of enterprises that employ contract workers in small numbers has grown from 54% to 61% (ESCR Sub-Committee/HRTMCC,

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2007). Women are again the most likely to be victimized, as there is no protection mechanism in the informal sector, and they are typically paid lower wages for the same types of work as their male counterparts.

Public health services neither sufficient nor reachable

The average health status of the Nepalese people is one of the lowest in the South Asian region. Per capita public expenditure in health is extremely low, roughly USD 2 a year (NPC and MOPE, 2003). The rate of infant mortality was 61 deaths per 1,000 live births in 2005, while the maternal mortality ratio was estimated at 415 deaths per 100,000 live births in 2002 (NPC and UN, 2005). Five to six thousand people die annually from tuberculosis and other waterborne diseases. The poor, *Dalits* and women in particular have difficulty accessing public health facilities due to their perceived 'lower status' in society (RRN and CECI, 2007).

The public health system is very weak, particularly in remote areas, while health services in the urban centres are highly commercialized. In most places where public health services are offered, they are barely functional due to the unavailability of trained human resources, essential medicines and/or treatment facilities. Only 13% of village health posts have electricity and only 29% have residential quarters for health professionals. Thus, health care infrastructures are neither sufficient nor reachable by people living in remote areas (ESCR Sub-Committee/HRTMCC, 2007).

Until now, there has been no social security system for health established by the state. Those who use health care services are obliged to pay medical bills irrespective of their economic status. The government lacks any provisions to insure medical services for the poor.

Alarming situation of children

Although the government has ratified the UN Convention on the Rights of the Child, the provisions made in the country's laws and the government's policies are inadequate to ensure the rights of children and youth. The situation is particularly alarming with regard to children. In the first six months of 2004 alone, the Nepalese organization CWIN collected 10,247 cases of child labour exploitation, child deaths, missing children, child abuse, child marriage, child sex abuse, child trafficking, forced prostitution, children in conflict and juvenile delinquency, and stressed that the reported cases represent only a very small fraction of the true magnitude of the problems faced by the country's children (CWIN, 2004). For the first time in history, the newly promulgated Interim Constitution of 2007 has enshrined the rights of the child in the list of fundamental human rights, but no steps have been taken as yet for the operationalization of this commitment.

In 2003, the government pledged to provide 'education for all' as part of its Millennium Development Goals (MDGs) commitments, stating that by 2015, every child between the ages of six and ten would have access to free and good-quality primary education irrespective of gender, ethnicity, religion, disability and geographic location. Until now, however, there is no sign of steps being taken towards developing the necessary infrastructure and system to ensure that the MDG target can be met in another eight years. Moreover, there are still roughly one million child labourers in Nepal who do not go to school (The Kathmandu Post, 2007). For its part, the Central Bureau of Statistics reports that a large number of children are out of school owing to the decade-long conflict between the state and Maoists that displaced over 100,000 families. The growth of school systems has been uneven and insufficient, as 8.6% of households, particularly in remote rural areas, still do not have access to primary schooling within a walking distance of half an hour, which is the national average. As a result, education and literacy programmes hardly reach the poorest sectors of the population (CBS, 2001).

Lack of pensions makes the elderly a burden

The population of Nepal is considered young, as about 39% of its total population is under 15 years of age and only 4.2% is above 65 years of age (CBS, 2001). However, aging is still viewed as a problem in Nepalese society. Elderly people are considered a burden for the family, since they cannot engage in gainful employment and the family has to take care of them. Only workers employed in the public sector are covered by the public pension system, and this group comprises only 4% of the total population. The pension is provided to employees who have worked for at least 20 years in a formal government institution (ESCR Sub-Committee/HRTMCC, 2007).

Conclusions and recommendations

Nepal has suffered not only from a decade-long violent conflict, but also from structural violence and pervasive marginalization of certain caste and ethnic groups, women, and people living in certain geographic regions. The planning process in Nepal is highly centralized, and there is often a mismatch between local level needs and national level planning processes. In order to make programmes more consistent with local needs and priorities, there is a need to link local necessities with national development plans (Manandhar cited in World Bank *et al.*, 2002). There is no real devolution of authority, power and/or resources to local levels, which makes bottom-up planning extremely difficult. Fundamental changes must be made not only in the content of development plans but also in approaches to plan formulation and programme implementation, so that people's basic needs can be better addressed. The imbalance of authority and responsibility between the local and central government has made local government heavily dependent upon the centre, and this has resulted in underdevelopment of grassroots communities, particularly those subjected to continuous marginalization, exclusion and violence in different forms (Bhattachan and Mishra, 1997).

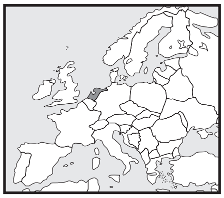
To narrow the gaps between national policies and local practices and yield proper social security systems for the needy, the following points need to be taken into consideration.

- The government must practice an effective bottom-up approach of governance to ensure that marginalized and disenfranchised groups have access to resources and are involved in the decision-making process at all levels. The centralized planning system in Nepal needs to be decentralized and should be in tune with local needs.
- The government should take special steps in considering an appropriate model of equality, bringing marginalized and excluded communities into the mainstream of political, economic, social and cultural life.
- Laws on the minimum wage and an employment policy should be enacted and enforced. There should be equal pay for men and women for work of equal value.
- Subsidies and reservation policies for marginalized groups should be designed and implemented within a set timeline.
- Effective mechanisms that ensure the rights to equal employment opportunities, equal pay for work of equal value, social protection and benefits should be guaranteed for every woman and man.
- Local bodies, non-government organizations and trade unions should be promoted and encouraged to work towards the attainment of social security.
- An effective social security scheme should be legally ensured for all informal and formal sector workers.
- A minimum wage adequate to meet the daily needs of employees and their families needs to be fixed, taking into consideration the existing inflation rate. The wage rate should be reviewed periodically and a wage index must be prepared separately for different sectors.
- A policy should be introduced to guarantee a safe and secure home for poor families to realize their rights to secure housing.
- Policies on clean drinking water and sanitation facilities for all should be formulated and enforced.
- Knowledge and information on every aspect of an adequate standard of living must be developed through documentation and proper dissemination among state agencies and other stakeholders working in this sector.
- The government must ensure effective implementation of the National Policy on internally displaced people (IDPs) without any discrimination.
- A strategic plan should be developed and implemented for the safe and dignified return, rehabilitation, reintegration, reconciliation, and survival of all conflict-induced IDPs.

(Continued on page 243)

NETHERLANDS

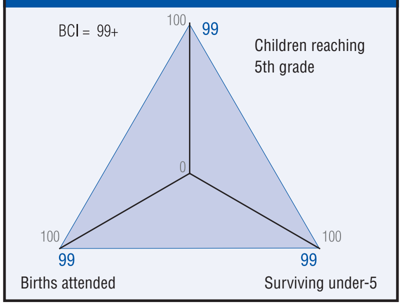
Poverty persists despite well-developed safety net



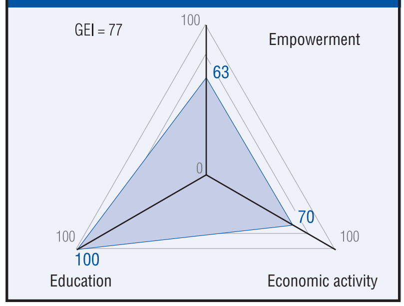
The Netherlands is a highly developed welfare state with a wide range of social security provisions, yet roughly one out of ten people lives below the 'low-income threshold' or poverty line, and the percentage of low-income households continues to rise, especially among immigrant communities. Many people do not claim their rights to social security, often because of a lack of information. This makes combating poverty a complex task, and demonstrates that greater outreach and client-focused implementation is essential.

Dutch Social Watch Coalition
Sita Dewkalie[1]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Poverty also exists in well-developed welfare states, including the Netherlands. As the new government that took power on 22 February 2007 acknowledges: "There are too many people on the fringes of society: people who receive social assistance benefits, long-term unemployment or people partially unfit for work; young people without basic qualifications and older workers with little prospect of finding a job."[2]

In the Netherlands there is an official Poverty Monitor which has appeared periodically since 1997 as a joint publication of the Social and Cultural Planning Office of the Netherlands (SCP) and Statistics Netherlands (CBS).[3] This series of publications presents a picture of poverty in the Netherlands based on representative national data.

Definitions of poverty in the Netherlands

In the Poverty Monitor, poverty is determined on the basis of two income thresholds. The first is the low-income threshold, which is calculated on the basis of the level of social assistance benefits for a single person in 1979, a year in which purchasing power was relatively high. For households with more than one person, the low-income threshold is determined by applying equivalence factors based on the actual extra costs of multiple-person households. Since the low-income threshold for the years after 1979 is adjusted for price inflation, it is suitable for comparisons over time.

The second poverty threshold is the social policy threshold, set at 105% of the statutory social policy minimum in accordance with the norms which apply in the Work and Social Assistance Act, the General Child Benefit Act and – for people over 65 – the General Old Age Pensions Act. This is a politically determined threshold which is of importance mainly for determining the size of the target groups for government policy. The social policy threshold is less suitable for comparisons over time, because the norms applied in social assistance benefits and state retirement pensions are not always adjusted precisely for inflation. The difference between the low-income threshold and the social policy minimum has become so small in recent years that the social policy threshold (105% of the social policy minimum) now lies above the low-income threshold for specific groups of households.

In addition to these two thresholds, a number of supplementary indicators for poverty are also used, including the length of time spent below the income threshold applied, possessions and debts, fixed costs, and people's own assessment of their financial situation.

Rising percentage of low-income households

After falling for many years, the percentage of households with a low income rose again in 2003. The poverty rate in the Netherlands had reached a low point in 2002, when 8.8% of all households had a low income, but this figure rose to 9.8% in 2003, equivalent to 642,000 households. Moreover, slightly under a third of these had been living below the low-income threshold for four years or longer.

According to estimates, the percentage of low-income households continued to rise in 2004 and 2005, reaching 10.5%. Based on forecasts for purchasing power trends, it is likely that in 2006 the proportion of low incomes will fall back to its 2003 level. However, this does not apply for all groups: the proportion of low incomes among single benefit claimants is expected to increase by almost three percentage points compared with 2003. On the other hand, among single persons aged over 65, the percentage of low incomes is predicted to fall by over three percentage points. The relative proportion of low incomes among those who are employed (with and without children) and people over 65 who do not live alone will remain virtually unchanged between 2003 and 2006.

The percentage of households with an income below the social policy threshold also increased in 2003, rising to 10.1% compared with 8.8% in 2001. In absolute terms, this represents an increase of almost 90,000 in the number of households with a minimum income. This took the total number of households with a minimum income in 2003 to 657,000, just above the number of low incomes. More than one in three households with an income below the social policy threshold had been in this position for at least four years.

Risk groups

The risk of a low income varies with the type of household. The groups at highest risk include single-parent (usually single-mother) families, households that receive social assistance benefits, and households with a non-Western background. Among those who work, the percentage of low incomes is relatively higher among the self-employed. The proportion of low incomes among non-Western households in particular is increasing. By contrast, the position of pensioners has improved.

Meanwhile, four out of ten households below the low-income threshold reported in 2004 that they found it difficult or very difficult to make ends meet from their income. This proportion has increased since 2001. Similarly, more and more low-income households have an income below what they themselves consider to be minimal; this percentage rose from 24% in 1999 to 41% in 2004.

1 The author works for Oxfam Novib. Oxfam Novib and the National Committee for International Cooperation and Sustainable Development (NCDO) form the Dutch Social Watch coalition.

2 Coalition agreement between the parliamentary parties of the Christian Democratic Alliance, Labour Party and Christian Union, adopted 7 February 2007.

3 The figures presented in this report have been drawn from the latest version of the Poverty Monitor (Dirven *et al.*, 2006).

More debts than possessions

Over a quarter of households with a low income had negative assets in 2002; in other words, their debts exceeded their possessions. Another third had assets of no more than EUR 2,500 (USD 3,445), while just under a quarter of low-income households had assets of EUR 10,000 or more. The proportion of households with negative assets increased between 2000 and 2002. The biggest shift was between households with assets of up to EUR 2,500 and households with negative assets.

There are numerous visible signs of this growing indebtedness: increases in debt collection orders and requests for debt assistance and rescheduling; more rent arrears and evictions; and a rise in the level of assistance provided by churches and the new 'food banks' (places where poor people can obtain free groceries). However, other factors also play a role: a less lenient debt collection policy, greater familiarity with debt assistance organizations and debt restructuring options, a stricter rent and eviction policy by housing associations, and so on.

Growing poverty among 'non-Western' households

The income position of households with a non-Western background is clearly worse than that of native households. Among the major groups, the situation of Moroccans is the worst: in 2003 one third of these households had a low income, while Turkish (29%), Antillean (28%) and Surinamese (23%) households were in only a slightly better position. The income position of the 'new' immigrant groups is generally even worse: more than half of Somali, Afghan and Iraqi households had a low income in 2003, while this was the case for more than a third of Iranian and Chinese households. The deteriorating labour market situation led to a resumption of the upward trend in poverty among non-Western households from 2002 onwards, with benefit claimants and older persons being particularly susceptible.

Non-Western immigrants who have recently arrived in the Netherlands quite often begin with a low income, though their starting position has improved considerably, largely because of the decreasing proportion of asylum-seeking immigrants and family reunification immigrants. The income position of new immigrants improves with the length of their period of residence: more than half the non-Western immigrants who came to the Netherlands in 1997 and were on a low income in their first post-settlement year managed to pass the low-income threshold by 2002. This outflow from poverty was due largely to an improvement in their labour market position.

Favourable trend among the elderly

On average, the poverty rate among people over 55 is not notably higher or lower than among younger people. On the one hand, the percentage of low-income households among over-55s has fallen to below that of the younger age groups, and older persons with a low income also have relatively few debts. On the other hand, a low income often persists longer for older persons. There are considerable differences within the older age group, however. Low incomes are more common among people between 55 and 64 years old than among over-65s. They are also more prevalent among single persons than couples, and among (single) women than (single) men. Overall, older people are in no worse a position in terms of social exclusion than younger generations, although the degree of exclusion generally reduces with age but then increases slightly from the age of 75. On average, households with a low income are more likely to suffer social exclusion.

Limited effect of the poverty trap

The Poverty Monitor reports that in 2003 just under a quarter of a million households were considered to be in a 'poverty trap' situation. By definition, poverty-trap households are households with an income below the low-income threshold which are dependent on social security benefits due to unemployment or an incapacity to work. Single persons must also be in receipt of a housing benefit in order to fall into the poverty trap category. Almost 45% of households in the poverty trap are one-person households, and almost 25% are single-parent families. Couples with and without children are both in a clear minority, with each making up an eighth of the total.

At first sight it would seem that the poverty trap influences the job-seeking behaviour of benefit claimants: people in receipt of an income-related benefit have less frequently found a job, or increased the number of hours worked, than people who do not receive benefits. However, if allowance is made for other factors that can explain job-seeking behaviour or changes in labour market status, the role of income-dependent benefits almost disappears. Characteristics such as age, sex, education, health and source of income are better predictors of behaviour and force the role of income-dependent benefits to the background.

Poverty determined mainly by household-specific characteristics

Studies have been undertaken to determine the proportion of the risk of poverty that can be attributed to individual household characteristics and how much can be attributed to the neighbourhood and municipality in which that household is located. The influence of the economic cycle on the risk of poverty was also included. It was concluded that more than 90% of the difference in the risk of poverty can be explained by variations in household characteristics. The key predictors of the risk of poverty were found to be the age, sex, education and socioeconomic activity of the head of the household, as well as the household composition.

As for the remaining 10% of the difference, half can be attributed to differences between the neighbourhoods where the households surveyed live, while the other half can be explained by differences between municipalities. Poor households are frequently concentrated in particular neighbourhoods or municipalities; the lower the socioeconomic status of a neighbourhood, the greater the probability that a household in that neighbourhood will experience poverty. Finally, and not surprisingly, the risk of poverty was found to rise significantly in periods of high unemployment.

Social cohesion as an answer to poverty

Social cohesion is one of the six pillars of the new government policy. As the coalition government stated in an agreement signed shortly before it took power, "The motto must not be 'everyone for himself', but 'look out for each other' and 'treat each other decently.'" The same agreement stresses: "A person's low productivity potential, distance from the labour market and personal work history can stand in the way of finding a job. The poverty trap keeps some people dependent on benefits. The policy of the government is to give everyone fair job opportunities. This is a task that the government and the social partners have to tackle together."

In a recent policy statement issued 14 June 2007, the government made arrangements to offer people who are difficult to employ access to the labour market or enable them to be of use to society in another way. Particular emphasis will be placed on implementation of legislation such as the Work and Social Assistance Act (WWB) and the Sheltered Employment Act. In the context of the intended shift from job and benefit security to work and income security, the issues that will need to be examined are labour market policy, education and training (employability), and unemployment benefits.

'Money on the shelf'

Another specific target that will be emphasized is the non-take-up of social security. Increasing the take-up of income provisions has been one of the priorities of government policy to combat poverty in the Netherlands for over a decade. These efforts stem from concerns about households potentially facing financial difficulties if they do not claim the benefits to which they are entitled. Despite these efforts, however, non-take-up of provisions remains a relatively frequent phenomenon.

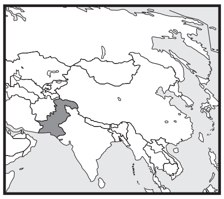
In a recent study (Hoff and Schut, 2007), the public's knowledge of social security provisions was found to be low. The proportion of non-applicants who have never heard of available income assistance programmes ranges from 14% (housing benefit) to 48% for benefits under the Fees and Educational Expenses (Allowances) Act. When it comes to the long-term minimum-income allowance, the figure reaches 86%. Moreover, even when people are aware of the existence of a particular provision, in many cases their knowledge is 'sketchy'. A high proportion of both non-applicants and applicants (42% to 85% and 23% to 45%, respectively) report that they barely know anything about the provision.

In the same study, non-applicants were asked whether they thought they would be eligible for a particular provision. Depending on the provision in question, it was found that between 33% (exemption from local taxes) to 69% (Allowances Act) felt certain that they would not be entitled (Hoff and Schut, 2007). This factor undoubtedly plays a role in non-take-up.

(Continued on page 243)

PAKISTAN

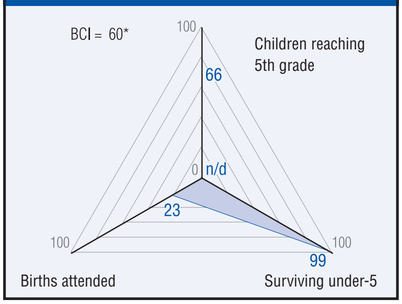
Social security remains a distant reality for most



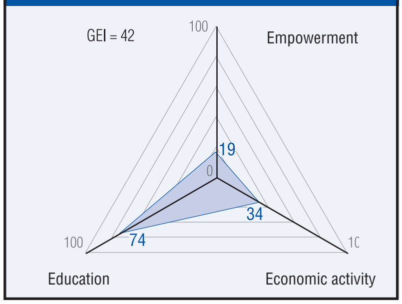
Pension and retirement savings schemes are few in number and underutilized, because the majority of workers are not salaried employees, but rather self-employed. Although the two-tiered health care system includes a public system, it is poorly funded and faced with severe shortages. There is no public support system for children and adolescents, many of whom are victims of child labour. The growth of the informal economy has led to declining tax revenues and greater poverty and insecurity for workers.

Indus Development Foundation
Aijaz A. Qureshi

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



A highly limited pension system

In Pakistan the only existing pension scheme is exclusively for public sector employees. The government workers covered by the scheme can retire at the age of 60 and receive a pension for the remainder of their lives. In the event that the beneficiary dies before reaching retirement age, the pension is passed on to the family. In some cases, the children of old age and survivor's pension recipients have their education costs covered up to the college level.

Some companies also offer pension schemes in which the employer and employee each contribute a certain percentage of the worker's salary to an account on a monthly basis. When the worker retires, the accumulated contributions plus the interest earned on them are paid out in a lump sum.

The current pension system was developed at the time Pakistan became an independent country in 1947. This system emanates from the days of British rule over the Indian sub-continent (of which Pakistan formed part) which lasted close to a century.

The retirement savings tools currently available are not many in number, and even the few that exist are underutilized. The reason for this is the fact that the majority of workers are not salaried employees, but rather self-employed. As a result, the concept of a regular income is a distant reality for most of the working population, and so is the possibility of a pension scheme.

The majority of the country's population lives below the poverty line, and the elderly typically live with the younger generations of their families. They have few opportunities for employment, and depend on their children not only for food, but for medicines and other basic needs.

The government has recently attempted to introduce voluntary pension schemes for the future generations. In the words of the government, it is essential to promote long-term savings by the younger generations, especially since pensions have not only a social impact but an economic impact as well.

Privatization continues despite public protest

The privatization process began in the 1980s, and more than 100 privatizations have taken place in the past 15 years. The majority of them have involved small productive units which were sold to a handful of private enterprises. With no full legal coverage or support, many of them collapsed, leaving thousands of workers in the lurch.

Successive governments have shown interest in selling off major enterprises such as banks, electric supply corporations and steel mills. There has been considerable anti-privatization mobilization, with demonstrations taking place throughout the country, but in spite of this, the privatization process has been accelerated since 1999. Even so, the International Monetary Fund (IMF) has expressed concern over the purported slowness of the privatization process.

In 2005, despite widespread public opposition, the auctioning off of state-operated companies was nonetheless put into practice, and even progressed to the actual transfer of ownership. The greatest public concern arose over the auctioning of the country's steel mills, and following a petition filed in the Supreme Court of Pakistan, the auction was deferred.

However, another of the country's biggest public companies, the Karachi Electric Supply Corporation (KESC), was successfully privatized in 2005, and this has created considerable problems with regard to power supply to this important provincial capital (which is also the country's largest city).

The auction of KESC had initially been planned for 2004, but eventually took place in February 2005, when 73% of the company's stock was successfully bid on by a joint venture formed by the Kanooz Al Watan Group of Saudi Arabia and Siemens Pakistan. The successful bid was in the amount of PKR 20.24 billion (USD 336.2 million). However, the sale was cancelled when payment did not arrive by the established deadline, and the privatization of the company was postponed once again. On 22 August 2005, Hassan Associates, the second highest bidder at the first auction, agreed to pay PKR 20.24 billion, and on 29 November, KESC was transferred to a joint venture formed by Hassan Associates and the Al-Jomaih Holding Company of Saudi Arabia.

Meanwhile, in June 2005, 26% of the stock of the state-owned Pakistan Telecommunications Company Limited (PTCL) was put up for auction. This represented the largest transaction ever in terms of the monetary amount involved. The auction had originally been planned for 10 June, but had to be postponed until 18 June because of the opposition raised by the trade union representing the PTCL workers. A company from the United Arab Emirates, Etisalat, put up the winning bid, offering PKR 155.16 billion (USD 2.58 billion) for 26% of PTCL stock and management rights. Once again, however, payment was not made on time due to an impasse in negotiations following the auction. On 29 October, the government's Privatization Committee announced that the privatization process would start afresh. In the end, the pending issues were resolved and Etisalat successfully completed its purchase of a 26% stake in PTCL on 12 March 2006.

Public health system still inaccessible for the very poor

Pakistan has a two-tiered health care system, comprising a public system made up of government hospitals (known as Civil Hospitals), Basic Health Units and Rural Health Centres, and a private system,

* One of the BCI components was imputed based on data from countries of a similar level.

which includes large privately owned hospitals. The public health system is markedly inferior to the private system due to the lack of state funds allocated to the health sector – a mere 0.4% of GDP – and poor management.

Successive governments have launched a variety of health campaigns and expanded immunization programmes with the goal of eradicating the most prevalent infectious diseases, such as malaria and tuberculosis. Over the past 60 years, innumerable health sector slogans have been trumpeted, including Health For All By 2000. The results achieved, however, have been minimal.

Pakistan is a poor country, where roughly a third of the population lives below the poverty line. The incidence of poverty is even greater in rural areas. Despite the existence of a public health system, even the government-run hospitals charge fees from their patients. For their part, the private hospitals charge exorbitant fees that very few can afford.

The public health sector also faces severe shortages of trained personnel. There is only one doctor for every 1,254 people, one dentist for every 20,839, and one nurse for every 2,671.[1] Doctors in public hospitals are also required to work longer hours than those employed in private hospitals. To make matters worse, there has been a ban on the recruitment of doctors for several years, which has made the situation even more critical.

As a consequence, the country's alarming health indicators come as no surprise. For every 1,000 babies born in Pakistan, 70 of them die as newborns and 60 mothers die during childbirth. Meanwhile, the majority of deaths among children are due to curable and preventable diseases.

No public support for children and adolescents

Despite the great need, there is no established public support system for children and adolescents. A small number of private organizations working on humanitarian grounds have established centres to provide support for children and youth. In many cases, the young people they serve are given some form of employment training and prepared for work in the private sector in the large cities. Other centres provide care for children and adolescents who have lost their parents.

The largest of all the private humanitarian organizations working in Pakistan is the Edhi Welfare Centre, which has its head office and various centres in Karachi, the capital city of Sindh province.

The government has recently begun to publicly address the idea of establishing schemes for adolescents. There are teenagers and even younger children who are poor, orphans or runaways working in factories and brick kilns, with no legal or official protection of any kind.

A few private organizations and semi-government organizations have established micro-credit systems for youth which have begun to achieve positive results, but so far these are negligible.

TABLE 1. Basic indicators

Total population (thousands), 2004	154,794
Adult literacy rate (% ages 15 and older), 2004	49.9
GDP per capita (PPP USD), 2004	2,225
Life expectancy at birth (years), 2000-2005	62.9
People undernourished (% of total population), 2001-2003	23
Population without sustainable access to an improved water source (%), 2004	9
Probability at birth of not surviving to age 60 (% of cohort), 2000-2005	28.3
Urban population (% of total), 2004	34.5
Population under age 15 (% of total), 2004	38.9
Population ages 65 and older (% of total), 2004	3.8
Ratio of estimated female to male earned income	0.29

Source: UNDP, Human Development Report 2006.

Growing informal economy means more poverty, less security

Since 1973, the informal sector of the economy has been growing at a faster rate than in previous years. There has been a clearly marked relationship between the expansion of the informal economy and tax evasion, and the rapid growth of the informal sector is a major reason for the budget deficit, given the decline in tax revenue income.

At the same time, government expenditure has grown in line with the overall growth of the economy – in the formal and informal sectors combined – because although the informal economy generates losses in tax revenues, it increases the demand for public services, thus further exacerbating the budget deficit.

The money sent home by emigrant workers also forms part of the informal economy, since most of these remittances are not accounted for and taxed.

The other face of the informal economy is the child labour which is used in coal mines, tanneries, brick kilns, carpet factories, deep sea fishing, rag picking and other dangerous occupations.

The growth in the informal economy has also led to a rise in poverty. There is no government support for people working in the informal sector, who are totally deprived of the protection of any kind of legal instruments.

Millions of Afghan refugees

In recent decades, Pakistan has been a major destination country for asylum seekers. Millions of people immigrated here from Afghanistan during mid-1980s as a result of the Afghan war. The US government provided considerable resources for the reception and settlement of Afghan refugees, who gradually scattered throughout various regions and cities around the country. The government has given them full protection.

Besides the Afghan refugees, people from various South Asian and Asian-Pacific countries have immigrated to Pakistan. Because the country is not a signatory of the 1951 UN Convention relating to the Status of Refugees, there is no legal system to ensure that the principles of the UN High Commission on Refugees are followed in the treatment of asylum seekers. There has recently been a decline in the number of immigrants due to the political changes in countries like Afghanistan, Iran and Iraq.

On the other hand, sizeable numbers of Pakistanis have also gone abroad, above all to the United States, the United Kingdom and other developed European countries. While many emigrate for economic reasons, some have left the country because of the political situation. ■

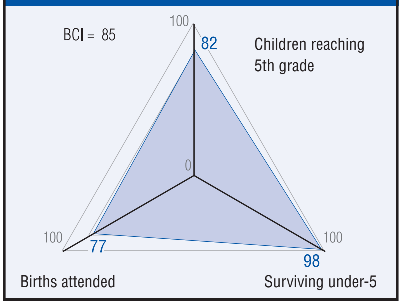
1 <server.kbri-islamabad.go.id/index.php?option=com_content&task=view&id=613&Itemid=46>

Exclusion, fragmentation and lack of political will

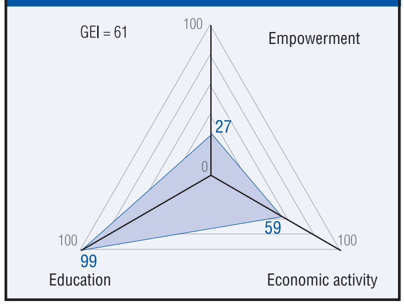
Four out of five Paraguayans do not belong to any health insurance scheme. The reasons for this high rate of exclusion include the fact that the system is geared to salaried workers, evasion of mandatory contributions, and inequities stemming from income levels. Meanwhile, only three out of ten older adults receive a retirement pension. The radical restructuring of the social security system requires a broad consensus among the whole population, and a series of medium-term measures are urgently needed.

DECIDAMOS, Campaña por la Expresión Ciudadana
Edgar Giménez Caballero
César Cabral Mereles

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



More than 10 years ago there were proposals to reform the social security system, and the main objectives were equitable access to health services, universal primary coverage and structural reforms (Barreto and Ramírez, 1997). In subsequent years a series of reports showed that, in terms of rights, there are wide gaps caused by exclusion and inequity in the system, and by the government's failure to honour its constitutional and international commitments as regards social security (Amarilla, 2003).

In 2003 Holst diagnosed the main problems in the social security system, and the list included low coverage, a poor ratio between contributions and benefits, high rates of evasion, discontinuity of contributions, increasing informality in the labour market, the financial deficit, high costs and inefficient administration. To a large extent this situation was rooted in both longstanding shortcomings in the local system and the problematic characteristics of employment and increasing poverty that are common to many Latin American countries.

The weaknesses that Holst identified are still with us. It is true that in recent years the way that social security and health care provision are managed has improved – mainly in terms of efficiency – but these changes have been merely parametric and not structural.

In this report we outline the problems that still need to be tackled. Our study is based on an analysis of recent statistical data, interviews with key actors in the social security administration in Paraguay and documentation from the Social Security Institute (IPS).

Social security in health

Lack of protection and inequity

In Paraguay only one person in five has any kind of medical insurance. This means that four out of every five Paraguayans, 78.5% of the population to be exact, have no insurance at all. In certain sectors the situation is even worse: 91% of the rural population and 98% of the very poor are without coverage (DGEEC, 2005; PAHO, 2003). Data from the General Statistics, Surveys and Census Board (DGEEC) show that rates of non-protection have always been high, and between 2000 and 2005 IPS coverage increased slightly, from 10.9% to 12.5% of the population (DGEEC, 2005).

Coverage is low for various reasons: the system is geared to workers employed in enterprises, there are high rates of evasion of the compulsory regime, and many people are excluded because of inequities in society stemming from income inequality. Some 1.4 million Paraguayans cannot join the public health insurance system because they are self-employed, unpaid family workers, employers, peasants or indigenous people (DGEEC, 2005).

Domestic employees have only limited social security coverage, and in the capital city only 10% of these workers are effectively eligible for benefits (Soto, 2005). Social security for domestic workers was initiated in 1967 but only for accidents, illness and maternity, and coverage for long-term contingencies was explicitly excluded. Also expressly excluded from social security are *criaditos*,[1] housewives, and anyone else who does domestic work within the family (Valiente, 2005).

In the last three years the IPS authorities have submitted proposals to parliament for bills to incorporate central administration employees into the system, and also some independent employment groups including taxi drivers. These initiatives have received international recognition, but as yet the legislature has not even considered them.

It has been estimated that some 70% of Paraguayans evade the compulsory social security regime (Holst, 2003). In the last three years direct contributions to the IPS increased by 33%. This rise might be partly because the records are now being kept more correctly, but there is no doubt that it is mainly due to the effective incorporation of new contributions, and this is confirmed by the increase in IPS income and the IPS budget (IPS, 2006).

Another factor here is that at no time since the IPS was set up in 1943 has the state made its full financial contribution to the system, so in fact, although it might seem paradoxical, the worst offender when it comes to evading IPS contributions is the state itself.

Inequality and exclusion from coverage stand out more starkly when we consider social security contributions by level of income. In the lowest income quintile only 3.1% of working people contribute to the system, while in the highest income quintile the figure is 22.7% (ECLAC, 2006). The fact that a person has public or private medical insurance does not necessarily mean that they make use of it.

The extent to which services are utilized in the case of illness differ depending on the kind of insurance in question, income level and geographical area, and rates of inequality and exclusion differ not only between different sectors but within sectors. Thus, although people in the rural sector and in the poorest population quintile are in greater need of medical attention, their levels of insurance and the rate at which they consult medical services (when these are available) are considerably lower.

There is no doubt that the pressing need in the field of health care provision is to remedy this situation.

1 Adolescents who do domestic work in exchange for board and lodging and (in some cases) education.

The fragmentation of the system: a structural problem

The social security organizations and their service providers tend to be rather fragmented, and there is little coordination among the institutions or the main actors involved (Flecha *et al*, 1996).

Explicit insurance is mainly handled by the IPS in the public sector and by pre-paid medical care enterprises in the private sector. Only 21.5% of the population has health coverage, and this is divided between the IPS (12.5%) and other kinds of insurance (9%) (DGEEC, 2005). It is estimated that in the latter category, 7% have private medical coverage and the rest are in various institutional systems like the military, the police, cooperatives and community insurance schemes (Holst, 2003).

Medical attention for population sectors with lower purchasing power and without access to the IPS is provided by the Ministry of Public Health and Social Welfare (MSP) as an implicit insurance mechanism. However, up to 40% of the uninsured population do not consult the public medical care services in the case of illness (DGEEC, 2005).

In recent years there have been several community insurance initiatives in areas of the country outside the capital, and some have been successful, like the Fram community insurance and Caazapá integrated health insurance schemes. This is an encouraging trend, but these initiatives have very limited scope in the context of the country as a whole (Güemes *et al*, 2005).

The IPS is by far the most important social security system in Paraguay. It is the only organization whose provision model covers the whole range of health services with medicines, pensions, retirement pensions, and payments for illness, maternity and workplace accidents. What is more, when it comes to certain illnesses, the IPS range of benefits is seen as the most viable option in economic terms among the explicit insurance systems, and in some cases as the only possible option.

The IPS insurance model is financed by tripartite contributions from salaried workers (up to 9% of pay, depending on the employee's profile), employers (14%) and the State (1.5%). Private insurance coverage is more limited and geared to the population with greater purchasing power. To bring it up to a benefits level similar to the IPS, people would have to pay the equivalent of 20% or even 50% of the current minimum wage, depending on the insurance company and the kind of insurance plan acquired. This contrasts with the 9% mentioned above in the public social security system.

Unlike the IPS, private insurance schemes do not provide coverage for epidemics, congenital conditions, pre-existing illnesses, alcoholism, psychiatric illness or accidents. Nor do they cover haemodialysis. Intensive therapy can be provided, depending on which plan is chosen, but coverage is rarely total. The provision of medicines and disposable supplies is very limited; it varies depending on the plan and there is a period in which payments must be made but the user is not yet eligible for the service. Chemotherapy, immunosuppressants and other high-cost medicines are not included. All this means that, for some illnesses, the people insured still have to meet high hospitalization charges and pay for very expensive medicines (PAHO, 2006).

It is common for workers to contribute to both the IPS and a pre-paid medical system because they have more than one job, or a preference for the perceived quality of the care provided, or because treatment for certain illnesses is limited in the private sector. However, when this is the case no compensation is paid for services used.

Health insurance is also unsatisfactory in Paraguay when it comes to global health problems. Neither the IPS nor the private insurance schemes treat people living with HIV/AIDS. This is handled exclusively by the PRONASIDA programme, which is run by the MSP with support from international cooperation agencies and civil society organizations.

Only one organization, the MSP, plays a role in preventive health care. The explicit insurance systems take no practical measures to promote prevention for their members. For example, the IPS only recently undertook to purchase contraceptives for 2007. It also transfers 1.5% of its income to the MSP for preventive programmes and for the fight against malaria. Between 2003 and 2006 the amount involved came to around USD 12 million (IPS, 2006).

The poor quality of public services

Reports in the local press and complaints from users suggest that the perceived quality of public sector services is inferior to that of systems geared to population sectors with more purchasing power.

A recent World Bank study (2005) showed that there are no significant differences between the rich and the poor on an index to evaluate doctor-patient interaction (duration of consultations, questions, checks). But on the other hand, the same study reveals that IPS doctors perform more poorly, with approximately five minutes, five questions, and two checks less in social security system centres than in MSP health centres.

To improve its organizational quality, the IPS has taken a series of measures that include strengthening outlying clinics, incorporating more human resources, setting up a computerized management system with a single registration using the identity card, and a new scheme to make appointments by telephone. This initiative began in 2004 and was consolidated in 2006, and it covers around 13% of all appointments made (IPS, 2006). The real impact of these innovations on processes and results has not yet been evaluated.

Retirement and other pension systems

Segmentation, non-reciprocity and inequality in contributions

In Paraguay there are at least eight contributory schemes working alongside each other. The most important are the retirement scheme for public officials employed by the central administration and the IPS system for private sector employees and people working in decentralized organizations.

This loose and uncoordinated structure makes for inequality. For example, there is great variation in the time period of contributions to qualify for a retirement pension, from 10 years in the pension scheme for members of parliament to 30 years in the general IPS regime for all workers. The age requirement also varies: women teachers can retire on a pension when they are 40 years old but men and women in the general IPS regime can only do so at 60.

Very often people will work for different employers during their active lives and move from the public system to the private or vice versa. However, contributions to different systems are not recognized under the current law, so a sector of workers who are helping to maintain the system with their payments will not receive the corresponding retirement pension even though they have been making contributions for the required number of years or more.

To tackle this problem, and in line with ILO recommendations and the Mercosur Social Security Agreement, a bill to reform the current legal framework has been submitted to parliament. This is aimed at establishing reciprocity among the various pension schemes and giving a worker who is 65 years old the right to a retirement or disability pension that is proportional to the number of years of contribution (Frutos and Ferreira, 2007).

Low coverage: exclusion from the model

Only three out of ten older adults are covered by a retirement pension system. In 2005 there were only 93,000 people in the country receiving retirement or other pensions, and only 22% of the economically active population is contributing to this segmented system (Frutos and Ferreira, 2007).

There are differences in access to retirement pensions that depend on socioeconomic level and geographical area, and these follow much the same pattern as in the case of health service provision.

However, the main determinant of exclusion is that the social security model is exclusively geared to salaried employees, which automatically excludes 60% of the economically active population (DGEEC, 2005).

In the last three years the IPS has undertaken administrative and legal initiatives aimed at widening the coverage it provides, not only by reducing evasion from the compulsory contribution regime in the private sector, but also by incorporating into the system excluded sectors of the population. However, these initiatives have not led to any legislative changes and in some cases they have not even been considered.

Conclusions and suggestions

The government has made and reaffirmed commitments to the universal right to social security, but in practical terms very little has been achieved. Retirement pensions and health services are still fraught with low levels of coverage, exclusion and inequity.

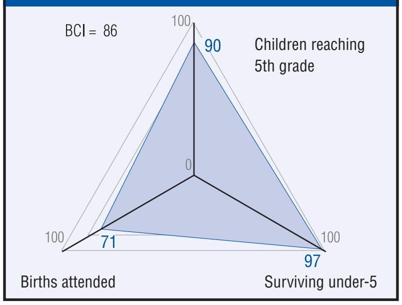
(Continued on page 244)

Meagre pensions, a precarious health care system

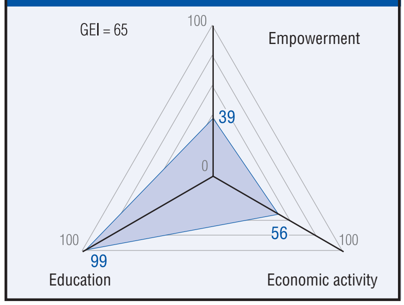
The government's neoliberal policies in the 1990s promoted the privatization of social security. Workers who opt for a private scheme cannot return to the state pension fund, and there are no guarantees for the sums contributed if the private insurance company goes bankrupt. Retirement pensions are miserly, there is no unemployment insurance and the informal sector has no protection. There is no unified health system and public medical care is plagued by serious financial problems.

Centro de Estudios para el Desarrollo y la Participación
Héctor Béjar

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



In Peru, pension funds and health system funds operate separately. The former are organized into a national pensions system and a private system made up of pension fund administration enterprises that were set up in the 1990s under the government's neoliberal programme.

Very limited coverage

The social security system consists of three regimes: the National Pension System (SNP), the Pensions and Benefits Regime for Civil Services to the State (known as the "Cédula Viva") and the Private Pension System (SPP).

The SNP is a benefits assurance system with a common accounting fund run on the principle of solidarity. Workers contribute 13% of their monthly income, and the state sets limits on the amounts paid out in pensions, which can vary from a minimum of PEN 415 (USD 130) for disability and retirement pensions after 20 years or more of contributions, to a maximum of PEN 857 (USD 267) for all pensioners.

In 2005, taking all the kinds of benefits into account, the average monthly pension was PEN 461.81 (USD 144), which was 93% higher than the 1997 figure (ONP, 2006). In this regime there are 1,154,000 active workers and 448,413 pensioners, which makes a total of 1,602,000 affiliated members.

In the 1990s pension funds were privatized and this swelled SPP membership and meant that new workers joined the individual capitalization system. The Public Treasury finances 72.5% of SNP disbursements, representing an expenditure of PEN 2.785 billion (USD 899.9 million). State social security expenditure as a whole is approximately PEN 8.47 billion (USD 2.737 billion), equivalent to 13.7% of the 2007 budget.

The number of active workers affiliated to the SNP has increased very slowly because a high proportion of people in the informal economy are self-employed or are family members whose work in micro-enterprises is not paid. According to a recent World Bank (2004) study, SNP coverage has fallen from 15% of the work force to 13%.

In the formal economy there are high rates of evasion and non-registration in the modern agricultural sector and financial services, and even in the public sector, where workers often do not receive the coverage they should.

Privatization and the weakening public system

The public system was reformed in the 1970s, and in subsequent years the government made arbitrary and illegal use of funds from the pension and social security systems to pay public employees and even to carry out public works. This bankrupted the state pension fund.

When the SNP was reformed in the 1990s, contributors had to choose: they could either remain with the SNP public system or join the recently created SPP individual capitalization system. The state implemented policies and legislation designed to weaken the public system and promote privatization, and as a consequence it is much easier to join the SPP than the SNP and, while people can switch from the SNP to the SPP, it is not possible to move the other way (except in a few very special cases).

Workers who changed from the public system to the private sector received a series of benefits: SNP contributions were raised while the rates for SPP members were lowered, and the age threshold for retirement in the public system was increased to bring it into line with the private system.

Recently, amid increasing protests and pressure from people affiliated to the Pension Fund Administrators (AFP) demanding the right to leave the private system, the government passed a law establishing that only those who had joined before 31 December 1995 were permitted to switch from an AFP to the SNP, and at the time of leaving the AFP they would be entitled to a retirement pension in the SNP.

In Peru, before privatization, the state social security system was managed by the Peruvian Social Security Institute (IPSS). The 1990s reform process involved setting up two bodies, Social Security for Health (ESSALUD) to administer the health care area, and the so-called Social Security Standardization Office (ONP), to take charge of the public pension regime. This new structure meant that the system was no longer unified and had less autonomy.

When the Alberto Fujimori government came to power, one of its first official acts was to transfer the pension fund that was controlled by the IPSS to the AFPs while the state took responsibility for the pensioners. In December 1992, the government issued legislative decree No. 25897, and the system went into operation in 1993 after an intense publicity campaign paid for by the state. The government openly promoted the new model with a series of legal and administrative measures. It was established that the responsibility for pensions of people who stayed with the public system would be taken over by the state using funds from the national treasury. The AFPs that were created were owned by the country's most powerful banking groups.

Funds without guarantees

Under the current system, workers must opt for either the state pension fund or an AFP. Once this choice is made, they may change to a different AFP, but cannot return to the state system. Workers are legally obliged to pay a percentage of their income in contributions to the AFP, and this money is used to buy shares in one of the monopoly enterprises in the country. Contributors are kept informed every month about where their money is going, but they do not participate in any way in decisions on how the money is invested or the ownership of the administrating company.

The state arbitrarily set a maximum of PEN 40,000 (USD 15,000) as the value in bond certificates equivalent to the amount of money workers can contribute to the state pension system before they retire. When workers are with the state fund, this sum is handed over by the state to the AFP, which goes on receiving members' contributions until they retire. Once workers choose a private pension company they can never switch to another system. The company offers no guarantee as to how the workers' contributions are managed, and although it is legally obliged to maintain a certain level of reserves, this does not necessarily constitute a guarantee that members will be reimbursed for their contributions if the company goes bankrupt.

In April 2007 the AFPs had 3,957,743 members and their total holdings amounted to some PEN 58 billion (USD 18.5 million).[1]

Another worrying trend is that in December 2005 fewer than 50% of SPP members actually paid their contributions, which means there was a fall in the proportion of people contributing. In 2003 some 1,336,383 out of a total of 3,192,503 members paid their contributions, while in 2006 only 1,396,534 of the 3,882,185 members did so (SBS, 2006).

To make matters worse, the payment of contributions is often interrupted. There are a variety of reasons for this, including financial difficulties in enterprises and evasion and improper retention of funds by employers.

The lack of an integrated health system

The Ministry of Health (MINSA) is the public governing body in the health sector, but strictly speaking there is no health care system in the sense of a group of institutions working in a coordinated way in pursuit of pre-established objectives. There are various different institutions that operate under the auspices of the public sector or the social security system, including MINSA itself, which has a network of health centres, ESSALUD (health care services for the armed forces and the police), the Integrated Health Insurance (SIS) system, and local government health services, which include the Municipality of Lima Solidarity Hospitals.

These institutions are financed by a combination of the state, people who have health insurance and the patients themselves. In 2000, households financed 37.3% of health care, employers 35% and the state 24% (MINSA/OPS, 2006).

In Peru, only 20% of the population has social security for health. For another 17%, those living in extreme poverty, there is a rather flimsy system run by the SIS, which was set up recently.

Social insecurity

No unemployment insurance

In 1991, the government issued a decree setting up a system called Compensation for Time of Service (CTS) whereby working people were obliged to periodically deposit a sum of money stipulated by this legislation into an open savings account at a bank of their choice. The CTS was designed to operate as an unemployment insurance system, but the amounts deposited were very small. A short time later, as part of a package of measures to reactivate the economy, it was decided that workers would be given access to one half of the funds deposited. The claim that this savings fund was meant to cover unemployment benefits lost even more credibility.

Childhood and youth without public support

In this area there are three initiatives in operation, the 2002-2010 National Action Plan for Children and Adolescents, the 2006-2011 National Youth Plan and the National Youth Policy, but they all lack funding.

The unprotected informal sector

People who work in the informal economy have no protection, which means that more than 70% of the population does not have social security. The government tried to tackle this situation in 2000 by setting up the SIS, to provide some support for children aged four and under, children between the ages of five and seventeen, pregnant women, and adults in emergency situations and other specific categories. Although this is not explicitly targeted at the informal economy, workers and micro-enterprises that have no insurance can take advantage of it if their place of residence is in one of the geographical areas that the SIS has classified as extremely poor, using data from the National Institute of Statistics and Information. In practice, most SIS benefits go to children and pregnant women.

In 2006 the SIS provided assistance for some 4,620,000 people, mostly children under 17 years old and pregnant women, but it ran into serious financial difficulties as it operates through a system of reimbursement for consultations that take place in state hospitals that are affiliated with the programme, and it is funded from the public treasury.

Financial assistance for extreme poverty

There is a state system for distributing free milk and food that reaches about six million families in the country, out of a total population of around 28 million. Since 1990 there have been many social programmes aimed at people living below the poverty line. The most far-reaching include the "glass of milk for children under seven" programme and a contribution to public kitchens from the National Food Aid Programme, which provide food rather than financial support.

According to the government there are 80 social programmes of different kinds, but these will soon be reorganized into 20 programmes as part of a decentralization process.

The government has also set a target of reducing chronic malnutrition in children under five years old from 25%, the current national average, to 20% by 2011.[2]

In 2005 the government set up a National Programme of Direct Assistance to the Very Poor – more commonly known as the Juntos ("Together") Programme – which was based on the Opportunities Programme in Mexico. It involves giving an incentive payment of PEN 100 per month (USD 1 per day) to the poorest women and families in the country, to be used as they wish. In exchange, the programme ensures that the women themselves and their children have or obtain a national identity card; that they receive pre-and post-natal medical checks, vaccinations, and growth and development checks for children; that they receive a nutrition supplement supplied by the Ministry of Health; that children attend and remain in school; and that they have access to safe water (potable or boiled). That is to say, it provides "health, education, nutrition and identity."

Juntos operates in 638 rural districts where there is extreme poverty, and it also assists families that have been affected by violence, in line with a list drawn up by the Ministry of Economy and Finance. The programme reaches some 250,000 'benefit units'.

A 'benefit unit' is a family group that lives in a permanent home and includes children 14 years old or younger and/or pregnant women. In 2007 the government announced that it would change the focus of the programme to children under five. The benefit unit's representative is the eldest mother or pregnant woman in the family group with children in the required age range. The programme makes a four-year commitment which may be extended to another four through renewable annual agreements for decreasing amounts. In 2007 the programme assisted around 250,000 families with an operating budget of some PEN 400 million (USD 125 million). ■

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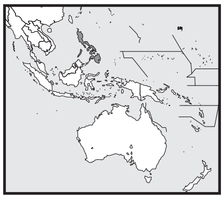
1 <www.sbs.gob.pe/PortalSbs/estadistica/index.htm>

2 <www.minsa.gob.pe/estadisticas/estadisticas/indicadoresNac/download/estadodesalud339.htm>

PHILIPPINES

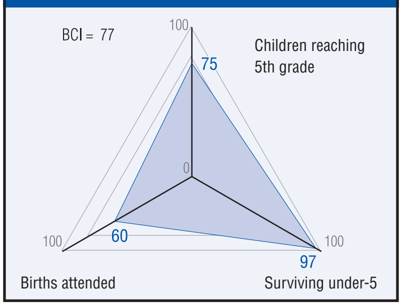
Political will is the key to social protection



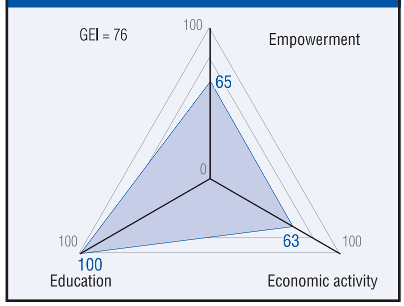
There has been a consistent decline in real per capita spending on social services, while coverage is incomplete and delivery diffused. The country's social insurance programme is a benefit for the better-off, paid for in part by the poor. Merging the national programmes with community-based health care and improved physical access would immensely contribute to economic development.

Social Watch Philippines
Dr. Eduardo Gonzalez[1]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Political and economic – even geographic – realities suggest that the Philippines has a long way to go in providing full social entitlements to all its citizens, and in equal ways. Part of the country's recent history is a series of political crises, a record of economic growth that is prone to boom-and-bust cycles, and an onslaught of calamities – both natural and human-made. To begin with, the country is already geographically at risk, being situated right in Asia's 'ring of fire' (a zone of high volcanic and earthquake activity) and tropical cyclone belt. Exogenous factors also contribute to the country's vulnerability. An increasing proportion of the population, mostly poor, are vulnerable to the shocks of an outward-oriented economy (e.g., volatile capital market, globalization of production lines that require job informalization/flexibilization of labour, displacement of local enterprises due to uncontrolled entry of tariff-free goods); high reliance on overseas employment (which keeps the GNP buoyant but exacts a high social cost due to the break-up of families); and structural adjustments (that interrupt service delivery and lead to labour displacements). At the same time, the Philippine government is so saddled by a budget deficit and its own institutional weaknesses and governance vulnerabilities that little constructive reform is taking place.

Of late, the economy has somewhat breached its own mediocre growth (largely due to remittances of overseas workers and private consumption) but had little impact in lifting the poor out of misery. According to 2003 figures from the National Statistical Office and the National Statistical Coordination Board (NSCB), at least three out of every ten Filipinos are still trapped in poverty.[2]

Indeed, more than half of the population have consistently rated themselves as poor in the last two decades. The official unemployment rate hovers between 8% to 10%, but underemployment – people who want to work more – can be as high as 22% (Altman, 2006), suggesting the persistence of jobless growth.

The Philippines is unlikely to achieve the Millennium Development Goals (MDG) target of halving poverty by 2015 given the country's current rate of progress. In fact, average household income has declined and the incidence of hunger has risen. Even if the Philippines manages to catch up on its MDG commitments, the other half (almost a quarter of the population) will remain poor. Moreover, the reduction of hunger and child malnutrition will stay below the MDG target. A recent study indicates huge resource gaps, suggesting that the government may not be serious in its MDG commitments, particularly given the consistent decline in real per capita spending on social services (Manasan, 2006).

The Philippines has an array of social security programmes which have existed for decades. These programmes are categorized into social insurance, pensions and other forms of long-term savings, social safety nets, welfare and social payments, and labour market interventions. But coverage is incomplete and delivery is diffused. Financing remains uncertain and is vulnerable to corruption.

Regressive contribution and benefit structure

The cost of social security in the Philippines is paid for by proportional contributions of earnings from employers and employees within a public social insurance system that is centrally managed and anchored on two programmes: social security and industrial injury-related services. The Social Security System (SSS) administers the programme for private sector employees; the Government Service Insurance System (GSIS) handles it for government workers. The contribution structure is generally regressive. Coverage is not strongly correlated with level of development.

By and large, the country's social insurance programme is a benefit for the better-off, paid for in part by the poor. Gonzalez and Manasan (2002) find that among those covered – about 28.2 million workers, or 84.5% of the employed population – the poor workers benefit disproportionately little from social security services. Indeed, the better-off have greater access to social insurance because they live in urban areas where most services are accessible, and they know how to use the system. The cross-subsidization pattern points to a number of cases where poorer groups and regions, women and older workers are the sources, rather than the recipients, of subsidy.

Non-enrolment and evasion are commonplace in the private sector, leaving coverage ratios wanting. The value of benefits is low compared to cost of premiums, and sorry experiences such as the inability of contributing workers to obtain benefits when needed (due to non-remittance or underpayment by employers) hound the programme.

Repeatedly, the actuarial health of the social security system has been marred with issues of leakage and financial sustainability, owing to bad investments, poor management, internal inefficiencies, overly high administrative costs, corruption and unreasonably high salaries and perks for top managers. Moreover, the government has ignored calls to merge SSS and GSIS as a way of injecting more efficiency and liquidity into the system.

The pension system, which is an adjunct of the public insurance system, usually provides lump sum

1 Dr. Eduardo Gonzalez wrote this report in consultation with Social Watch Philippines convenors and local and national network members. He is a professor at the Asian Centre, University of the Philippines. Gonzalez was the former president of the Development Academy of the Philippines (1998-2006) and executive director of the Presidential Task Force on the 20/20 Initiative (1999-2001).

2 This figure is based on PHP 34 a day which is below USD 1 a day. According to the World Bank's USD 2 a day poverty line, the poverty incidence was 43% in 2003.

benefits, but may offer an annuity purchase. Contributions already do not cover current outflows. Yet short-term fiscal pressures are not motivating a major reform. The country's pension insolvency problems trace more to issues on the proper investment of retirement funds, and politicization of the management of benefits and contributions (Habito, n.d.).

The security package offered by the social insurance system does not include unemployment insurance. Such a safety net to cushion against temporary joblessness is often sidestepped because of the huge benefit funding required; however, the economy has not been generating enough jobs for the growing workforce either, compounding the problem.

Social health insurance: the poor subsidize the rich

The national health insurance programme, which grants Filipinos access to inpatient and outpatient services in accredited medical facilities nationwide, is run by the Philippine Health Insurance Corporation, or PhilHealth. Alternatively called Medicare, the PhilHealth programme covers a wide expanse: the employed sector, indigents, individually paying entrepreneurs, self-earning professionals and farmers, paying elderly members, and overseas workers.

PhilHealth has an estimated 16.26 million members or 68.4 million beneficiaries, including indigents. For the moment, the programme for indigents seems to be well-funded, receiving 2.5% of the expected government revenues from taxes on 'sin products' (alcohol and tobacco) for the next five years and 10% of the local government share in the expanded value-added tax.

While PhilHealth has been quite successful in enrolment, it lags behind in other areas, such as quality and price control (Wagstaff, 2007). The health insurance scheme does not necessarily deliver good quality care at a low cost, partly because of poor regulation of its purchasers. The PhilHealth benefit package is focused on hospital care and benefits the health care providers more. One study (Gertler and Solon, 2002) shows that Medicare fails to finance health care because health care providers capture the benefits through insurance-based price discrimination. In fact, hospitals extracted 84% of Medicare expenditures in increased price-cost margins. As a consequence, expanding Medicare increased rather than decreased the government's financial burden for health care. Such distortion has made social health insurance vulnerable to fraudulent claims. PhilHealth has recorded about PHP 4 billion (USD 87.4 million) in losses since 1995, ostensibly because of claims on unnecessary operations, overpriced medicine, and even ghost patients. Although the issue is now the subject of an investigation, it raises questions on PhilHealth's actuarial wellness.

Earlier studies suggest that not unlike social insurance, Medicare also exemplifies wide inequities: poor workers subsidizing well-off employees (who have a higher incidence of catastrophic illnesses requiring more expensive treatments), and poor regions subsidizing Metropolitan Manila.

Of late, the programme for indigents has become a political commodity. There have been claims that politicians have sought to use it to influence the outcomes of elections by appointing allies to jobs within the agency and having them allocate free insurance cards to marginal voters (Wagstaff, 2007).

Informal workers: neither poor nor well-off enough

Vendors, home workers, and self-employed agricultural, rural, and other informal sector workers are estimated to comprise about 49% of the labour force or 15.5 million people. Many of them have no adequate social protection. Precisely because these workers are outside the formal economy, and operate outside the scope of regulations, the provision of health and other social protection programmes has remained highly problematic.

In the Philippines, only 14% of this sector is voluntarily enrolled with PhilHealth (Nguyen, 2006). Low enrolment plagues public social insurance as well. This undoubtedly reflects the lack of attractiveness of the terms on which the insurance schemes are framed. The contribution is flat-rate, and therefore represents a burden for the near-poor (Wagstaff, 2007). Gonzalez and Manasan (2002) also observed that the coverage gap occurs due to statutory exclusions. Domestic workers, day labourers, farmers, fisherfolk, and many urban self-employed are often excluded from many of the provisions. According to health experts, a major gap exists in the social health insurance programme in the case of beneficiaries who are neither poor enough to qualify as indigents nor well-off enough to pay regular PhilHealth premium contributions.

Overseas workers: high contribution, too little protection

The total number of overseas Filipinos may be as high as eight million. Often called OFWs (overseas Filipino workers), they sent USD 10.7 billion in earnings back to their families and friends in the Philippines in 2006 – a whopping 12% of GDP (Altman, 2006). Although overseas employment has led to significant reductions in national productivity – many of those abroad are the more productive elements of the population – there is little reason to expect any dramatic shift in the country's overseas work policy because of the OFWs' huge contribution to the economy.

But are they at the very least receiving social protection? Recent government measures indicate some form of insurance coverage for OFWs – PhilHealth's expanded programme and SSS' voluntary social security coverage, for example. However, it is the Overseas Workers Welfare Administration (OWWA) which has been expected to provide most of the social protection needed by OFWs and their families. Overseas workers have been contributing USD 25 every time they leave the country. Since OWWA has been collecting this amount for over 25 years, its sum should be substantial. Yet, its welfare assistance has been too little and too selective, leaving most overseas workers virtually unprotected while abroad and when they eventually come back. A study done by the Centre for Migrant Advocacy (CMA, 2005) showed that OWWA has been operating (and very inefficiently) using these contributions. Commission on Audit reports show that every year, it spends over three times more for its personnel and operations compared to the social benefits it gives out to overseas Filipinos.

Ironically, it is the remittances sent by overseas migrants that serve as social insurance for recipient households, shielding them from environmental risks. In a study that focuses on income shocks driven by local weather changes (called rainfall shocks), Yang and Chou (2007) discover that in Philippine households with overseas migrants, changes in income lead to changes in remittances in the opposite direction, consistent with an insurance motivation. That is, roughly 60% of declines in income are replaced by remittance inflows from overseas that serve as insurance in the face of aggregate shocks to local areas, which in turn make it more difficult to access credit or inter-household assistance networks that normally help households cope with risk.

Local civil society insurance

Social assistance ideally complements well-organized social security packages. Many government agencies provide social assistance to their sectoral constituencies in line with their mandates. The government's main delivery vehicle for social assistance is the Comprehensive and Integrated Delivery of Social Services (CIDSS), a grant-giving, community-based development project programme. The majority of the projects covered involve water systems, farm-to-market roads, post-harvest facilities, school buildings, and health centres, centred in the country's 42 poorest provinces.

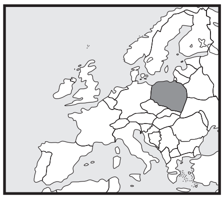
Government social assistance programmes may be directed and focused – they address a wide range of risks from human-made to natural, economic and political to social and health-related – but they may have foregone efficiency gains out of a broader scale of implementation and delivery (Torregosa, 2006). As Torregosa notes, the number of beneficiaries reached is limited, and the level of benefits low. The government also does not know exactly who or where the poor are, and is thus helpless in preventing leakages to the non-poor. Given the limited resources of the government and the rising demand for social programmes, most of the programmes have become heavily reliant on foreign grants and funding. Yet continued dependence does not imbibe stakeholdership among beneficiaries and creates the wrong incentives.

A saving grace is the fact that micro-insurance products, specifically designed with the poor in mind, are gaining favour among the poor, albeit without government involvement. Local-level life insurance and health insurance are thriving in some urban and rural localities, despite actuarial weaknesses, and do help mitigate risks and reduce the vulnerability of poor households. Llanto *et al* (2007) have identified cooperatives, NGOs and mutual benefit associations as vehicles of micro-insurance programmes in the country.

(Continued on page 244)

■ POLAND

High unemployment and low social security



High unemployment in a society new to this concept makes for weak social security. The unemployed and their families are likely to live on or below the subsistence level, especially rural residents and women. Some resort to precarious work in the informal sector to meet their needs, while many Poles migrate to other EU countries in search of work. Meanwhile Poland is receiving refugees from other parts of the world who require social assistance.

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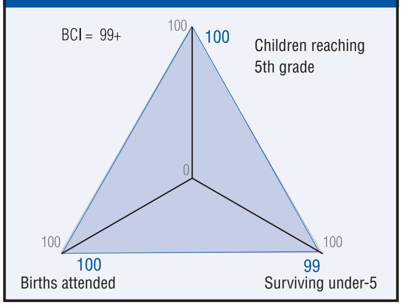

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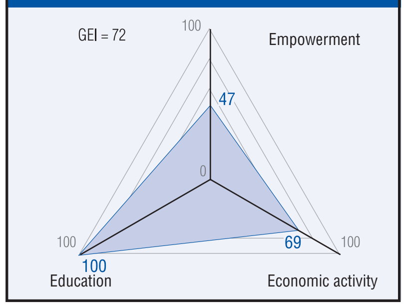

Accessible social security is often seen in Poland as a relic of communist economic policy. Since 1989[1] many opportunities to positively reform aspects of the socio-economic sphere have been lost. Many people experienced a worsening economic situation, becoming unemployed and even homeless. At the same time poverty has become a persistent phenomenon and many people live in poverty with no possibility of getting adequate support from the state.

Profile of Polish poverty[2]

The average subsistence existence level of income in 2003 for single person households was PLN 355 (USD 129), for pensioners PLN 351 (USD 128), for families with two children PLN 1,237 (USD 451) and with three children PLN 1,560 (USD 568). For a household consisting of two adults the minimum income is PLN 584 (USD 213). Subsistence levels show us the upper limit of poverty whereas subsistence existence shows us the lower limit of poverty below which human survival is threatened.

Poverty is mainly rural, and the percentage of households living in poverty is clearly rising in the small towns. Currently, the poorest groups in the country are children and youth whereas in communist times poverty was primarily found among the elderly and pensioners. It should also be noted that poverty has been feminized by the high female unemployment rate, lower salaries, lower pensions and rising number of single mothers. However the most important cause of poverty is the high rate of unemployment. No less than 51% of households with unemployed persons in 2005 lived in poverty, while only 18% of households without unemployed persons lived in poverty (Panek, 2006).

In March 2005, 23% of Polish households lived below the poverty limit. However, figures are likely overstated since households tend to understate incomes in their declarations (Panek, 2006) and not to declare income from the informal economy.

Roughly 36% of Polish families cannot afford a meal with meat, poultry, fish or their vegetarian equivalent every second day and about 9% of households cannot buy new, better clothes. Due to a lack of resources, one third of households were forced to forego dental appointments and one fifth had to give up medical appointments entirely.[3]

In 2007, the average monthly income was PLN 489 (USD 178), having increased fivefold since 1993 when the idea of a poverty threshold was first considered.

Approximately 25% of Poles think that Poland's accession to the European Union caused a rise in the number of poor people in the country, with the elderly and the poorly educated most fearful of this rise. Their fears are confirmed by the fact that well-educated people represent only 0.5% of the poor.

How welfare works

Support for people living below the poverty limit is determined by the Welfare Act, and distributed by national and local authorities, which cooperate with NGOs, the Catholic Church, other churches, religious associations, charities and individuals.

According to the Act, welfare is given to a person and families living in poverty, those who have lost both parents, single parents in a difficult financial situation, large families, the homeless, the unemployed, the disabled, and those suffering from a long-term or serious disease or experiencing domestic violence. Victims of human trafficking, alcoholism or drug addiction, natural and ecological disasters, as well as refugees, and children and adults who leave detention centres are also covered by welfare.

Depending on the cause of poverty there are two kinds of social assistance available: financial help which consists of permanent or temporary benefits and financial help for foster families, and non-financial assistance in the form of social work, purchase of credit tickets, material help, legal and psychological counselling, family guidance, and provision of shelter.

A public pension predicament[4]

The current pension system does not function well. In 2001 the risk of poverty for people over the age of 65 was 6.6%. This risk rises to 18% for those people between 60 and 64 years of age (KSE, 2005). Current estimations predict that by 2025 the pension funds will be insufficient, and therefore, the current generation of 20 to 30-year-olds cannot count on the public pension system (CSO, 2007).

The new retirement system started in 1999 by adopting a second, fully funded old age security pillar consisting of privately managed but publicly owned pension funds (Sta'ko, 2003). The private pension funds have also been operating a third pillar

1 The year when transition from planned to free market economy began in Poland.

2 Developed by the Network of East-West Women (NEWW) in consultation with several organizations and institutions in Poland. NEWW also developed the following sections of the report: Protecting Immigrants and Informal Employment.

3 <www.stat.gov.pl/cps/rde/xbcr/gus/PUBL_warunki_zycia_2004-2005.pdf>

4 The sections of the report on pensions, privatization, health and unemployment insurance have been developed by the Karat Coalition.

separately but this programme only includes 2% of the insured since it is not financially accessible for the majority of employers (KSE, 2005).

Since the pension received depends on the size and number of the contributions paid over one's working life, the current system contributes to gender inequality and the significant gap in the economic status between men and women. On average women earn less then men, hence their monthly contributions are smaller. Furthermore, since the age of retirement is different for women (60) and men (65), the contribution period for women is shorter by five years and results in their pensions being 30% lower than men's. A woman retiring at the age of 60 receives 58% of her last salary, but if she worked five years longer she would receive 86%. The current political discourse about retirement age is not focused on gender equality. Earlier retirement by women is justified by the "the traditional institution of the grandmother" since they are the ones who care for grandchildren and facilitate young women having large families (Kostrzewski and Mi'czy'ski, 2006).

Impacts of privatization

Privatization of the once almost entirely public economy has been extensive. Between 1990 and 1992, almost 30% of the state-owned enterprises were privatized (Gorzelak, 1994). In 2002 the private sector produced 72% of gross domestic product (GDP) while in the beginning of the 1990s it produced only 30%. The government planned that by 2005 state enterprises would produce less than 20% of GDP (Ministry of the Treasury, 2002). However, this did not happen due to a slowing down of the privatization process, which practically stopped in 2006. This change in the privatization trend was unfortunately not the result of any true social concerns, but rather due to the populist nature of the ruling coalition.

In 2006 only the RUCH company, a newsstand operation with over 30,000 kiosks located throughout Poland, was undergoing privatization. Even in this case privatization was limited to the issue of 27% of share capital.[5] It was sold on the Warsaw Stock Exchange in the only manner of privatization acceptable to the current economically inept government. Despite the government being extremely critical of privatization and not wanting to be perceived as having a negative impact on the economy, they did not include a social package in the initial public offer. This is despite the fact that the privatization of RUCH could lead to a 40% decrease in its largely female workforce. Furthermore, the 15% of shares which must be given to employees by Polish privatization regulations were not awarded. Additionally, no effort was made to prepare RUCH employees for the change in ownership and its possible consequences. In June 2007 RUCH employee trade unions announced a strike alert in response to news of further privatization.[6]

Public health hardships

Although the obligatory insurance system covers most social groups, some people are not entitled to this service and must buy voluntary insurance to access public health services. This rule does not apply to pregnant women and minors who are entitled to the public health services regardless of their insurance status. The public health system is highly inefficient, with long waiting lists and limited access to quality services. This affects mainly the poorest part of the society, especially the elderly, most of whom are women.

Reproductive and sexual health needs are neglected and women's reproductive rights are being violated. Apart from a strict abortion law, family planning services are not accessible in the public health system and contraceptives are not subsidized. School curricula lack obligatory and comprehensive sexual education which affects mostly girls and young women who are exposed to a higher risk of contracting sexually transmitted diseases and getting pregnancy. Teenage mothers account for up to 7% of all births in Poland (Federation for Women and Family Planning, n.d.).

Uninsured work force

The period after 1989 saw a loss in economic stability. Under the previous system employment was guaranteed for all; therefore Polish society was ill-prepared for the 'new phenomenon' of unemployment (Lohmann and Seibert, 2003). At the beginning of the transformation in 1990 the democratic government introduced an unemployment benefit received by 70.2% of workers who had lost their jobs. Unemployment increased over the period from approximately 6% at the start of the transition to 20% at the time of Poland's accession to the EU in 2003. Unfortunately subsequent governments dramatically limited unemployment benefits.

A large legal migration to other EU countries contributed to a decrease in unemployment. In 2006, the unemployment rate was 13.6% but the percentage of unemployed receiving benefits had decreased as well to only 13.4% in 2007.

The concept of unemployment insurance was rather unknown in Poland until the first non-socialist government opened a discussion on the subject. Unfortunately, there were no follow-up or legal proposals made by subsequent governments. On 14 June 2007 this issue was presented by the Vice Minister of the Ministry of Labour and Social Affairs to the Polish Parliamentarian Commission on Labour, demonstrating political will to establish an unemployment insurance system. A first draft of the new law could be ready in 2007 (Anka, 2007).

Protecting immigrants

Polish law divides immigrants into those looking for a job and refugees. Each group faces different laws; however these laws operate in a vacuum of political will and coherence.

According to Polish law, a refugee is a person who has a justified fear of oppression and stays outside the border of her or his country. By 2003 there were almost 30,000 petitions for refugee status in Poland. Immigrants seeking refuge are placed in refugee centres, and receive material help, food, clothing, medical and psychological help, and pocket money since work is prohibited until refugee status is granted.

Immigrants who receive the refugee status do not have any limitation on where they want to live, acquisition of real property, recognition of certificates and diplomas or possibility to study. They also have the right to social benefits and a EUR 250 (USD 344) scholarship to learn Polish. This integration assistance is provided for a maximum of six months.

Immigrants who prove Polish descent receive the status of repatriate and receive special help (financial, courses about Polish culture and history, vocational guidance, etc.). Other immigrants require a work permit to work legally. These are granted only in relation to jobs no Polish person can perform. If a foreigner works legally she or he has all rights and responsibilities defined in the Labour Code.

Under the PHARE programme, in place since 2000, a special unit manages resources from the European Refugee Fund. This fund benefits many Polish institutions such as educational establishments, research institutes, teaching institutions, and NGOs.

Informal employment

In 2004 more than 1.3 million people were 'illegally' employed in Poland. This represents 4% of the total labour force and 9% of the passive labour force. For 63% of this group their informal activity is their sole source of income.

High taxes and unemployment rates leave workers in a vulnerable position. A 2005 survey indicated the lack of opportunity to find formal work and insufficient incomes among the main reasons for working in the informal sector (CSO, 2005).

If informal work conditions are detected employees must pay unpaid taxes, while employers must pay penalty fees and face two years in prison. The social insurance institution does not often penalize illegal employees since they already face disadvantages as unofficial workers. Members of the EU are now considering a common penalty system to increase the risks to employers of using illegal labour. In some cases these firms would be excluded from receiving national and European donations.

Approximately 1.5 million foreigners work illegally in Poland. Employers exploit these undocumented immigrants by paying lower wages and expecting more work. The risks in being employed illegally include not being fully paid for all work, not contributing to a pension, and the lack of health insurance. Workers deal with these circumstances by remaining insured in their home country.

Meanwhile, many women in the informal economy are also recipients of social security benefits such as pensions, stipends or grants. In most cases, illegal work is a necessity because they are not able to find a job in their profession. ■

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5 <www.ipo.pl>

6 <www.bankier.pl>

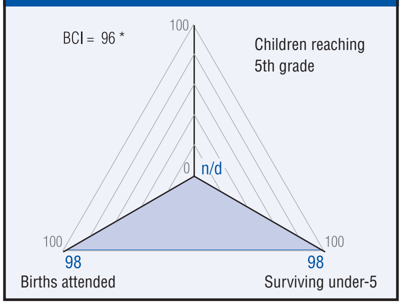
ROMANIA

The need to put social security back on the agenda

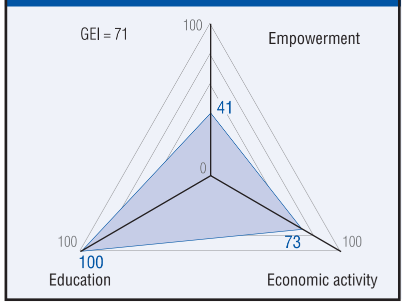
Romania's accession to the EU on 1 January 2007 was promoted as a guarantee of improved living conditions, but as far as social security is concerned, there are few solutions in sight. Although only 22% of Romanians believe that the national social welfare system provides wide enough coverage, social security concerns have been pushed off the political agenda by issues like corruption. In this context, civil society must play a role in defending social security as everyone's right.

Fundatia pentru Dezvoltarea Societatii Civile
Valentin Burada

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



On 1 January 2007 Romania became a member state of the European Union (EU). After long years of insecurity, EU membership has been presented and marketed as a guarantee that life will improve for all citizens. However, as far as social security is concerned, solutions should not be expected to come from the EU level.

According to a recent report released by the World Bank (2007), absolute poverty decreased from 35.9% in 2000 to 13.8% in 2006, as the estimated number of people living with less than USD 3 per day fell to under three million (out of a total population around 22 million). On the other hand, relative poverty increased from 17% to 19%.

Nevertheless, only 22% of citizens believe that the national social welfare system provides wide enough coverage (European Commission, 2007a). According to the Eurobarometer survey from spring 2007, twice as many Romanians (17%) are concerned about pensions than the average in other EU states, and this figure jumps to over 45% among citizens in urban areas (European Commission, 2007b). Meanwhile, 27% of the population is concerned about the health care system (compared to an average of only 15% in older EU member states).

Although these issues have been high on the public agenda in recent years, they have not been given priority by political decision makers. Moreover, in the context of Romania's negotiations to join the EU, they were deliberately given a low profile: of the priority issues for EU accession, only the fight against corruption was high on the political agenda.

Rising work force emigration and informality spark concern

Romania is one of the 20 EU member states with national legislation setting statutory minimum wages. The statutory minimum wage in Romania in January 2007 was USD 157, which ranks Romania in 19th place among the 20 countries, just ahead of Bulgaria (USD 127) (Eurostat, 2007). According to Eurostat data, 9.7% of employees received the minimum wage in 2005. However, this percentage does not entirely reflect the reality, since it is quite common for employers to register their employees with the minimum wage and offer supplementary forms of payment in order to avoid paying higher taxes. According to data provided by the National Institute of Statistics, the average net salary in April 2007 was RON 1,027 (approx. USD 420) (NISR, 2007).

Industrial restructuring is in an advanced phase and the privatization of former state-owned assets is almost complete. Over recent years the private sector share of GDP has increased substantially. At the same time, the informal sector has grown significantly. As a result, while the entire work force was formerly covered by public forms of social security and trade union representation, today large numbers of workers are unprotected. Out of an active labour force of roughly 10 million, 1.2 million workers are estimated to be employed in the informal non-agricultural sector, and the total figure including the agricultural sector is much higher, according to unofficial estimates (ILO, 2007).

With an unemployment rate of 7.2%, the country is close to the EU average of 7.1%. The relatively low unemployment rate is not the result of economic growth or state policies, but rather of massive emigration to older EU member states (especially Italy and Spain). According to estimates from the National Trade Union Bloc (BNS), there are 3.4 million Romanian citizens working abroad. For its part, the Ministry of Foreign Affairs reports that 1.2 million Romanians work abroad legally, while the Ministry of Labour estimates that just over two million people work abroad with or without legal authorization (Coidianul, 2007).

According to data provided by the country's central bank, Romanian citizens working abroad sent home EUR 5.3 billion (USD 7 billion) in 2006. While these remittances contribute, in the short term, to alleviating poverty in the poorest regions of the country, this massive emigration – of which a part is temporary labour migration – creates problems and concerns. Both employers and trade unions have manifested their concern over the unprecedented labour force deficit in several important economic sectors, including construction and the textile industry. The total labour force recently reached 10 million people, and a quarter of it has already left the country. Most of the people working abroad do not contribute to the public social security systems (pension, health care and unemployment). When you add to this the large number of people working on the black (or grey) market – estimated at around 1.4 million – it becomes clear why the public social security system is feared to be moving increasingly closer to a grave crisis.

Pension increases: urgently needed, dangerously abrupt

The reform of the pension policy was initiated in 2000 as an attempt to cope with the sharp decline in coverage that has occurred over the last decade. Currently, however, one of the greatest challenges facing the public pension system is to ensure financial sustainability in the long term. Facultative pension schemes and privately managed pension funds have been proposed as potential solutions by the government. Legislation has been introduced since 2004 to create alternative private pension schemes. Trade unions have been particularly concerned about flaws in the legislation and have demanded adjustments in order to ensure equal treatment of women and men in this field, a fair distribution of the savings, lower administrative

* One of the BCI components was imputed based on data from countries of a similar level.

costs and more time for people to become informed and aware of the reforms. It is also estimated that the introduction of private pensions will result in a deficit of around 0.8% of GDP for the public pension system (Voinea, 2007).

Between January and June 2007, the government approved a series of decisions including an increase in the number of employees in the public sector and increases in public sector salaries, military pensions, and social assistance benefits for families and children. All of these commitments represent an additional 3% of the national GDP (Voinea, 2007).

Meanwhile, as politicians are gearing up for two consecutive rounds of elections – European elections in 2007 and national elections in 2008 – the decision has also been taken to increase public pensions by 100% by 2009. In order to reach this level, as of 1 January 2008, public pensions will increase 43%. The average pension in 2008 will be around USD 230, close to 3.6 times higher than in 2002 (USD 65). However, this is still at least three to four times lower than pensions in other 'new' EU member states like Hungary, Poland and Slovakia. The allowances for the almost one million pensioners in the agricultural sector will also double as of September 2007.

Many argue that, although necessary, this very swift increase will have negative effects in the medium and long term. Economic analysts and politicians alike have expressed doubts that the financial resources necessary to cover these commitments, estimated at around USD 3 billion, can be collected (Bobocea, 2007). Experts maintain that the increase in public pensions should have been introduced gradually beginning in 2005, as opposed to this riskily abrupt implementation (Cabat, 2007).

Public health care system plagued with problems old and new

During these last 17 years of transition, statistics and research have revealed a deterioration of the population's health, including a drop in the life expectancy and the reappearance or aggravation of poverty-related diseases. Romania has the highest incidence of tuberculosis in the EU, while child mortality is four times greater than the EU average.

In 1990 Romania's medical system was exclusively public, highly centralized and financed from the state budget; services were offered to the population officially free of charge. However, due to a decline in financing levels, the quality of services declined abruptly, with medical staff working in dilapidated buildings lacking the necessary medical equipment, along with insufficient domestically produced medicines and very expensive imported medicines, unavailable to most of the population. As a result, most of the costs were transferred, directly or indirectly, to the beneficiaries, including through informal payments to medical personnel (Dobos, 2006). While the university centres offered excellent hospitals, primary medical assistance did not cover the entire country, and rural areas especially were cut off from service. The health system was centred on hospital care, and so 70% of the already poor health budget had to be allocated to hospitals.

In this context, political decision makers decided to move to a system based on health insurance. The legislative framework began to be modified in 1996, and the system entered into force in 1999 (Dobos, 2003). The restructuring of the basic set of medical services also seemed necessary because the system could not cope with all the costs. The number of hospital beds dropped from 207,000 in 1994 to 142,500 in 2004. In the meantime, however, there has been no substantial improvement of the outpatient health system.

In 2003 co-payments were introduced for some services, and this measure further limited access to medical care for the poor population. For large categories of vulnerable people the obligation to contribute to the public health care system was subsequently removed. Albeit a positive move, this further reduced the volume of contributions to the system (Dobos, 2003). Currently, contributions to the health insurance fund are made up of 6.5% of the gross salary of employees, with an additional 7% paid by the employers.

In general, experts consider that the whole reform process has led to increased costs, confusion among medical personnel, delays in the creation of the legislative framework defining the responsibilities of different actors within the system, and malfunctions in the disbursement of the funds. Many decisions have been taken without a prior evaluation of their social impact. Although the percentage of those not insured is not very high (between 5% and 10%), the new system has reduced the population's access to medical services through the existence of a category of people who can only benefit from emergency assistance (Dobos, 2006).

Poor families, particularly in rural areas and among the Roma people, have limited access to health services (Bleahu, 2006). They cannot afford the co-payments required for the provision of some services and the purchasing of medicines, as well as extra payment for doctors and auxiliary personnel. For 40% of people in rural areas, transportation and its cost represent a further obstacle to access to medical services (Dobos, 2003).

There are also problems inherited from the old system that have not been solved and that limit access to medical services or reduce their quality. These include the lack of primary medical assistance in many rural localities, the shortage of medical facilities and equipment, the low salaries paid to health care workers, and the practice of informal payments to medical personnel. The crisis in the health system has reached such proportions that at times it has even become impossible to ensure appropriate food and accommodation for hospital patients. Many hospitals do not meet basic public health standards and function in very precarious conditions. For instance, in one county alone in June 2007, 22 hospitals were fined for various such breaches (Crisan, 2007).

The public health system's problems have been heightened in recent years by the growing inability to provide free or subsidized medicines for those who need them. The liberalization of the pharmaceutical market and decrease in domestic production have led to a steep rise in prices for pharmaceutical products, further limiting the poor population's access even to vital, obligatory treatments.

The supply of medicines to hospitals has often been discontinued by business conflicts between the public health system and large pharmaceutical distributors. During this turf war, those affected are the patients. To recover their debts, medicine suppliers have halted their operations and further hiked up their prices (David, 2007). Adding to this problem are the aggressive marketing tactics of pharmaceutical companies targeting doctors. In exchange for sponsorships covering their participation in international medical conferences and seminars, doctors prescribe medicines which are more expensive. Pharmacies therefore reach the quota of subsidized or free medicines that they are entitled to offer each month much more quickly, leaving more poor patients without access to needed medication.

In 2004 there were only 22.2 doctors per 10,000 inhabitants, or one doctor for every 450 people. The medical educational system is underfinanced and has been affected by a decrease in enrolment space in medical schools to allow for greater enrolment in other university departments. As a consequence, each year the number of new doctors entering the system decreases. A recent survey conducted by the professional association of doctors in Iasi, the second largest city, revealed that over 50% of doctors and 75% of other medical staff have considered leaving the country to work in Western Europe. When compared to the entry salary of a resident doctor in Western Europe, a Romanian doctor earns 10 times less. Meanwhile, Western European countries have a deficit of doctors and have opened their health sectors to doctors from new member states.

Given the insufficient financial resources in the health care sector, one rather unorthodox means of keeping qualified medical personnel in the country has been the toleration of corruption, which plagues the public health system at all levels. A survey funded by the European Bank for Reconstruction and Development revealed that so far in 2007, 30% of Romanian citizens have made informal payments to medical personnel. The country's health system tops the list for illegal payments made by populations to public institutions. According to a study carried out through a World Bank project, in 2004 Romanians paid USD 360 million to public health system personnel. This amount represents 10% of the total health budget for 2004. Poorer families pay larger amounts (up to 78% of their monthly income). Pharmaceutical companies also are reported to offer illegal commissions to purchasing agents and to doctors who prescribe their medicines. Meanwhile, the use of electronic tenders, although introduced in order to improve efficiency and eliminate corruption, has lead to the purchase of low quality or ineffective products.

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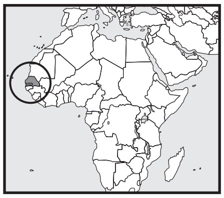
Basic social services still inaccessible



The government's goal of reducing poverty by 30% by 2015 will not be achieved without profound structural changes. The country needs to achieve real and sustained economic growth which will allow such vital aspects as the universalization of education and decent health services to be attained in order to reduce high maternal and child mortality rates.

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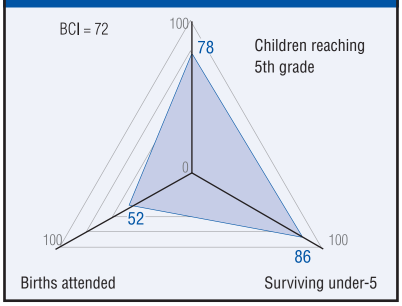
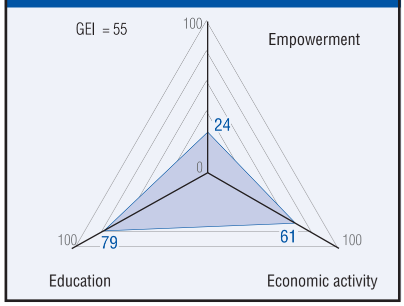
Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



At the start of the First African Conference on Human Development (Rabat, Morocco, 6 and 7 April 2007), the government of Senegal – a country of over 12 million inhabitants composed mainly of young people and women – reiterated once again that its goal to reduce poverty to below 30% by 2015 is based on an anticipated annual growth of 7% to 8% in real terms between 2006 and 2010.

The government added that the growth of wealth "will be sustained by an increase in public and private investment as well as by improvements in the effectiveness of public expenditure and an increase of the agricultural sector's contribution to growth by means of the diversification and modernization of agricultural establishments."

On a more general scale and with a view to facing the challenges of poverty and human development, the government decided to revise its Poverty Reduction Strategy (DERPII, 2006-2010), based on the priorities established by the Millennium Development Goals (MDGs) and the strategy for accelerated growth. These priorities include: creation of wealth, development of greater access to basic services and social security, as well as the prevention and management of risks and disasters, and decentralized and participative growth.

However, the government's evaluation is at odds with the 2007 report by the Organisation for Economic Co-operation and Development (OECD) on the African Economic Outlook. Bearing the OECD report in mind raises serious questions as to how the government will be able to achieve the outcomes it seeks in the face of existing difficulties.

The OECD report highlights the serious obstacles which prevent the achievement of the poverty reduction goals established by the government, due to a conjunction of unfavourable factors. Those factors, in addition to their current impact, are linked to the vulnerability and structural defects which continue to exist in the country, such as the difficulties regarding the expansion of exports – for example, in the fields of peanut production, fisheries and phosphates. According to the OECD, they are also a reflection of the problems which beset the country in 2006. Whereas growth in 2005 was 5.5%, in 2006 it barely reached 3%. Other sources, however, show a greater increase of the gross domestic product (GDP). Such is the case of World Development Indicators (WDI), whose 2006 report placed the country's economic growth at 6.2%.

One of the problems pointed out in different reports in order to explain the changes in the rate of economic growth is the possible impact of insufficient economic diversification, particularly in a climate "which is still unfavourable to investment, especially foreign direct investment."

It is no surprise, therefore, that results in the area of human development should be insufficient and place the country among those with the lowest Human Development Index (HDI) worldwide (157th place out of 175), although a slight improvement with respect to 2002 has been recorded.

Massive clandestine emigration

In the face of the failure of agricultural policies, the young see no other way to escape the inferno of poverty than clandestine emigration. Thus, the country has become one of the starting points for massive clandestine emigration towards Spain. In 2006, over 31,000 undocumented immigrants, mostly from Sub-Saharan African countries, reached the Canary Islands aboard improvised craft, at the risk of their lives. This trend will continue to worsen due to the lack of unemployment insurance and social welfare benefits.

Meanwhile, the prices of articles of prime necessity (oil, rice, bread, sugar, etc.) have soared, which makes the situation even worse. The population also faces serious shortages in access to basic services such as water, education and health care, sectors which should have been firmly developed in order to lessen the burden of poverty.

Water, a resource in short supply

The lack of drinking water and adequate sanitation constitute two of the primary causes of illness and death and also contribute to the country's lack of economic development. The government has drawn up an ambitious programme with the aim of implementing improvements in this sector: the Millennium Drinking Water and Sanitation Programme (PEPAM), a unified intervention plan for the supply of water and sanitation in urban and rural areas. This programme covers the years 2005-2015 and attempts to ensure and increase access to drinking water for rural and urban households and equip them with adequate independent sanitation systems (waste and sewage disposal), particularly in rural environments. Its main objective is to reduce poverty by helping disadvantaged local populations to obtain sustainable access to these basic social services. However, the government's main concern is to find the financing for investment in rural hydraulic systems and sanitation for urban and rural environments. This would mean setting aside, in part, the MDGs.

Health: insufficient infrastructure and personnel

In the health area, the report presented at the African Conference on Human Development points out that indicators are unsatisfactory and that, sadly, the infant mortality rate is 61 deaths per 1,000 lives births and the child mortality rate is 121 per 1,000.

Other data supplied by UNICEF (2005) show even more distressing figures: the mortality rate for children under one year of age is 78 per 1,000 live births, whereas among children under five years of age it is 137 deaths per 1,000 live births.

This situation is explained to a large extent by the fact that, in terms of infrastructure and personnel dedicated to health care, the country is far from complying with the norms established by the World Health Organization (WHO). For example:

- The Fatick region in the interior of the country still has no hospital, although construction began before 2000, which means that for over seven years, nothing has been done for the region as regards improving the health conditions of the population.
- The maternity wing of Aristide Le Dantec Hospital in Dakar, the largest in the country, has been closed for almost three years, and no date has been set for its reopening.
- Only a small number of specialist doctors and midwives are trained each year.

Although significant progress in the struggle against maternal mortality has been recorded, there is undoubtedly a long way to go in order to achieve the MDGs. Maternal mortality rates should be reduced by 75% between 1990 and 2015. Surveys carried out in 2004 revealed that 690 women still die for every 100,000 live births (UNICEF, 2005). It was because of this that Dr. Soukeyanatou Fall Kaba sounded the alarm when she revealed this dramatic situation, in which 48% of women give birth without the attendance of qualified medical personnel. Home births due to sociocultural factors, difficult access to health care infrastructure and limited financial resources are some of the many reasons which, according to the doctor, explain why nobody assumes responsibility for pregnant women.

The MDGs related to health issues will be no more than a dream if the following measures are not adopted:

- Good quality health care infrastructure, sufficient in quantity and accessible to the population.
- A real policy for human resources management with definite plans for professionalization and an incentive system to train an adequate number of personnel to work immediately and efficiently at all levels of medical care.
- A medicine and medical equipment supply system within the Economic Community of West African States (ECOWAS) to guarantee permanent availability and a significant reduction in purchase costs for member states, with the support of entities such as the West African Health Organization (WAHO) with strengthened powers and authority.
- A flexible and adaptable medical coverage system to enable the greatest possible number of families to gain access to health care without having to pay ever-increasing costs (with relation to membership in private healthcare schemes); free medical care for children under five years of age, as well as for women during childbirth.
- The development of mechanisms to reinforce the power and means of local communities and the population in general, through their participation in the follow-up and control of medical centres, in order to encourage good management.
- Reduction of disparity between the different areas of the country by means of a suitable policy for the distribution of health infrastructure.

Education: putting the Bamako Statement into practice

In the field of education, the aim of making primary education universal has not yet been achieved, in spite of an increasing gross rate of enrolment in primary education, from 62% in 1998 to 75.8% in 2003 and 79.9% in 2004. In fact, although adult illiteracy is declining, it still affects 62.2% of the population. In this field, problems are related to a lack of material resources (educational facilities, text books) and can be solved by means of budgetary allocations.

Although UNESCO, in its 2005 report, situated Senegal, together with two other African states, among 10 countries in the world with ambitious plans regarding education, there are still great efforts which must be made in order to achieve real progress in education. In this sense, putting the 2007 Bamako Statement on the Abolition of School Fees into practice will have a positive impact on the educational system in Africa and in Senegal in particular.

At the conclusion of the Bamako Conference (19 to 22 June 2007) organized by the Association for the Development of Education in Africa (ADEA), UNICEF and the World Bank to address "School Fee Abolition: Planning for Quality and Sustainable Financing", 200 delegates from 23 countries concluded that in the current situation "a considerable number of countries will not reach the targeted goal" as long as universal access to the first year of primary education cannot be achieved within the next two years. In a formal statement, the ministers of education and finance of the 23 countries participating in the international conference reiterated their commitment to improving strategic planning in order to comply with the demand for universal primary education by 2015. As the report shows, the ministers' commitment is aimed at "doing whatever is necessary so that no child is kept away from school because his family does not have the financial resources to send him there." The Bamako Statement also called on participating governments "to increase resources on the national level as well as the effectiveness of their use," "to establish optimal policies," and to plan activities that can "guarantee the success of the initiative to abolish school fees."

The signatories of the Bamako Statement acknowledge the fact that "our countries, while sharing the same commitment, are at different stages of achieving this goal." They recognize that each country "faces differing realities, differing challenges, and each will find its own path." On the other hand, and aware of "the role of civil society in development," they stated that "we pledge to work together to mobilize the support of our citizens whose children's futures depend on the opportunities that free schooling will provide." It is within the framework of these actions that the ministers intend to "establish effective monitoring mechanisms to ensure the commitment to these goals achieves results." They also request that the World Bank and the Group of Eight leading industrialized nations (G8) should fulfil their 2005 promise to ensure that "all children have access to complete free and compulsory primary education of good quality." They also invite sponsors to "provide financing that is predictable, that is available over the long term, and that is consistent with our national education plans." ■

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SERBIA

Good morning, capitalism! Good bye social protection!

While making notable progress towards macroeconomic stability and a functioning market economy through privatization and structural adjustment, Serbia has not avoided the negative impacts of these processes on the population. The level of social and economic rights achieved during the previous socialist period has been dramatically lowered, while human insecurity has increased, justified by the need to attract foreign investment and stimulate economic growth.*

Women's Centre for Democracy and Human Rights
Mirjana Dokmanovic, PhD

Serbia's economic, social and human development is still heavily marked by the legacy of the past and the turbulent events of the 1990s. The dissolution of the former Yugoslavia and the associated hostilities and armed conflicts were followed by the imposition of international sanctions, which cut off important markets and transit routes to other countries. These circumstances, in addition to the Kosovo crisis and the NATO intervention in 1999, have severely disrupted economic activities and resulted in a high level of uncertainty in all the successor states.

In the past 15 years, Serbia has undergone several state transformations, from a 'unit' within the Socialist Federal Republic of Yugoslavia to an independent state after the dissolution of the state union with Montenegro, which declared independence in 2006. Post-conflict consolidation and recovery is still an ongoing process.

One of the paramount foreign policy priorities today is rapprochement with the European Union, with entering the EU as the ultimate goal. Relations with the EU are progressing in the framework of the Stabilization and Association Process and the European Partnership as key instruments of pre-accession strategy for potential EU membership candidates. However, this process has not always run smoothly. In May 2006 negotiations for a Stabilization and Association Agreement with the EU were suspended for almost a year, due to Serbia's alleged failure to cooperate with the International Criminal Tribunal for the Former Yugoslavia. After the parliamentary elections in January 2007 and the establishment of the new government in May 2007, the international community resumed economic support for Serbia and encouragement to continue on the path of transition.

Late transition, usual recipes

Due to the political upheaval and violent conflict in the region during the 1990s, Serbia's transition to a market economy has been delayed in comparison with the countries in Central and Eastern Europe.

The country's structural adjustment programmes (SAPs), dictated by the International Monetary Fund (IMF), have features familiar from previous SAP experiences in other transition countries, requiring the removal of all obstacles to international trade and foreign investment, prompt privatization, labour market flexibility and reduction of all social costs. Serbia started the transition from a very weak position, with a destroyed regional infrastructure and regional market, a high level of political uncertainty, and weak institutions. Economic sanctions, hyperinflation, under-investment, and loss of markets after the break-up of the Socialist Federal Republic of Yugoslavia led to a 50% decline in output between 1990 and 1993. By 2000, recorded per capita GDP had fallen to USD 1,042, about one half of its 1990 level.

In 2000, under the auspices of the Stability Pact for South Eastern Europe (SPSEE), the World Bank and its main development partners in the region (European Commission, European Bank for Reconstruction and Development, Organisation for Economic Co-operation and Development, European Investment Bank, Council of Europe and Council of Europe Development Bank) adopted a comprehensive approach to development in the SEE. The priorities established for domestic sector reform include accelerating privatization and structural reforms; alleviating constraints to foreign direct investment; increasing flexibility in labour market legislation; promoting trade liberalization; reducing the size of the public sector and the overall level of public spending; and reorienting state functions to meet the needs of the market economy (World Bank, 2000). The reform process is being guided by the World Bank and IMF. The SPSEE Working Group on Trade Liberalization and Facilitation was established in 2001 to foster regional economic integration and trade liberalization within the World Trade Organization.

After the October 2000 overthrow of Slobodan Milosevic, the new government adopted a comprehensive economic policy based on this framework. This has resulted in slow but positive economic trends towards increased macroeconomic stability. In 2005, real GDP grew by 6.3% compared to 5.1% in 2001. Growth remained strong at 6.7% year-on-year, and total industrial production expanded at a rate of 7.8% year-on-year. The highest growth rates were achieved in sectors which had undergone substantial privatization or restructuring in recent years, such as food and beverages, tobacco, chemicals, rubber and plastic products and base metals. The 2005 current account deficit decreased to 9.8% of GDP from 12.6% in 2004, due to strong growth of exports (up 13.2% year-on-year) and declining imports (down 6.7% year-on-year), although imports still remained at about 2.5 times the level of exports. Capital inflows increased in 2005 and reached EUR 3.6 billion compared to EUR 2.4 billion in 2004. Foreign direct investment rose to about 5.7% of GDP in 2005 from 4.3% of GDP in 2004, reaching over USD 2 billion in 2006, predominantly related to privatization. The annual inflation rate was finally lowered in 2006 to a tolerable 6.6%, while the dinar unexpectedly strengthened relative to the euro.

At the end of 2006, a European Commission evaluation concluded that Serbia has made notable progress towards macroeconomic stability and being a functioning market economy, but that stabilization and reform efforts need to be continued in order to enable it to cope with competitive pressure and market forces within the EU (European Commission, 2006). Unfortunately, these positive macroeconomic indicators do not mean a lot to the majority of the population, which is coping with increasing economic, social and human insecurity.

Privatization of strategic economic sectors

Privatization has been carried out through different models and in three phases, in 1991, 1997 and 2001. The basic scheme in 1997 was primarily insider privatization, carried out through the free distribution of shares to current and former employees. A new wave of privatization started in 2001, based on selling capital through tenders and auctions, and capital transfer without compensation.

As of 15 June 2007, nearly 2,000 enterprises with 313,696 employees had been privatized under the law adopted in 2001, and the privatization process should be completed by the end of 2007. The government has announced its intentions to totally or partially privatize the large public and

* Due to the recent separation of Montenegro in June 2006 there are no available data on BCI and GEI components for Serbia alone.

state-owned enterprises in sectors like electricity, gas, oil, forestry, telecommunications, railways, airports and air transport. As part of the privatization process, 15 multinational corporations and several big foreign companies have entered the country. Among others, they now control such strategic branches of the economy as the cement, tobacco and oil industries.

From the perspective of the country's citizens, privatization is seen as a robbery of publicly and state-owned companies by the political and economic elite, due to a lack of transparency, numerous scandals, cases of corruption, violations of the law, and dubious privatizations. Despite promises made by the government, there has been no revision of the privatization process.

Rising unemployment

The formal labour market is characterized by high rates of official and hidden unemployment, low wages, and low mobility of the labour force. Unemployment has continuously increased since the beginning of the economic reforms, due to factors like the high level of bankruptcies and shutdowns, and structural adjustments and privatizations accompanied by the dismissal of 'surplus' workers. For example, after the privatization and sale of the country's largest cement factory, Beocin, to the French cement giant Lafarge in 2002, the number of employees was reduced in two years from 2,400 to 934 (RoS, 2005a).

In 1990, the unemployment rate was 16.7%. At the end of 2001, the registered unemployment rate was 21.8%, and by 2006 it had reached 28.05%. Hidden unemployment is estimated to represent an additional 20% to 24%. Long-term unemployment remained chronic, with an average duration of 44 months in 2005. Youth unemployment is severe and stood at roughly 48%, while the youth employment rate was 18%, in comparison to an average of 40% in the EU.

Privatized companies have played an especially significant role in decreasing employment opportunities. Furthermore, the downsizing of employment in companies is expected to continue in the coming years with the privatization of large, highly overstaffed state-owned enterprises.

Meanwhile, in the newly created market conditions, many people are not able to enter the work force due to a lack of qualifications, or as a result of their age, health problems or disabilities. Those in the worst situation are people who are poor, uneducated, illiterate, elderly, rural dwellers, or members of the Roma community, along with women, who make up the largest marginalized group suffering from discrimination and social exclusion. The National Employment Agency has introduced measures to stimulate employment and self-employment, with special emphasis on women, the elderly, single mothers, the disabled and youth. However, these efforts are insufficient due to an economic environment unfavourable to small and medium businesses and the unwillingness of employers in the private sector to eliminate discriminatory practices.

Violation of workers' rights

Many workers are not included in official statistics because employers in the private sector have a 'habit' of not signing labour contracts, as a way to avoid paying salaries regularly and making the obligatory social security, unemployment and pension contributions for their employees. Workers in the growing private sector are therefore vulnerable to poverty, as they are not eligible for pensions or any other benefits. According to trade union figures, in September 2006, a total of 142,524 employees had either not been paid or had been paid salaries below the minimum wage (USD 0.84 an hour) guaranteed by law (CATUS, n.d.).

The violation of workers' rights is facilitated by weak trade unions and a shortage of mechanisms to protect economic and social rights in general. The country also lacks adequate legislation on foreign investment that would have incorporated international labour standards.

Because of the inability of the private sector to absorb the surplus work force, a growing informal sector has emerged. The participation of the working age population in this 'grey' economy is estimated at around 60%. The informal economy is a significant source of income for the majority of households and is estimated to account for 40% of GDP. These workers fall outside any social safety nets, the protection of trade unions, and legislation related to safer working conditions. Many workers employed in the formal sector are also active in the grey economy, as a means of compensating for low salaries.

Increasing economic and social insecurity

The economic transition has been accompanied by a decrease in the level of economic and social rights gained in the previous socialist period, as well as disregard for international labour and environmental standards and a lack of legislation on corporate responsibility. Full-time employment is no longer guaranteed, many social benefits for families and children have been cut, and access to employment opportunities, health care, social services and education has become more difficult. Due to the privatization of services, many have become overly expensive for the majority of the population, while in the previous system they were free.

Meanwhile, structural changes in employment have led to greater availability of temporary, part-time, seasonal, and low-paid jobs. The new Labour Law (2001) made the procedures for employment and dismissal of workers more flexible and decreased the level of severance pay and other obligations of employers. The government justified the legal changes introduced with the need to make the economy attractive to foreign investors. As a result, the majority of the population is facing increased unemployment and insecurity, in addition to rising crime, corruption, and a widening gap between the poor and the rich, due to the thinning of the middle class and the emergence of a new economic and political elite made up by war profiteers and former communist leaders.

During the preparatory work for the 2003 Poverty Reduction Strategy Paper (PRSP), several household surveys were conducted, showing that 10.6% of the population (800,000 people) lived below the poverty line of USD 2.4 per day, while another 1.6 million people earned only a little more. Adding in other vulnerable groups, such as refugees and displaced persons (700,000), the Roma community, farmers and industrial workers, it is estimated that almost half the population has suffered a decline in their quality of life and the denial of economic and social rights like the right to adequate housing, health care, education, social security and a decent livelihood.

Those at the greatest risk of poverty include the unemployed, the uneducated, the elderly (over the age of 65), children, and households with five or more members. Persons with disabilities (70,000) and retired people, who receive pensions amounting to roughly 60% of the average salary, are particularly at risk of poverty. A reform of the pension system is in progress, as the government has determined that it is no longer sustainable to have two million employed people supporting 1.26 million retired people. In addition to the compulsory social security pension scheme, based on intergenerational solidarity, voluntary pension insurance and private pension funds are being introduced.

Similar to other transition countries, women carry the heaviest burden of the transition process, due to cuts in social services, rising unemployment, and the feminization of poverty. They have been hit especially hard by the loss of the benefits of the previous social welfare system, such as affordable child care, free health care and education systems, and job security. They are typically concentrated in low-paid sectors. Women make up 70% to 80% of employees in public administration, health care, social services, and the hotel and restaurant industry. In addition, women are increasingly shifting from the formal to the informal economy.

The government's analysis of the first year of implementation of the Poverty Reduction Strategy Paper (RoS, 2005b) and progress towards the Millennium Development Goals in Serbia (RoS, 2006) recognize that Serbia still lacks a comprehensive policy and effective strategy to eliminate the negative effects of the transition on the possibilities of the majority to enjoy economic and social rights. The new Constitution[1] guarantees a wide scope of the economic, social and cultural rights enshrined in the International Covenant on Economic, Social and Cultural Rights (ICESCR), and stipulates that the attained level of human rights may not be lowered (Article 20.2). It introduces anti-discrimination and gender equality provisions, establishing a policy of equal opportunities as an obligation of the state (Article 15) and social measures to eliminate discrimination on any grounds (Article 21.4).

(Continued on page 245)

1 Adopted by the National Assembly in 30 September 2006. The official English version is available at: <www.parlament.sr.gov.yu/content/eng/akta/ustav/ustav_1.asp>.

SOMALIA

Social security impossible without stability

The meagre social protection mechanisms which existed during the 21 years of scientific socialist rule in Somalia have yet to be replaced since rebel groups overthrew the regime in 1991. The country continues to struggle with stability and civil conflict, making the establishment of social security programs particularly challenging. However, with 43% of the population living on less than USD 1 per day this social void will be difficult to ignore for much longer. *

Social Watch Coalition in Somalia[1]

Somalia is a country on the Horn of Africa, occupying an important geopolitical position between Sub-Saharan Africa and the countries of Arabia and southwestern Asia. With an area of 637,000 square kilometres, it is bordered on the north by the Gulf of Aden, on the east by the Indian Ocean, on the west by Kenya and Ethiopia and to the northwest by Djibouti. The capital is Mogadishu (Relief Web, 2006).

The Republic of Somalia was formed on 1 July 1960 when the former British protectorate and the Italian colony of Somalia joined to form a unitary state. Since that time, a multi-party democracy has flourished in the Horn of Africa country.

Two multi-party elections were held between 1960 and 1969, during which two presidents and four successive cabinets served the nation. On 21 October 1969, a military coup took place which overthrew the civilian government. The officers in charge of running the country called their ruling body "the Supreme Revolutionary Council". They eventually chose scientific socialism as the system of governance for Somalia and abolished the Constitution that had been effective since the 1961 referendum.

A single party state ruled Somalia for just over 20 years with the rulers trying to emulate the type of socialism applied by the former Soviet Union and eastern European countries. The main notion was to initiate rapid development through community-based structures and programmes.

The chosen scientific socialism, however, did not bring the perfect governance it promised and only led the government into a militarization programme and continuous conflicts with its neighbours. This is particularly true of Ethiopia and the war which took place with Somalia between 1977 and 1978. Badly needed resources for social welfare were diverted to the empowerment of the military leading to public discontent and the formation of rebel groups during the 1980s.

The clan-based rebel groups that defeated the socialist government in January 1991 could not agree on power-sharing, instead turning their guns on each other and initiating a devastating civil war which brought destruction and anarchy, in addition to the erosion of the meagre social welfare being offered by the state.

Nonexistent pension system

In 1960, the country's population was estimated to be 3.2 million, with pastoralists in semi-arid regions representing 55% of the population, other rural inhabitants representing 27%, and urban dwellers 18%. Approximately one third of the urban population was working for the government – the main employer – at that time through social welfare schemes. Private companies mainly managed or owned by European and Asian settlers had reasonable human resource development policies and practices including provision of adequate rewards and health schemes.

During the 1960s, the civilian government had strict fiscal policies which did not encourage widespread employment. However, when the military junta took over the country, it created several programmes which required a mass recruitment of personnel.

When private companies and entities, including commercial farms, schools, banks, and import and export businesses were nationalized in 1972, the government used them as employment centres. The military rulers also promoted large farming establishments under what was then known as the Crash Agricultural Programme. These large commercial entities such as the Agricultural Development Corporation and the National Trade Organization were known in the Italian context as *Ente Nazionale di Commercio*.

Although the socialist government encouraged greater employment in various sectors including the army, social pension hardly existed and few top ranking officers received some kind of pension payment upon retirement. The overall impression was that higher employment under the military rulers provided income for various households but there were no coherent policies to guarantee social security or meet international standards and commitments, except perhaps a workers' health service under an entity known *Cassa per Assicurazione Sociale della Somalia.*

Instant privatization

Following the collapse of the military government technically all state institutions and parastatal entities ceased operations. Properties were quickly looted and infrastructures mostly destroyed. Therefore, all that remained in operation were privately owned entities.

This new condition created a situation whereby production of goods and provision of services fell solely into private hands. Therefore, since January 1991 a type of spontaneous, haphazard privatization of public properties and services has taken place in the country.

As the nation began recuperating from the loss of central rule through coping mechanisms, private initiatives started to respond to market demands. New schools, colleges, clinics, hospitals, electricity and water supplies and other services have all been provided but consumers must pay for all of these services and they are in general exorbitantly priced.

Few people can afford school enrolment, medical attention and other social services in the absence of a central government, whose role is to collect taxes and duties and convert the revenue into community development and public welfare.

Scarce public health services

Except for a few regions, health services are provided by private clinics and hospitals. Some of them even use former public properties from before the collapse of the government in early 1991 (SOCDA, n.d.).

The few facilities that offer a semblance of a public health system did belong to the former government and they have been rehabilitated and run through the efforts and assistance of international bodies such as the International Committee of the Red Cross, Red Crescent Societies from some Middle Eastern countries, International Medical Corps and other institutions.

Nevertheless, most of these health amenities are run through cost-sharing requiring patients to pay for beds and medicines at subsidized rates while food is generally provided. Some of the hospitals operating under such schemes in Mogadishu include the SOS Hospital, Madina Hospital, Keisaney Hospital and Benadir Hospital.

Traditional unemployment insurance

In Somalia, there has never been social welfare or even institutionalized coverage against the effects of unemployment. It has neither been a major government policy nor a widespread initiative. Therefore, no cash or in kind payments from the public sector have existed in the country.

* There are no data available on BCI and GEI components.

1 The Secretariat of the Social Watch Coalition in Somalia (SOCDA) is in Mogadishu. Tel: +252-1-216188; +252-5-930625; Email: <socda@socda.org>, <socda@globalsom.com>; Website: <www.socda.org>.

Nonetheless, Somalis have always used a traditional means of supporting each other, especially through clan associations. Clan members who find themselves destitute are exempted from contributing to the clan contribution system and may even qualify for assistance through collective means.

This contribution-based welfare is basically voluntary but it helps community members to survive together. This is why the impact of the civil war was easily absorbed through clan-based help. It derives from a centuries old culture of people living in nomadic pastoralism and in relatively harsh environments.

Somali Revolutionary Youth

During the former government, the state machinery occasionally created special camps for orphans. These could only admit a few hundred children through unclear selection criteria, but they were nominally considered to be children who lost their parents and had no guardians to care for them.

The military regime was happy to have such camps because it guaranteed the generation of future revolutionaries and that is why the children at the orphanages were called the Somali Revolutionary Youth, which was supposed to be associated with the Somali Revolutionary Socialist Party, the then single ruling party.

Today's youth, and especially those from poor families, face many threats. Child rape victims, especially in internally displaced people camps, are not uncommon, with 12% of adults and 6% of children admitting to having first hand knowledge of this type of violence. Children continue to be involved in militia groups with 5% of children reporting that they or their siblings had carried a gun or been involved in a militia. Meanwhile, 19% of children report that they or their siblings had worked on the streets at one time, with poverty being the reason for doing so. These children are far less likely to attend school and are more often exposed to drug use on the street. With 25% of the population regarding themselves as disadvantaged, children resorting to this type of work is not surprising (World Bank, 2006).

Ensuring access to education in Somalia continues to be a problem. Although primary school enrolment sharply increased from 1999-2004, it still lags below the rest of the world. According to UNESCO, at 19.9%, it is the only country registering a value lower than 30%.

Girls' access to education is limited with females representing only 35% of students. Among African countries, only Niger has a lower percentage of girls in primary school. The reasons cited for this low enrolment by parents and teachers include a preference to educate boys ahead of girls in cases where resources are limited, the need for girls to help with the household labour, the insecurity of girls travelling long distances to reach school, few female primary school teachers, the continued use of corporal punishment, and the lack of separate latrines for girls and boys. Other reasons for low enrolment include displacement, the nomadic lifestyle of many populations, and the continued conflict (World Bank, 2006).

TABLE 1. Key social and economic indicators

	2002
Average life expectancy (years)	47
Population (million)	6.8
Per capita household income (USD)	226
Extreme poverty (%)	43.2
Infant mortality rate (per 1,000 live births)	132
Under-five mortality rate (per 1,000 live births)	224
Maternal mortality rate (per 100,000 live births)	1,600
HIV/AIDS prevalence (%)	<1
Population with access to health facilities (%)	54.8
Doctors (per 100,000 persons)	0.4
Adult literacy (%)	19.2
Gross primary school enrolment (%)	16.9
Population with access to safe water (%)	20.5
Population with access to sanitation (%)	49.8
Unemployment (%)	47.4

Source: UNDP and the World Bank, Somalia Socio-Economic Survey, 2002; UNDP Somalia Human Development Report, 2001

Unregulated labour environment

Even during the military regime in the 1970s and 1980s, there were no laws to effectively protect people in business activities. This is especially true of the informal economy because the rulers always viewed all initiatives outside their control as not in line with the socialist principles. Labour laws and other directives, including scaled basic salaries and other benefits meant to help state workers, were not extended to the private business sector.

Asylum for neighbours

Between 1960 and 1990, the successive governments welcomed immigrants and people seeking asylum from neighbouring countries. The majority of these came from Ethiopia and from Djibouti when the territory was a French protectorate before independence in 1977.

The National Refugee Agency was established to take care of those running from wars and other forms of hardship in neighbouring countries. It usually coordinated the efforts of the Somali state and the international bodies willing to help the refugees.

Although most of those refugees were camped outside urban centres, more credible asylum seekers were offered reasonable accommodation and a means of livelihood. Those who received such hospitality include the current prime minister of Ethiopia, Atto Meles Zenawi, and former Burundian president Michael Bujumbura.

Only the promise of social benefits

Today, 43% of the population lives below the poverty line of USD 1 per day at purchasing power parity, which is equivalent to SOS 18,000 at the current exchange rate (World Bank, 2006). After 16 years of civil war, it is hard to imagine the new government embarking on a programme to help the people living under the poverty line. However, the leaders of the Transitional Federal Government are always promising to develop a political agenda that supports the poor, especially through the achievement of the Millennium Development Goals (GCAP, 2006).

Stability first step towards social security

Somalia is currently at a very crucial stage whereby forces are battling for the rebirth of the lost statehood. Unfortunately, conflict continues to take its toll on the civilian population as warring parties resort to settling their differences through the barrel of a gun.

The international community appears to be urging Somalis to come to the negotiating table and clear their differences through peaceful means. Only a stable country can embark on a quest for sustainable development and the provision of adequate social welfare, including the right to social security services, a social pension scheme, health care, child care, maternity care and the protection of immigrants and asylum seekers.

Civil society activists in Somalia firmly believe that there are sufficient resources available but what is needed is good governance, appropriate technology and human-centred development policies to overcome the chronic lack of social security services. ■

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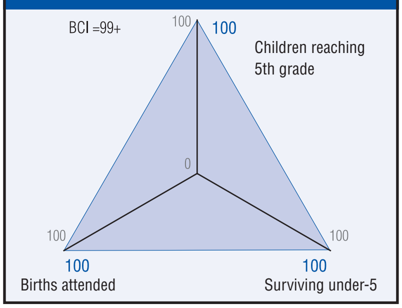
■ SPAIN

Weaknesses and new rights

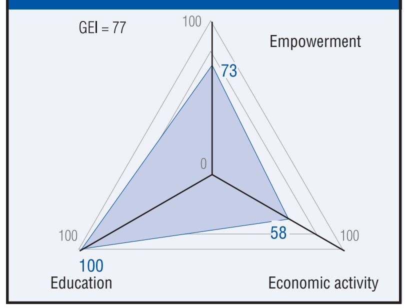
In Spain, per capita social expenditure is below the average for the 15 EU member countries before the 2004 expansion (EU-15), and the government has to face the challenge of closing this gap. Since 1998 the country has accumulated a social security surplus, which is a compelling argument against proposals to privatize social insurance and thus divert resources from the public treasury. In the social sphere, new rights such as those of people who are dependent on care have been recognized, but it will be difficult to implement measures to satisfy these new demands.

Plataforma 2015 y más[1]
Pablo José Martínez Osés

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



One of the basic pillars of Spanish social security is that it is universal, and provides access to contributory and non-contributory pensions for all. The system is based on compulsory contributions to a common fund, and benefits are paid in accordance with different categories based on labour and personal circumstances. In 1995 the government signed the Toledo Agreement (still in force), which established the separation of funding sources; this means that contributory pensions are financed from contributions and non-contributory pensions from the general state budget.

However, comparisons with the figures for the 15 members of the European Union before the 2004 enlargement of the bloc (EU-15) reveal certain weaknesses in this social protection system. Spain is still enjoying greater economic growth than the European mean, and average wealth as income per capita stands at 91% of the average for the EU-15.[2] But social spending per capita is only 62% of the average for these 15 countries. According to EUROSTAT (2006), in 2003 Spain allocated 19.7% of its GDP to social protection, while the figure for the EU-15 group was 28.3%. Expenditure for the most vulnerable sectors (the elderly, the disabled and the very poor) comes to only 9.8% of GDP, which means Spain is second to last in the EU-15 ranking. In contrast, Sweden allocates 17.6% to this sector, and Germany 14.7%.

The amounts that are actually paid in social security pensions follow the same pattern. The average contributory pension in Spain comes to only 68% of the EU-15 figure, and non-contributory pensions stand at only 46% of the average for the EU-15.[3]

The debate about the viability of the social security system

There is concern in Spain, as there is in the rest of Europe, about how financially viable the pension system will be in the decades to come, given that the population in general is ageing. The so-called demographic dependency ratio[4] could rise with the increase in life expectancy, and this would mean that contributions from the active population would be insufficient to cover the costs of the system. The European Commission has issued statements to this effect,[5] warning of the danger of the system collapsing, and it is coordinating an exchange of information among EU countries about reforms to European pension systems.

But what is involved here goes beyond just bringing the amounts paid and the coverage provided in the Spanish system up to the levels of the European average. Another related aspect of the situation is that private business sectors close to the spheres of power (Sáez and Taguas, 2007)[6] are promoting the idea that pension reform should involve the privatization of social insurance. The proposal is to replace the present payments system with an individual capitalization system in which each working person would subscribe on an individual basis to a private pension plan. In fact, private pension plans that are voluntary and complementary to the universal public system – and that involve tax incentives – are already in operation.

These proposals would mean gradually extending privatization, and the suggestion is that public protection should be reduced to a common minimum while two other systems (one compulsory and the other voluntary) involving individual capitalization with private organizations would be set up. Besides this, there is also a move to raise the retirement age from 65 to 70. These changes would open the door for banking organizations, savings funds and life insurance companies to get their hands on this enormous goldmine of resources that is currently administered by the public treasury, and the usual arguments about greater profitability and efficiency have been used to support this idea (Navarro, 2007).[7] However, these proposals run counter to the recommendations of the above-mentioned Toledo Agreement, and they are not accepted by the present government or stakeholders.

A bill was brought before parliament recently proposing that the reserve fund of the pension system (which is fed with surpluses from the social security fund) be quoted on the stock exchange and be administered by private financial organizations, in line with principles of security, profitability and social, economic and environmental responsibility.

These proposals threaten to undermine a mechanism that helps to guarantee social rights and foster the redistribution of income, and they ought to be duly examined and responded to. In spite of the frequent predictions that the pension system is headed for collapse, the fact is that since 1998, the Spanish social security system has actually accumulated a surplus. There are various reasons for this, including a massive influx of women and immigrants into the labour market, which has the capacity to absorb even more. If women's participation in the

1 *Plataforma 2015 y más* unites the efforts of 14 Spanish non-governmental development organizations (NGDOs) working to raise awareness and promote change in international policies. It is a member of the Spanish Social Watch coalition. <www.2015ymas.org>

2 From 79.4% in 1997.

3 Both comparisons take account of the amount of pension received by retired persons in comparable situations.

4 The ratio of the population under 15 years of age and 65 and older to those aged 15 to 64.

5 For example, COM (2001) 362 final, of 3 July 2001.

6 David Taguas is currently in charge of the Economic Office of the Presidency of the Spanish government. The same idea is dealt with in an editorial in *El País*, "Augurios de crisis", 12 February 2002.

7 Vicens Navarro holds the Chair of Public Policies at the Pompeu Fabra University, Barcelona, Spain.

Spanish economy was at the level of the European average, nearly three million more women would join the labour market as new contributors. It follows that if the government invested in programmes to promote the labour insertion of women and immigrants, this would serve to consolidate the present pension system.

The argument about increased profitability is clearly questionable, since numerous studies have shown that the costs of running private individual capitalization systems are much higher than those of public social security, and what is more, the cost of a changeover from one system to the other could amount to as much as 10% of GDP.

In response to this pressure for privatization, even if we accept the prediction that the pension system will eventually collapse, there are other alternative ways to ensure that it will remain viable in the future. The tax burden in Spain (the percentage of taxes over GDP) is still among the lowest in the EU-15 countries, so income from this source could be increased – preferably in the form of progressively incremented income taxes, since this contributes to the redistribution of wealth. Another measure could be to promote a lengthening of active labour life beyond the age of 65 with the option of flexible timetables for those who wish to continue working.

New rights, new challenges

New laws have been enacted in Spain recently to permit same-sex marriages and to effectively ensure equality between women and men; these broaden the recognition of rights and incorporate measures for 'positive discrimination'. Meanwhile, in November 2006, Congress passed the Law to Promote Personal Autonomy and Care for Persons in a Situation of Dependency (the Dependency Law) which covers care for the elderly and people living with serious disabilities who find it difficult to cope for themselves in everyday situations. This sets up a scale for evaluating the seriousness of cases of dependency so that support can be provided. Thus, with the Dependency Law, Spain is recognizing a new right that is universal, subjective and completely effective: the right of people who cannot look after themselves to be cared for by the state. In addition, remuneration will be paid for services that up to now have usually been 'invisible', tasks involving family care that fall mainly to women (and also immigrants) and which are not given a valuation in the sphere of work. This law has been called the fourth pillar of the welfare state, but in fact it only amounts to a part of that pillar, which also consists of other social services.

The Dependency Law is important because it recognizes a right for 1,125,000 people (IMSERSO, 2004), and this figure will undoubtedly rise in the years ahead. Implementing the law means a whole series of big challenges will have to be met, particularly since social and health care services are very decentralized. This will involve not only economic transfers, some of which have already been enacted, but also mechanisms for interregional coordination and support, which have been poorly developed up until now.

PROGRESS MADE AND CHALLENGES PENDING IN DEVELOPMENT COOPERATION IN 2006

Intermón Oxfam
Isabel Kreisler

According to data from the Development Assistance Committee (DAC) of the OECD, in 2006 Spain increased its official development assistance (ODA) by 20.3% over the 2005 figure. This is a significant rise, and it confirms the upward trend in Spanish foreign assistance and the country's commitment to reaching the Millennium Development Goals. Spain's contribution of EUR 3.03 billion (over USD 4.12 billion) put it in eighth place in the ranking of donor countries. In relative terms, this came to 0.32% of gross national income (GNI) in 2006. For the first time Spain contributed more than the mean for DAC donors (although total DAC assistance fell by 5.1% against the previous year, the first ODA decrease since 1997).

These data showing a quantitative increase in ODA are a good sign, but two serious reservations must be borne in mind. First, Spain has not complied with its own timetable for increasing ODA, in which a figure of 0.35% of GNI was set for 2006 as a prior step to reaching 0.5% in 2008. Nor has it complied with the commitment agreed by the European countries to allocate 0.33% of GNI to international cooperation in 2007 (having fallen short by 0.01%). Second, as is the case with the other donor countries and as has happened in previous years, the official figure for ODA has been inflated by debt forgiveness operations. If we considered these amounts separately (as the donors themselves recommended in 2002 in the Monterrey Consensus), Spanish ODA in 2006 would be only 0.28% of GNI.

For Spanish cooperation agencies, another significant development in 2006 has been the large sums contributed to international bodies, mainly to the United Nations system. Again, while this demonstration of a commitment to multilateralism on the part of the government is welcome, the question arises as to whether it can sustain these payments and whether it can obtain guarantees that this assistance is used in the most effective way. What the government has done amounts to handing over a blank cheque without any pre-established strategic framework to supervise how the funds are employed. All in all, the quality of Spanish ODA is still an area that needs serious attention.

Some progress has been made. Like the rest of the DAC donor countries, Spain has formally adopted the commitments stemming from the Paris Declaration, and it has developed sectoral strategies which should help to improve how assistance is managed in the near future. However, as regards the quality of assistance, it is still very worrying that new foreign debt is being generated through mechanisms that are long overdue for reform like Development Assistance Fund (FAD) concessionary credits that are linked to exports by Spanish companies and are counted as ODA, or the Spanish Export Credit Insurance Company (CESCE) credit insurance schemes.

If the government is to make good on its commitment to international cooperation, and if a coherent development policy is to be sustained, these instruments need urgent reform. Future increases in ODA will have to be met by consolidated expenditure from the national budget and not depend on volatile expedients like forgiving foreign debt or the ability of debtor countries to repay credits, which is how Spain's obligations to multilateral bodies are being discharged at the present time. ■

The law will be implemented progressively, beginning in 2007, until the entire dependent population is covered in 2015. This will call for budget allocations that will amount to more than EUR 12 billion (USD 16.34 billion) by the end of the eight-year cycle, which is slightly more than 1% of GDP. Successful implementation of this commitment will require far-reaching political and regional agreement.

The new law might expose the fact that, in Spain, there is a serious lack of infrastructure adapted to the needs of this population sector, and unfortunately there is no commitment in the offing to make this kind of investment.

Cooperation for development: pending consolidation

In 2006 Spanish official development assistance (ODA) continued to increase, and efforts to gear aid to the fight against poverty continued. In addition, at the end of the year the Foreign Debt Law was enacted, which linked some elements of debt management to the fight against poverty. This law ought to be applied promptly to consolidate its provisions, mainly those that have to do with modifying the mechanisms that generate foreign debt, namely the Development Assistance Fund and the Spanish Export Credit Insurance Company (CESCE).

(Continued on page 245)

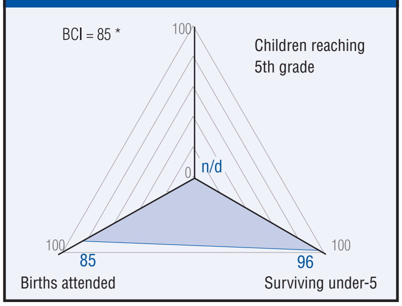
■ SURINAME

Stifled in development and scared of getting old

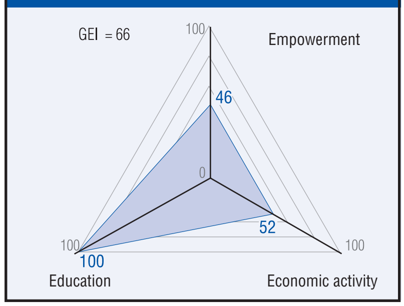
The Social Safety Net intended to provide the population with the social protection measures guaranteed by the Constitution is currently riddled with holes. The benefits paid out are so minimal as to be ineffectual, while services such as free health care are used by many individuals who do not need them, but are unavailable to some who do. Meanwhile, low employment rates lead to concern about the sustainability of social security programmes in the future.

Stichting Ultimate Purpose
Maggie Schmeitz

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The Constitution of the Republic of Suriname mentions a just distribution of national income as a means of extending well-being and prosperity over all segments of the population as one of the social goals of the state (Article 6). It instructs the state to create the necessary conditions to meet such basic needs as work, food, health, education, energy, clothing and communication (Article 24). The state is also obliged to protect workers, with special attention for women during and after pregnancy, minors, the less able, and people working in straining, unhealthy or dangerous circumstances (Article 29). It recognizes work as the most important means for human development (Article 25), while instructing the state to define social security policies for widows, orphans, the elderly, people living with a handicap and people who cannot work anymore (Article 50).

Holes in the 'Social Safety Net'

The principles set out in the Constitution are translated primarily through the policies of the Ministry for Social Affairs and Housing (MSAH). This ministry is responsible for the Social Safety Net (SSN), targeted at groups considered unable to work for a living, such as the elderly, children (aged 0 to 18), and people living with a handicap, as well as (poor) female-headed households and other households living in poverty (MSAH, 2007, p. 1).

The material assistance offered through the SSN includes general services provided to any household meeting the obvious criteria (households with minor children, persons aged 60 and over or living with a handicap), regardless of income, such as child support, old age pension, and financial assistance for the disabled. There are also services specifically aimed at households living in poverty, such as financial assistance, free medical aid, the child food programme and the school necessities programme (MSAH, 2007, p. 2).

The first thing to be observed about the different forms of material assistance to households and people living in institutions is that the actual amount of money distributed is so low that it renders the service almost obsolete. For example, in the event of unemployment, a household composed of two adults and two children would receive as financial assistance USD 3.27 per month (MSAH, 2007, p. 4).[1] In comparison, the poverty line for such a household varied between USD 365 and USD 429 over the years 2005 to 2006 (GBS, 2006).[2] It is sad to see that people actually do still apply for this kind of assistance, because the bus fare to get there in most cases will be 50% of the benefit received.

Other things to be observed in the functioning of the SSN in recent decades are a lack of adequate cooperation and coordination between different services, a lack of standard criteria and a central data bank, and high administration costs (MSAH, 2007, p. 3).

Free Medical Aid for whom?

The provision of Free Medical Aid (FMA) cards helps to illustrate some of the social security system's current shortcomings. Persons who are eligible for FMA are divided into households with a monthly income up to USD 14.55 (so-called indigents) and the slightly better off with a monthly income between USD 14.55 and USD 29.09 (insolvents). These criteria have not been linked to inflation over the last five years, despite significant rates of inflation.

In his report on health sector reform, Hindori (2003, p. 10) maintains that FMA cards should only be available to 5% of the population, but they have in fact been issued to 30%. It was calculated that 36% of households receiving this card could not be considered poor, while 23% of the households that *were* considered poor did not receive it, nor any other form of health insurance.

The number of FMA card users rose from 111,814 in 2002 to 165,510 in 2006, which demonstrates that an increasing number of households continue to be issued this card, while in fact no one in Suriname could be expected to still be breathing on an income below USD 30 a month. When compared to the total population – 492,829 according to the 2005 Census Report – we find that one third of all Surinamese people are using a Free Medical Aid card meant for the poorest of the poor! The figures seem to prove what everybody already knew from experience: people who are not covered by the state health insurance fund and are not willing or able to pay for private insurance opt instead to buy or 'lie' themselves an FMA card.

According to the results of the last census (shown in Table 1), the National Health Insurance Fund (SZF) covers only 21.3% of the population, and the overwhelming majority of this group consists of civil servants. Being insured is the reason for many people to stay with the civil service, even if they are engaged in much more profitable entrepreneurial activities outside (GCAP Action Group, 2005). The tradition of political parties 'rewarding' supporters after elections with a civil service job puts extra strain on the already small financial base of the SZF. As a result, poor availability of drugs, poor service, forced extra charges, long waiting times and inconvenient clinic operating hours are frequent complaints of SZF clients (Hindori, 2003, p. 7-8). Such complaints are even more common among FMA card holders.

It is interesting to note that in self-reporting, the percentage of FMA card-holding households (23.3%) is much lower than in accordance with

* One of the BCI components was imputed based on data from countries of a similar level.

1 Amounts in Surinamese Dollars have been transformed in US dollars using the exchange rate of SRD 2.75 = USD 1.

2 The poverty line used is based on a food basket with 28 items (GBS, 2001).

TABLE 1. Coverage of health care costs

Payment of health care	Absolute figures	As % of population
SZF (civil servants)	96,248	19.5%
SZF (self-employed)	8,826	1.8%
MM (covering interior)*	30,657	6.2%
Free Medical Aid	114,740	23.3%
Employer	49,396	10.0%
Private insurance	17,070	3.5%
No insurance (self-paying)	93,342	18.9%
Other/don't know/no answer	82,550	16.8%
Total	492,829	100.0%

* The Medical Mission (MM) is an NGO delegated by the government to provide primary health care services to people in the interior of Suriname.

Source: General Bureau of Statistics (2004). *Seventh General Population and Housing Census of Suriname.* Edited version of Table 13, p. 54, in Census Report 2005.

MSAH registration records (32%). This could be due to a relatively high mobility between the group without insurance and the FMA-covered group (Hindori, 2003, p. 22). That being said, the percentage of people with no insurance (18.9%) and people who do not know whether they are insured (16.8%) is alarmingly high. Both groups combined add up to a total of 35.7% of the population. These people with no access to insurance are typically informal sector workers, people who are (temporarily) unemployed, people working for businesses without health insurance as part of their labour agreement, or undocumented immigrants.

A blessed old age?

Suriname has had a General Old Age Pension scheme (AOV) since 1973.[3] To qualify for this pension, one must live in Suriname, have reached the age of 60, and have Surinamese nationality. Statistics show a steady rise in the number of pensioners from 30,000 in 1990 to over 40,000 in 2005 (Jubithana, 2007a). In 2004, the number of pensioners was equivalent to 25% of the active working-age population. Assuming that all working people pay their AOV premiums, this would mean that there are four active working people to cover the costs of one pensioner. In fact, however, people working in the informal sector do not contribute to the scheme (Jubithana, 2007a).

AOV was originally intended to complement pensions received from former employment, but in fact, many senior citizens depend on it for survival. This can be explained, first of all, by the large segment of senior citizens who were not formally employed and so did not build a pension, and also by the fact that pensions are neither index linked (with inflation) nor welfare linked (with actual salaries). Employment-based pensions therefore do not guarantee social security for the majority of senior citizens. Jubithana (2007c) suggests that social justice should be served better by creating a ceiling for senior citizens with a good pension. It is indeed ironic that the beneficiaries of AOV in the current system include former government directors, parliamentarians and ministers.[4] A small proportion of senior citizens (7.39%) do not receive any AOV benefits. This group most likely includes immigrants who never obtained Surinamese nationality.

As of January 2006, the AOV monthly benefit payment was raised to USD 81 (GBS, 2006). The raises implemented over a period of 15 years (1990 to 2005) have not kept track with inflation, which means senior citizens nowadays often face a significantly lower living standard than before (Jubithana, 2007c). This is even more striking in light of the fact that 59% of senior citizens aged 60 to 64 and 47% of senior citizens aged 65 and older are still the heads of households containing three or more persons. Jubithana (2007a) cautiously suggests that in these cases, AOV benefits probably need to sustain more people than the individual beneficiary. This is not at all unlikely: welfare organizations often report on grandparents being left with grandchildren when a daughter or son migrates (usually to the Netherlands, but also from rural areas to the capital or to French Guiana) to make a better life for themselves. Unfortunately, the promises of "coming to get the children after they have settled in" are frequently not fulfilled. Contact becomes increasingly sporadic and after a while simply stops. This phenomenon has also been reported upon by regional women's organizations such as the Caribbean Association for Feminist Research and Action (CAFRA). More research is needed to determine to what extent this plays a multiplying role in the problem of senior citizens living in poverty and extreme poverty.

Steps towards greater social justice and security

The government, acknowledging the non-impact of the social protection system, declared the strengthening and modernizing of the SSN as a priority in its Multi-Annual Development Plan 2006-2010. With support from the Inter-American Development Bank (IDB) a technical cooperation programme was started up, resulting in an Institutional Strengthening Assessment and a Social Safety Net Reform Strategy. The main elements in the strategy are improvements in *efficiency* (improvement of coordination, selection procedures, monitoring and evaluation), *capacity building* (within both the MSAH and civil society) and *stimulation of human development* (education and access to the labour market) (Blank and Terborg, 2007). One important improvement so far is the computerizing of client files by the MSAH. However, it is the stimulation of human development that is especially crucial in attaining sustainable social security and positive prospects for the future.

Half of working age population unemployed

Statistics show that only 50.7% of the total working age population is employed, with an unemployment rate of 14.7% (GBS, 2005c, p. 36). The fact that only 17.7% of women report being employed is a particular source for concern. In the non-economically active group (a total of 36.5%), women account for the majority with 25.2%. People reporting to be non-economically active homemakers (37,247 women versus 605 men) are dependent on someone else's salary and pension (if any) and are therefore extremely vulnerable. Without being a clairvoyant, it is possible to foresee that those in this category who are not married (17,209) are likely to be in a client file of the MSAH their entire lives.

Civil service employment makes up approximately 44% of total employment today, with women holding the majority of lower echelon civil service jobs. When the salaries of civil servants are compared to the poverty line for the years 2005 to 2006 for a household with two adults and two children (USD 365 to USD 429) (GBS, 2006), we find that 65% of them (24,292 out of a total of 37,303) earn an income that places them below that poverty line. The massive hiring of lower level civil servants, especially after elections, is the way in which successive governments hide the real unemployment and the fact that little to nothing is done to boost production and entrepreneurship (Schmeitz, 2006).

The Constitution of Suriname recognizes work as the most important means for human development (Article 25). The state has ratified all the main international conventions regarding equal opportunities and access to employment. We need all the skill, talent and labour that we have to create a socially just society for all of us. If the trend of rising numbers of clients of social services continues, beneficiaries might very well outnumber working people in less than 50 years. Then we will all be stifled in development, and scared of getting old. ■

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(Continued on page 246)

3 The system was set up by the Dutch before Independence in 1975.

4 In the current system, a person who has served as a government minister for *at least one year* is eligible for a pension equalling 40% of the highest salary of a permanent secretary (Jubithana, 2007b).

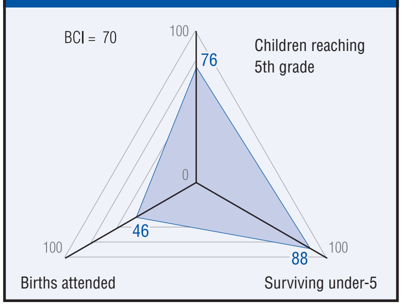
TANZANIA

International obligations remain unfulfilled

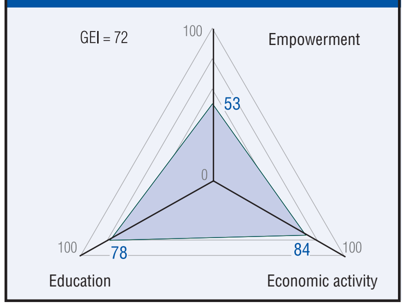
Tanzania has signed numerous international treaties guaranteeing the right to social security for all, and the International Labour Organization maintains that the country can afford to provide modest levels of countrywide social security protection for all its citizens. For the moment, however, social security schemes are largely limited to those working in the formal sector of the economy, who represent only a fraction of the population.

SAHRiNGON -Tanzania Chapter
Richard Shilamba

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Tanganyika attained independence from British rule on 9 December 1961 and became a member of the United Nations that same month. For its part, Zanzibar became independent on 10 December 1963, and joined the United Nations shortly after. On 26 April 1964, after the Zanzibar revolution of January 1964, the governments of Tanganyika and Zanzibar merged the two countries into one, the United Republic of Tanzania, which became a single member of the United Nations on 1 November 1964.

The country has ratified a number of UN treaties guaranteeing the right to social security to all, including the International Covenant on Economic, Social and Cultural Rights of 1966, which stipulates in Article 9: "The States Parties to the present Covenant recognize the right of everyone to social security, including social insurance."

It was further established in the Constitution of the United Republic of Tanzania of 1977 that "the state authority and all its agencies are obliged to direct their policies and programmes towards ensuring … that human dignity is preserved and upheld in accordance with the Universal Declaration of Human Rights." The Declaration clearly guarantees in Article 22: "Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality." In addition, Article 11(1) of the Constitution reads: "The state authority shall make appropriate provisions for the realization of the person's right to work, to self education and social welfare at times of old age, sickness or disability and in other cases of incapacity."

The need to submit reports to treaty monitoring bodies

All states parties to the International Covenant on Economic, Social and Cultural Rights are obliged under Article 16 to submit regular reports to the Committee on Economic, Social and Cultural Rights "on the measures which they have adopted and the progress made in achieving the observance of the rights recognized therein."

Although Tanzania ratified the Covenant on 11 September 1976, and by doing so, was obliged to submit its initial report within two years of that date and thereafter after every five years, the government submitted its initial report on 10 September 1979, and since that first report – a full 28 years ago now – the government has not submitted a single periodic report to the committee.[1]

Furthermore, both Articles 9 and 11 of the country's constitution, which guarantee the right to social security as per the Universal Declaration of Human Rights and "appropriate provisions for the realization of the person's…social welfare at times of old age, sickness or disability and in other cases of incapacity," respectively, fall outside of the Bill of Rights incorporated in Chapter III of the Constitution, which makes the right to social security unenforceable in the country.

We strongly recommend that the government comply with its obligation to submit periodic reports to treaty monitoring bodies, in order to maximize and facilitate the fulfilment and implementation of international treaties guaranteeing the right to social security. In addition, the government needs to incorporate the right to social security in the constitutional Bill of Rights, so that people are able to seek redress of their violated social security rights through court and non-court processes.

The right of unemployed people to enjoy social security

The current social security laws and schemes cover only people employed in the public and private formal sectors, who account for only a fraction of the country's population of 34.5 million people. According to the most recent government labour force survey, of the 15.3 million people employed, 84% were employed in traditional agriculture, 6% in the informal sector, 4% in the private formal sector, 3.5% in domestic work, 2% in government, and 0.5% in the parastatal sector.[2]

The Parastatal Pension Fund (PPF),[3] created by Act No. 14 of 1978, provides social security services to employees of parastatal organizations, government agencies, privatized parastatal organizations and private companies not covered by any other social security fund. Contributions are made to the PPF on a monthly basis, and are calculated as 20% of the employee's salary, which can be divided in two ways: 5% contributed by the employee and 15% by the employer, or 10% contributed by each. Employers are required to submit both their own contribution and their employees' share (deducted from their salaries). The PPF also operates a separate scheme known as the Deposit Administration Scheme, geared to employees who are working on a contractual or part-time basis.

For its part, the National Social Security Fund (NSSF), created under Act No. 28 of 1997, is a compulsory scheme which covers all employees in the private sector, including employees of companies, non-governmental organizations, embassies based in Tanzania employing Tanzanians, and associations and organized groups employing people in the informal sector, as well as government and parastatal

1 <www.unhchr.ch/TBS/doc.nsf/newhvsubmittedbycountry?OpenView&Start=180.1&Count=15&Expand=180.4#180.4>

2 <www.tanzania.go.tz/economicsurvey1/2002/part1/humanresources.htm>

3 <www.ppftz.org>

employees on operational services and temporary employees. Under this scheme, NSSF administers and pays to qualified insured individuals both long-term or pension benefits (retirement pension, invalidity pension, survivors pension) and short-term benefits (funeral grants, maternity benefits, employment injury/occupational disease benefits and health insurance benefits).[4]

The National Health Insurance Scheme (NHIS) covers only central government employees along with their spouses and up to four children or legal dependants. It is mandatory for these employees to contribute to the NHIS. The required contribution is 6% of the employee's salary, divided equally between the employee and the government.

Meanwhile, the Community Health Fund (CHF), set up under the Community Health Fund Act of 2001, is basically a district-level prepayment scheme for primary health care services, targeted at the rural population and the informal sector. A household joins the CHF by paying an annual membership fee to gain unlimited access to outpatient services at CHF participating facilities. Families that cannot afford to pay the annual membership fee are supposed to obtain a free CHF card. In practice, voices from the field show that CHF membership contributions are very low and largely declining, leaving the unemployed in rural areas without any reliable social security coverage.[5]

In terms of human rights and social justice, the unemployed need to be included in the social security mechanisms enjoyed by the small minority employed in the formal sector (Van Ginneken, 1999). The Social Security Department of the International Labour Organization (ILO)[6] maintains that Tanzania can afford modest levels of countrywide social security protection for all its citizens, both unemployed and employed, so as to cover at least basic health care, access to schooling and basic pensions (i.e., old age, invalidity and survivors' pensions). The latter two in particular are major instruments in combating the social fall-out of HIV/AIDS. According to the ILO, such a modest government package would cost less than 6% of Tanzania's GDP.

Numerous countries around the world have established unemployment compensation schemes to assist workers who have lost their jobs through no fault of their own with monetary payments for a given period of time or until they find a new job. This compensation is designed to give an unemployed worker time to find a new job equivalent to the one lost without major financial distress. In Tanzania, however, people who lose their employment are entitled only to termination benefits. The government has not yet ratified either the ILO Unemployment Convention (C2) of 1919, which proposes measures for "preventing or providing against unemployment," nor the Unemployment Provision Convention (C44) of 1934, which establishes guidelines with regard to unemployment insurance and other forms of relief for the unemployed.

We strongly urge the government to ratify and implement all ILO conventions guaranteeing the right to social security for the unemployed, and to introduce a social security scheme geared to this purpose.

… and of rural women, particularly mothers

Tanzania has ratified the UN Convention on the Elimination of All Forms of Discrimination against Women of 1979. Article 11 of the Convention provides that "States Parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality of men and women, the same rights, in particular… the right to social security, particularly in cases of retirement, unemployment, sickness, invalidity and old age and other incapacity to work, as well as the right to paid leave."

According to the 2002 Population and Housing Census, Tanzania has a population of 34.5 million people, of whom 77% live in rural areas while the remaining 23% are in urban areas. Women constitute 51.1% of the entire population (17.6 million).[7]

Women face extra responsibilities and risks, such as those involved in childbearing, which require extra social security protection. Late Tanzanian President Mwalimu Julius Kambarage Nyerere (1977) once concluded that "when a society… takes care of its individuals, then no individual within that society should worry about what would happen to him tomorrow if he does not hoard wealth today." Most rural women in Tanzania are not in a position to "hoard wealth" and live in conditions of extreme poverty, which contributes to their risk of maternal mortality. The high maternal mortality rate in the country is largely due to a lack of deliberate social security coverage for all women wherever they are, and in particular, those living in rural areas.

Although there have been several government initiatives, including the provision of free health care services, insecticide-treated mosquito nets and counselling to pregnant women, maternal mortality is both high and increasing: from 529 maternal deaths for every 100,000 live births in 1996 to 578 out of every 100,000 in 2005.[8] As a partial solution, we would recommend a GDP-based social security scheme for rural women and particularly mothers.

More than two million AIDS orphans require basic services

Tanzania is a party to the UN Convention on the Rights of the Child of 1989. Article 26 of the Convention establishes that "States Parties shall recognize for every child the right to benefit from social security, including social insurance, and shall take the necessary measures to achieve the full realization of this right in accordance with their national law."

Tanzania has an HIV/AIDS prevalence of about 7% (6.3% for males and 7.7% for females) among adults aged 15 to 49. Urban residents have considerably higher infection levels (10.9%) than rural residents (5.3%). The estimated number of people living with HIV/AIDS is two million, and the government has registered two million HIV/AIDS orphans. However, the number of HIV/AIDS orphans doubled from one million in 2003 to two million in 2005 (TACAIDS, 2005) which means the current number is almost certainly considerably higher and increasing.[9]

In view of the large proportion of the population made up by children[10] and the growing number of orphans due to HIV/AIDS and other calamities, there is a clear need for a comprehensive social security scheme to provide children with basic services, and in particular, education. In trying to solve this problem, Tanzania has established social security 'safety nets' incorporated into the country's ongoing Economic and Social Action Programme (ESAP). One of these safety net programmes is the creation of the Mwalimu Nyerere Educational Trust Fund, which is being used to sponsor orphans to attend school.

In reality, however, this fund has not been able to assist all orphans in need of education at various levels. Some local government authorities and schools have shifted the burden to unknown strangers, as orphaned schoolchildren are seen roaming offices and streets with local government letters authorizing them to seek financial support from good Samaritans.[11]

It is recommended here that the international community extend its support to assist Tanzania in establishing a social security scheme which ensures access for all children, including orphans, to basic and further education, including university studies.

Unguaranteed rights of persons with disabilities

Social security and income-maintenance schemes are of particular importance for persons with disabilities. As stated in the Standard Rules on the Equalization of Opportunities for Persons with Disabilities (1993), "States should ensure the provision of adequate income support to persons with disabilities who, owing to disability or disability-related factors, have temporarily lost or received a reduction in their income or have been denied employment opportunities."

(Continued on page 246)

4 <www.nssf.or.tz/services.php>

5 Participants remarks, SAHRiNGON-Tanzania Public Expenditure tracking system feedback session, May 2007, Babati.

6 <www.ilo.org/public/english/protection/secsoc/projects/africa.htm>

7 <www.tanzania.go.tz/census/>

8 H.E, Ali Hassan Mwinyi, former president of Tanzania speech to a rally on 23 March 2007 to commemorate women and girls who died due to childbirth and pregnancy complications.

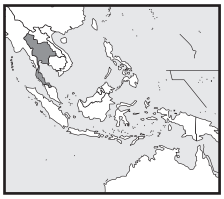
9 <data.unaids.org/Topics/UNGASS2003/Sub-Saharan-Africa/tanzania_ungassreport_2003_en.pdf>

10 The Tanzania Population and Housing Census of 2002 indicates that children under 18 constitute 50.6% of the population. <www.tanzania.go.tz/census/>.

11 Letter from Babati District Commissioner dated 11 January 2007 with reference number DC/BBT/V.10/5/Vol.V/56 urging good Samaritans to assist a Gidas Secondary student.

THAILAND

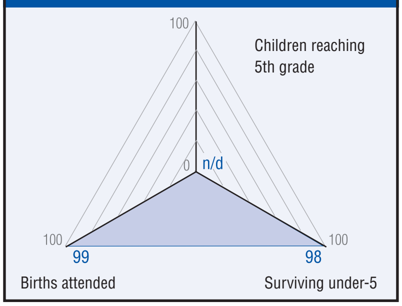
Without human security there can be no social security



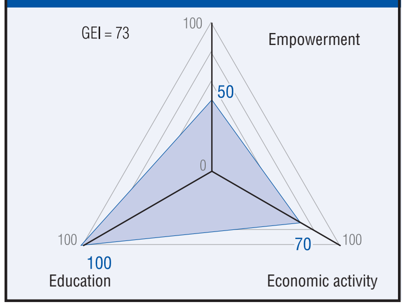
Resolution of the escalating violence in the southern provinces of the country is the first step in addressing the issue of social security. Without human security, social security will always take second place. Reconciliation between different religious and cultural groups is necessary in the journey towards social security for all Thais regardless of race, culture, religion or gender.

The Social Agenda Working Group
Ranee Hassarungsee

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The policies of Thaksin Shinawatra's administration from 2001 to 2006 contributed to the recurrent and escalating violence in Thailand's three southern border provinces, known for their sensitive cultural, religious and racial context. Although the Thaksin government was ousted by the 19 September 2006 coup the authoritarian mentality, particularly among the military and police, remains. The civil society sector must create the political space needed to protect lives and bring about social justice.

This report describes the spread of authoritarianism, which disregards international rules and regulations and destroys domestic social security. Violent responses to conflict have led to the closure of true political space that could alleviate the dispute. A case in point is the violence taking place in Thailand's three southern border provinces. This structural violence requires collaborative action on the part of civil society and the general population in order to achieve human security in these provinces and the country overall.

Authoritarian democracy

A variety of increasingly recognized international standards, treaties, commitments, statements and global forum policies is a new phenomenon in the international community. These standard commitments on human rights, international economic relationships and environmental protection are interrelated. Although these agreements may be internationally recognized, it is difficult for a country to turn such commitments into legally binding laws.

There are numerous political and economic hurdles inhibiting the transformation of these commitments into law, and as a result, these international standards and commitments have become 'soft laws' (Cassese, 2005). Additionally, with the world overshadowed by growing violence brought on by the threat of terrorism and war on terrorism, the once great potential for these 'soft laws' and other treaties to become international standards has been greatly weakened (Satha-Anand, 2005).

Today's context of growing global violence has created a distinct political reality. The wars and violence encountered by democratic societies at the beginning of the 21st century are made different by two factors. First, terrorism and the war on terrorism undermine the basis of political society, whose sense of certainty is guaranteed by a state's normal operation and the protection of citizens' lives. Secondly, without normality in political society, wider society regresses from a sorrowful society victimized by violent tragedy to a society eager and willing to use violence to relieve its sorrow (Satha-Anand, 2002). In this state of fear political solutions fade into the background and the rights of ordinary people are abandoned while civil society groups are gagged.

Violent reactions from the state, ordinary people's terror and continued vigilance help spread authoritarianism. This is even the case when the government is elected by the majority of voters, known as a democratic administration. The loss of human security can lead to internal and external interest groups taking advantage of the situation and seeking profit from it.

Violence on the southern border

The violent situation in the southern border provinces began in 1948, eventually dying down before heating up again in recent years. Forty-three violent incidents took place between November 2002 and April 2003. Most of these incidents were ambushes and occurred mostly in the Narathiwat provinces. On 31 occasions the violence targeted government buildings and officials, injuring 34 and killing 30 people. Between January and 15 July 2002, there were 32 explosions, extortions and killings of state officials, which took the lives of 19 police officers. This violence was more intense than in 2001, while the situation grew worse in 2003.[1]

The violence taking place in the region between 2004 and 2006 can be broken down as follows: in 2004, 1,850 violent incidents took place while 2,297 and 1,622 incidents (the incidents in December were not included) occurred in 2005 and 2006, respectively. Of these three years, the highest number of incidents occurred in 2005. When considering injuries and deaths during the three-year period, more people were injured and killed in the southern violence in 2006 than in 2004 and 2005. Approximately 1,699 people were injured and killed in 2006; 1,643 in 2005; and 1,438 in 2004. The most recent violence saw a rise in the number of bombings rather than arson attacks which were previously used.

Data indicates that the public continues to be on the priority list of targets for these violent incidents. Considering that the conflict is a political fight for the southern region's identity, one would assume that the state and its officials would be the natural targets, as a symbolic resistance to state authority. Instead the actual targets are ordinary Buddhist and Muslim people, making the violence terrifying for both communities (Chitphiromsri, n.d.).

Working for peace

The Social Agenda Working Group (SAWG) started monitoring disturbances in the three southern provinces in early 2004 when it cooperated with the Foundation for Peace and Culture to organize a Peace Project for the Iraqi Children and held a forum on "Peace talk by ordinary people".

Then, in June 2004, SAWG participated in a group study on the alleviation of violence. The group, consisting of the Women's Network for Progress and Peace, the Local Eco-cultural Network, the Inter-university Cooperation Network and the Group's

1 Personal contact with the authorities and based on an article in *Matichon Daily* (2002).

Secretariat of Chulalongkorn University's Social Research Institute, discussed the situation and arrived at the following conclusions:

- Thai society has trouble with cultural diversity and different ideologies. It is necessary to understand the complexity of the problems. Universities and educational institutes should play an active role in promoting knowledge and understanding so that people can be free from the polarity between Buddhists and Muslims.
- Thai society does not understand the three southern border provinces adequately. The social and cultural settings of these provinces are drastically and violently changing. At the core of the problems is the fact that society does not pay enough attention to the local people, and their different cultures and religions. Neither can society distinguish the urban and rural communities or appreciate the relationship between the rural Muslim majority and the urban population. It cannot see the internal relations and disputes between different generations. Nor can it see how the traditional structure underpinning Muslim communities has been replaced by external social structures and how the local culture and resources have been invaded by outsiders.
- Due to this lack of understanding, Thai society attempted to explain the problems in two ways. One group tried to present basic facts of who was doing what, where, when, and how, while the other attempted to describe the reality and answer the question 'why?'. These two groups must collaboratively analyze the different understandings of the situation to reach a solution for all parties.

Social and cultural approaches

To mitigate the problems and create peaceful well-being in the three southern provinces SAWG focuses on:

- Building a horizontal relationship between people through collaborative activities with local communities so that 'people can get to know each other' more and become less prejudiced with the hope that this could contribute to their peaceful coexistence.
- Providing alternative solutions by allowing the majority of people to participate and voice their wider, deeper and diverse perspectives in order to seek and learn a new way of thinking and understanding of individuals' ideological pursuits. No instant success formula is available for these complex problems related to distrust and the pursuit of violence.
- Communicating with wider Thai society is essential because external factors such as decision-making process, authorities' authoritarian culture, public policy processes and biased reporting in the media have contributed to these problems. More space should be given to different thinking, opinions and assumptions to create joint social learning and urge the public to participate in tackling the problems of the three southern provinces in a peaceful manner.

Family, community and human security

SAWG has also organized local forums in order to include local peoples' needs in the future human security policy framework, with some of the learning from these forums presented below.

When asked, villagers said human security starts first in the family, in the form of family security, in a situation where parents and children take care of each other. They said they attempted to strengthen their family bonds and gain their children's trust by inviting *Toh khru* (an Islamic teacher) to perform their Muslim daily prayer at home and tell stories of the past to the children to build up their morality. This cultural tradition should be maintained and promoted to help consolidate security of the family and relatives.

To the villagers, community tradition and culture serve as protection for their community's security. They understand that if they let their traditions collapse, they will never see the next world, which is very important to Muslims.

Life security was considered to be the same as spiritual security, which is sustained by Islam and the *pondok* schooling system. The ability to constantly and properly conduct one's life according to Islamic teachings and devoutly follow Muslim tradition contributes to an individual's spiritual security as well as community unity.

Local security, the villagers pointed out, depends on resource base security, whereby the sea, peat swamps, rivers, rice fields, forests and mountains provide them with plenty of food. Security can be realized when resource management is aligned with local ecosystems and takes into account the villagers' culture. Conflict over resources between the state and the private sector on one side and the villagers on the other is threatening the local way of life.

As for the unrest in the three southern provinces, villagers indicated that the authorities, the government and media were not trustworthy. They alleged that government officials collaborated in filing charges against innocent people, which brought fear and insecurity to the villagers.

According to the villagers, the government regards security only as the maintenance of order and use of military forces to control the situation. For the villagers, human security also means having adequate food to eat and a restful sleep at night, and their families, relatives and local communities having these things as well.

Reporting on Reconciliation

The National Reconciliation Commission (NRC),[2] submitted its report to the government in June 2006. It proposed that a solution to the violence start with an acceptance that cultural diversity and differences do exist in Thai society. It suggested listening to the voices of the marginalized or minority groups.

Consequently, in the southern border provinces, the 'voice' of Buddhist Thais is important and should be considered by the local majority Muslim community. Similarly, the Buddhist majority ought to pay attention to the 'voice' of the Muslim Malays. When the entire country listens to the voice of the suffering minority people, both the state and public can collectively find ways to alleviate the violence suffered by everyone.

The NRC's approach to tackling violence focuses on human security and non-violence. This means the essential use of political and development measures, not suppression. An inter-religious discussion process is important to promote mutual understanding among religious adherents, and in order to treat current wounds so that they can finally heal. This NRC proposal is a policy attempt to fight authoritarianism that uses violence to address problems (NRC, 2006).

A single measure is not enough to alleviate the structural violence. In particular, the military measure that uses violence to suppress violence will force ordinary people to deal with a situation they have not created. SAWG recommends that the major mission of the people and civil society sectors be to open up political space. This space will allow non-violence to play an active role in solving the conflict and structural violence in the three southern border provinces, which will benefit ordinary people, whether they be Buddhist, Muslim Thai, or Muslim Malay. ■

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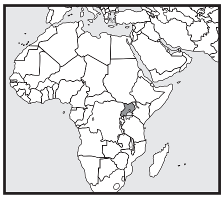
2 The NRC was a commission set up by the Thaksin administration in March 2005 to find a solution to the problems of the three southern border provinces. After submitting its report to the government, NRC ended its activity in June 2006.

UGANDA

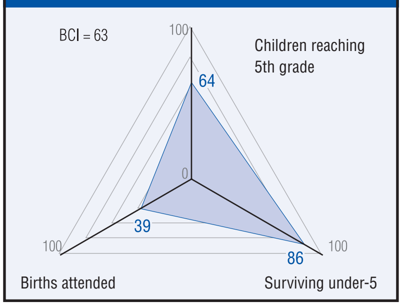
Promises broken by weak institutions, poverty and corruption



Uganda has ratified various international conventions on human rights and social security, and attempts have been made to domesticate the conventions by developing national laws and policies. However, the limitations of the institutions currently responsible for social security services delivery, and the high incidence of poverty and corruption pose a variety of challenges for the existing social security arrangements, which are highly inadequate.

DENIVA
David Obot

Basic Capabilities Index (BCI)



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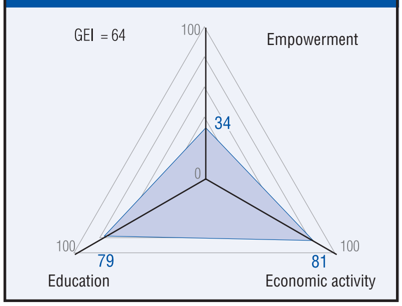


Social security or social protection is a human right. The extent to which a population enjoys social security depends on factors which include the country's legislation and policy regulation, social security fund management, resource mobilization and investment, beneficiary coverage, the linkage of social security to social policy within a country's broad economic framework, and adherence to standards that guide the decisions and actions of the government and social security provider institutions. The mix of these factors and their effectiveness determine the population's protection and confidence in the social security arrangements.

This report examines Uganda's social security sector with regard to the effectiveness of the policies and institutions involved in delivering services, and also addresses future plans in the sector.

Political, economic, social and demographic context

Uganda has a parliamentary system of government. There are 332 members of parliament, who have responsibilities for legislation. At present, 100 of the 332 members (or 30%) are women (PoU, 2007, p. 19).

The country's economic performance has been affected by global economic activity, which expanded 5.5% in 2006, up from 4.9% in 2005, and has registered strong growth for the past four years (IMF, 2007). The domestic economy is estimated to have grown by 6.5% in 2006-2007 as compared to 5.1% in 2005-2006 (RoU, 2007a, p. 5). However, according to Uganda Bureau of Statistics (UBOS) data on sectoral contributions to GDP, contributions from agriculture are on the decline, as shown in Table 1. This decline in agricultural contributions to GDP is of concern, since around 80% of Uganda's rural dwellers depend primarily on agriculture for their livelihood.

Half of the children living in poverty

Over the years there have been mixed achievements in reducing poverty. According to a UBOS National Household Survey, 8.4 million Ugandans – close to 31% of the total estimated population of 27.2 million – were living in poverty in 2005-2006. This represented a decline in the poverty rate from 39% in 2002-2003 (UBOS, 2006, p. 7).

However, a 2005 report from the Chronic Poverty Research Centre (CPRC, 2005) estimated that 50% of the country's approximately 15 million children were living in poverty. The factors identified by the report as responsible for poverty and vulnerability in Uganda included inadequate social security and protection against shocks, poor health, HIV/AIDS, rapid population growth, limited access to land, and lack of markets. Corruption also contributes by diverting resources necessary for enhancing the well-being of the poor, including the sick. Uganda's Poverty Eradication Action Plan provides a framework for poverty reduction, and the government has also budgeted UGX 10 billion (USD 6.1 million) for fighting corruption (Biryetega, 2006, p. 29). Improved social security has the potential to reduce poverty by providing safeguards that protect the most vulnerable sectors of the population against shocks.

The right to social security

Social security legislation and policy regulation are fundamental for effective social security in any country. Article 22 of the Universal Declaration of Human Rights proclaimed that "every member of society has the right to social security."[1] ILO Convention 102 (1952) sets out the minimum standards of social security benefits for old age, invalidity, survivors, medical care, sickness, unemployment, employment injury, families and maternity. However, these standards are of benefit to the population only if public measures against economic and social distress are backed by legislation, policies, regulatory framework and systems, political will and wide population coverage.

Uganda has ratified various UN conventions and adopted laws and policies to provide social security for its population. Chapter 4 of the Constitution of Uganda provides for protection and promotion of fundamental and other human rights and freedoms (RoU, 1995). Ugandan legislation and policies for social security and social protection include the Ministry of Public Service 1994 Pension Act (Cap. 286) for retired civil servants, and the 1985 National Social Security Fund (NSSF) Act (Cap. 222), which established a contributory scheme for workers in the formal sector. Other social security-related policies being developed include the Social Health Insurance and Community Health Insurance schemes by the Ministry of Health, and cash transfers for the poor by the Ministry of Gender, Labour and Social Development. There are plans to revise the country's pension and social security legislation (RoU, 2007b, p. 8) towards fulfilling ILO standards. At present, however, the country's social security legislation provides far more for workers in the formal sector than those employed in the informal sector and the unemployed.

The social security sector is regulated through the Ministry of Gender, Labour and Social Development (MGLSD). The ministry is responsible for policy functions, including tabling bills in Parliament for the enactment of laws. Other ministries providing social security-related services include the Ministry of Public Service, for pension management, and the Ministry of Health, which is developing the Social Health Insurance scheme. The NSSF and private institutions are also involved in social security provision. The private institutions providing social security health services are mainly insurance companies, such as

1 The Universal Declaration of Human Rights was proclaimed on 10 December 1948 at the UN General Assembly. <www.unhchr.ch/udhr/lang/eng.htm>.

TABLE 1. Sectoral contribution to GDP (%)

Sector	2003-2004	2004-2005	2005-2006	2006-2007
Agriculture	37.3	35.1	33.3	31.9
Industry	19.8	20.6	20.9	21.0
Services	42.9	44.3	45.8	47.1

Source: Uganda Bureau of Statistics.

AAR Health Services and AIG Insurance Company.[2] Most services offered by private institutions are for contributors who can afford to pay for them, leaving the poor excluded. The total number of Ugandans benefiting from social security is difficult to estimate due to fragmented interventions.

The NSSF covers employees in the private sector who work in organizations that employ five or more people. As of 2003, a total of 1,282,994 people were covered by the NSSF scheme and its beneficiaries numbered 8,995 (ISSA, n.d.). However, the performance of the NSSF is viewed as below average due to management challenges, the irregular flow of information about the status of members' contributions, flawed investment plans and corruption (Osike, 2007). Contributors' funds currently total around UGX 500 billion (USD 305.8 million), and such a large amount of resources demands careful planning and integrity in the fund management.

Services for selected vulnerable categories of the poor

The MGLSD is presently utilizing the Social Development Sector Strategic Investment Plan of 2004 as a framework for planning, implementation, monitoring and evaluation of social development, including social security.[3]

Efforts to provide for orphans

Protection of the vulnerable through social security is still a problem in Uganda due to the prolonged armed conflict the country suffered, in which children were affected most. The MGLSD (RoU, 2004) is currently undertaking the National Strategic Programme Plan for Orphans and Other Vulnerable Children: 2005-2010. The priority areas for intervention are sustaining livelihoods, linking essential social sectors, strengthening the policy and legal framework, and enhancing capacity to deliver. However, there is a challenge of resources for implementing the programme effectively. Other important policy guidelines related to children include the National Child Labour Policy.

The challenge of pension payments

The Ministry of Public Service is responsible for the civil service pension scheme as per the 1994 Pension Act (Cap. 286). The pension scheme is non-contributory, and covers workers from the traditional civil service, teachers, military pensioners, widows and orphans, and former employees of the defunct East African Community. Coverage was expanded to include army veterans from past regimes recognized through the Uganda Peoples' Defence Forces Act of 2005. Benefits include terminal and severance package payments, gratuities for contract and short service employees, monthly pensions, and survivors' benefits for widows and orphans.

The payment of pension arrears has been a major challenge for the government. As of March 2007, there were a total of 44,000 civil service sector pension beneficiaries and the pension arrears accumulated had reached some UGX 289 billion (USD 176.7 million). The government has allocated UGX 200 billion (USD 122.3 million) from the 2007-2008 budget towards clearing this debt, although this still leaves a shortfall of UGX 89 billion (USD 54.4 million) (Mugerwa, 2007).

Other problems associated with pension payments in Uganda include inadequate institutional capacity for effective service delivery, delayed payments of benefits, the low value of actual pension packages, the inability to meet basic needs from the benefits, and high transport costs for collecting payments.

No special protection for refugees and immigrants

The Refugee Act of 2006 and Immigrants Act of 1999 provide protection and assistance to asylum seekers, refugees and immigrants, with a focus on assisting and protecting refugees living in refugee settlements. There are no special social security arrangements for refugees and immigrants, and since they fall under the category of the poor in Uganda as identified by the MGLSD, most social security services are accessed through public institutions where resources are usually limited.

Proposals for covering the poor

Social Health Insurance

The Ministry of Health's National Health Policy (RoU, 1999) and Health Sector Strategic Plan (RoU, 2000) emphasize seeking alternatives for health care financing so that the poor and vulnerable groups are not marginalized and excluded. The ministry is in the process of tabling the Uganda Social Health Insurance bill in Parliament with the aim of improving the population's access to health care. The proposed health insurance scheme would be introduced in phases, starting with formal sector workers, and later expanding to include informal sector workers and the rest of the population. The bill is expected to be presented to the Cabinet in 2007.

Community Health Insurance

The Community Health Insurance (CHI) initiative is being piloted in about 10 CHI schemes in Western Uganda. The CHI requires community contributions to cater for medical treatment of family members at nearby health facilities. Lessons learned from the pilot stage will inform the Ministry of Health in the design of the next stage of roll-out for greater population coverage.

Cash transfer schemes

Interventions being developed by the MGLSD targeting people living below the poverty line include a proposal for cash transfers to the poorest of the poor. Proposals at the pilot stage aim at applying two options, in which cash transfers are linked with improvements in schooling and preventative health care. The MGLSD is the overall coordinator for the design of the cash transfer scheme.

Recommendations

Given the limited scope of current social protection measures, we put forward the following recommendations:

- The government should increase consultations for the development of the social security sector by involving: employers and workers who make the contributions; the government; institutions such as the NSSF and private insurance companies; investors who may plan to use social security investment funds; direct beneficiaries who are entitled to receive benefits from the fund; indirect beneficiaries from the public who depend on the earnings from social security savings.
- The 1985 NSSF Act, 1994 Pension Act and 2000 Insurance Act should be amended with a view to liberalizing the social security and pensions sector, so that workers have the freedom of choice of where to keep their social security savings.
- The ILO Convention 102 minimum standards of social security should be integrated into national policies for social security and protection.
- Strong penalties must be enforced on officials who mismanage social security funds.
- Programmes for cash transfers to the poorest of the poor should be adopted and implemented countrywide.
- More research should be undertaken to find effective ways of increasing the population's social security coverage. ■

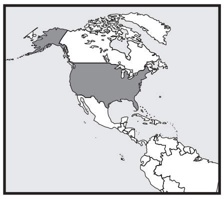
(Continued on page 246)

2 <www.aar.co.ug/> and <www.aig.com/gateway/home/1-66-Uganda_index.htm>, respectively.

3 <www.mglsd.go.ug/images/stories/sdip.pdf?PHPSESSID=f>

UNITED STATES OF AMERICA

Social security: not yet social or secure



Many of the key social protection programs set up over the years in the US are being undermined today. The number of people with no health insurance has soared from 10 million to 48 million (a seventh of the population) since 1989, and public 'Social Security' pensions provide a poverty-level income for the elderly. However, despite the failure of the federal government to ensure social security for all, citizen-led organizing and resistance has led to innovative approaches at the state level.

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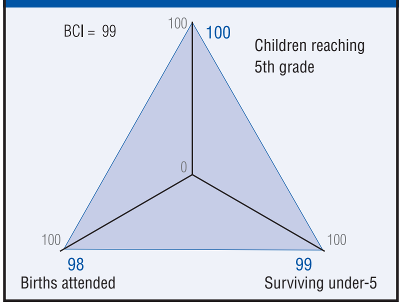
Basic Capabilities Index (BCI)



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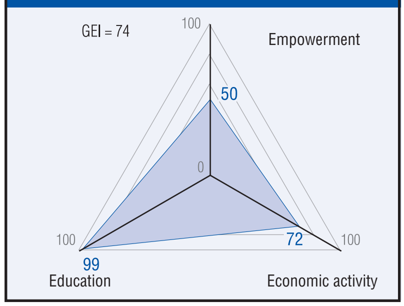

There are two different, but related, concepts of social security in the US. The first and most common reference is 'Social Security', which is written in capital letters and is a specific federal plan that provides small pensions for US citizens when they retire from work. More broadly defined and applied, 'social security' speaks to the question of what it means to provide the kinds of social and economic supports that members of society require: health care, income support, employment, unemployment insurance, access to education, child and eldercare, retirement and other safety net and anti-poverty measures. This chapter looks at several of these aspects of social security and provides a glimpse of how far the US, despite its wealth and power, has strayed from a national policy agenda that promotes true social security and the impacts of this troubling trend.

Brief historical background

The Social Security Act was passed in 1935 as part of President Franklin Roosevelt's New Deal. It was the first national social security program established in the country, and included federal unemployment compensation, retirement insurance, and federal grants for children, the elderly (over 65) and the disabled to receive health services and vocational training. Since then, the Social Security Act has been amended to provide expanded benefits for workers and retirees. In 1965, Medicare and Medicaid were established to provide health care for those over the age of 65 and the poor, respectively. These programs have provided important social protections in the US. However, many of these key programs that were set up over the years are being undermined today.

One seventh of the population has no health insurance

As one of the richest countries in the world, it is difficult to understand why health care and other social services are not available to the entire population. In fact, the number of uninsured is shockingly large and has substantially increased over the last two decades, going from 10 million to 48 million (a seventh of the current population) between 1989 and the present (Battista and McCabe, 1999; Weisberg, 2007). Concomitantly, government-led attempts to fill the gaps in access, such as Medicaid and Medicare programs from the 1960s, have been consistently eroded, even as indicators of infant mortality and life expectancy have deteriorated, as compared with those in other industrialized economies.

The lack of health care provision is perhaps the most contentious public policy issue beside the war on Iraq. Presidential candidates for the 2008 national election are currently putting forth their proposals to reform health care in light of a furious US public. They are furious because health care services consume 16% of GDP, the highest proportion in the world (WHO, 2006), yet much of the money spent does not reach the people who need it most: the elderly, the poor and minorities. For example, seniors on Medicare who spend USD 3,160 yearly on prescription drugs end up covering 66% of the costs themselves (Public Citizen, 2004).

So where is the money going? A large chunk of it goes to the Health Maintenance Organizations (HMOs), the pharmaceutical and insurance companies that now control the health industry. A series of mergers and acquisitions have led to unprecedented concentrations of power and influence. Companies are spending record resources to influence policy in favor of their business interests. The HMOs and pharmaceutical companies are actively engaged in lobbying political leaders. For instance, the Center for Public Integrity found that the pharmaceutical and health products industry spent more than USD 800 million in federal lobbying and campaign donations at the federal and state levels to support industry-friendly regulatory policies from 1998-2005 (Ismail, 2005).

Many HMOs are selective of who they will insure and often reject those who need coverage, as a means of reducing costs and increasing profits. Moreover, certain groups are hit much harder than others when it comes to lack of health care coverage. African Americans, Hispanics, the poor and women suffer disproportionate impacts under the current health care system. It is a challenge to find up-to-date statistics on minority groups. However, in 2004, statistics indicated that African Americans were 35% more likely to die of cancer than Caucasians, due in no small part to the fact that 20.1% of African Americans were uninsured compared to just 10.7% of Caucasians. Lower income levels amongst minority groups (47% of working adult Hispanics and 44% of working adult African Americans were living below the poverty line when the study was carried out) make them less likely to receive employee health care and less likely to be able to afford it on their own (HPIO, 2004).

According to the Kaiser Women's Health Survey taken in 2005, 23% of women on Medicaid (almost one in four) have been turned away by physicians as opposed to 13% of insured women. Hispanic women have three times the uninsured rate of white women (38% vs. 13%) (KFF, 2005).

The common connection between all of these groups is their economic status: both minorities and

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women make less money than Caucasian men and are therefore less likely to receive employee health insurance or be able to cover the cost of insurance by their own means.

Growth in GDP and productivity not matched by wages

Income and employment are fundamental determinants of people's social security as well. While GDP has risen steadily in the recent past, and overall income is up correspondingly, the distribution of income has also worsened in recent years. In 2002, the top 20% of US income recipients received 49.6% of US income (average USD 160,000), while the bottom 20% received 3.4% (average USD 11,000) (Denavas-Walt *et al.*, 2002). This means that the top 20% on average had 15 times the income of the bottom 20%. Meanwhile, 37 million people or 12.6% of the US population live in poverty (US Census Bureau, 2005).

Over the 1995-2005 period, the output of goods and services per hour of work (productivity) grew at a remarkable rate of 33.4%. However, there has been basically no wage improvement for typical workers since 2001, even though half the productivity growth from 1995 to 2005 occurred since then.

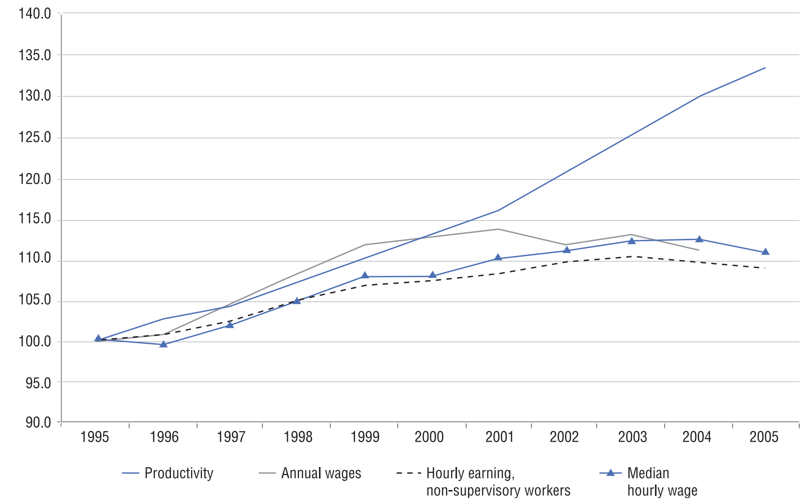
The current unemployment rate is 4.5%. The Hispanic unemployment rate is 40% higher than that of whites, the African American unemployment rate is twice that of whites, and the female unemployment rate is very slightly below the male unemployment rate. Adding in 'discouraged workers' (those who are not actively seeking employment but who are willing to work full time) and those who are working part time but would like to work full time raises the un- (and under-) employment rate to 8.2% (US Department of Labor, 2007). Unemployment compensation continues to provide maximum 39-week benefits for workers who are unemployed. While longer term unemployment is not covered, in periods of high unemployment, the benefit period has been extended.

Employees bear burden of securing retirement income

A key element of social security is providing for retirement and old age. Today, Social Security[2] retirement benefits – though much greater for high income people than low – provide only a basic contribution to retirement income and must be substantially augmented from other sources, principally personal savings. For the working poor, Social Security does provide an income, but one which, in the absence of pensions or savings, can reinforce poverty and even deepen it. For example, someone who earned USD 20,000 a year immediately before retiring would receive Social Security benefits of about USD 9,000 per year.

Because of the shift toward private pensions in recent years, middle to low-income employees have an increased burden to secure their retirement. Formerly, employees received pension income based on a certain number of years of work and based on a certain salary ('defined benefit' system). Today, employers make a contribution (usually small, such as 3% of an employee's wages) and employees are responsible for investing the rest ('defined contribution' system). Since many workers often do not earn enough to pay their bills, and thus have no savings and no money left over to invest in pensions, this system hurts the employee in the long run. The fact that corporations are often able to elude their pension obligations when they restructure or go into bankruptcy further undermines the employee's security.

FIGURE 1. Changes in hourly and annual wages and productivity, 1995-2005



Source: Economic Policy Institute, State of Working America 2006/2007.

Insufficient efforts to provide for the poor

The US enacts a minimum wage (as do individual states) that tries to establish a floor for what can be paid as a wage by firms. Until this year, the minimum wage for the past 10 years has been USD 5.15 an hour (in contrast, the wage paid to federal workers has been raised every year over that period). With inflation, this has meant a 26% decline in the real minimum wage over the period. In 2006, the (official US) poverty level for a family of four was USD 20,000 a year. With a 40-hour work week, a family of four with one minimum wage earner would earn USD 10,300, only half of the poverty level.

In 2007, the US Congress voted to raise the federal minimum wage in steps over the next three years, from the current USD 5.15 to USD 7.25 in 2009, giving low-wage workers their first boost in a decade. Although the victory will give 13 million workers a USD 2.10 hourly raise, it is not indexed to inflation, which has historically risen at a much faster rate (ACORN, 2007). Moreover, the new minimum wage will result in earnings of USD 14,500 annually for one wage earner – still far below the poverty level.

The three principal programs that provide income for poor people are the Earned Income Tax Credit, the Temporary Assistance to Needy Families program, and the Food Stamps program.

The Earned Income Tax Credit is the mechanism through which, by filing a tax return, low income people and families can receive an income supplement. For a family of four – husband and wife and two children – with only one parent earning the current minimum wage of USD 5.15 an hour, the annual family income would be USD 10,712, which would qualify the family for a USD 4,290 earned income tax credit. This is not enough, unfortunately, to lift the family of four above the poverty line (Holt, 2006).

In 1996, the Temporary Assistance to Needy Families (TANF) program replaced the Aid to Families with Dependent Children program, which had been in existence since 1935. The TANF program provides block grants to states to provide assistance to needy families. States have discretion on how to use the funds. The number of TANF recipients fell substantially in the first five years of the program, in part due to a significant increase in the number of single parents who work, but also due to other factors, such as an inability of families to meet the regulations. Studies of families that stop receiving TANF assistance show that 60% of former recipients are employed – typically at poverty-level salaries between USD 6 and USD 8.50 an hour – while 40% are not employed. Lack of available child care can often keep single mothers from working, which is required to receive TANF benefits, for example. Other factors that undermine TANF's contribution to people's security include a five-year time limitation on benefits; permitting benefits to immigrants only five years after establishing legal immigration status; and a declining level of real funding for the program (Coven, 2005).

(Continued on page 247)

2 'Social Security' is capitalized in this section as it refers to the retirement pensions and is traditionally written as such.

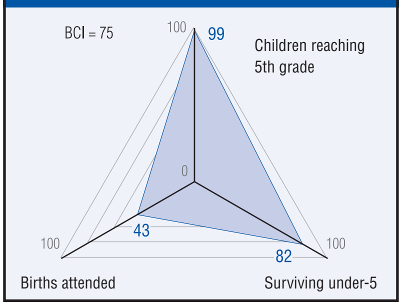
ZAMBIA

Social security remains an illusion

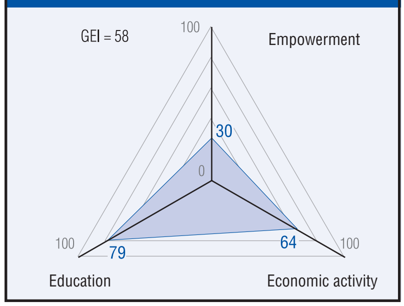
Despite having well-developed social policy on paper, Zambia lacks a proper system to implement the right of access to social security, making these policies as well as the international instruments the country has ratified not worth much more than the paper they are written on. The omission of social security from the Constitution means that the 70% of people who live in poverty have no legal recourse to improve their situation. Meanwhile gender considerations have also been ignored, forcing women make ends meet as best they can as they face gender discrimination in the private and public sectors.

Women for Change
Michelo Hansungule

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



While Zambia has accepted the normative standard, it does not implement the universal right to social security. The 2007 Social Watch theme raises a fundamental issue for the millions of poor people. For this group, which constitutes the majority of the population, the universal right to social security, as also prescribed in the Universal Declaration of Human Rights, is a distant dream. There is simply no mechanism in place to ensure implementation of this right or to make it ‘a reality' since the country lacks a proper and rational social system and the necessary capacity to manage poverty.

In policy but not in practice

The country does however have some of the most eloquently written social security policies and statements as demonstrated in recent policy instruments. For example, strategic policy interventions since the 1990s refocused government attention through the creation of the Ministry of Community Development and Social Services (MCDSS) as well as the Ministry of Youth, Sport and Child Development. The aim of the MCDSS is to respond to various international efforts, especially at the UN level, including the International Conference on Population and Development in Cairo and its Programme of Action and the World Summit for Social Development in Copenhagen.

Through these institutional structures the government has developed several policies towards making medical and educational services free and accessible for poor and vulnerable populations, such as the elderly, orphans, children with special needs, and children and adults with disabilities. The educational policy has banned authorities from sending pupils away for not being able to pay their fees and establishes mechanisms to provide vulnerable children with financial assistance to pay for school fees and supplies. It promised to establish scholarships and bursaries for poor and vulnerable children, targeting especially girls, orphans and children from rural areas and eliminating direct costs for children with special needs. Through the same policy, 5% of school funds were designated for funding free education and supporting poor and disabled children.

New health policy aims to extend free health services to children under the age of five and adults over the age of 65, as well as to tuberculosis patients, and people living with HIV/AIDS. The policy states that the cost of any medical service must take into account the person's ability to pay.

In practice there is little sign of any of these policies and institutional systems. Zambia does not have a system of social grants to support those who qualify. The few people who receive benefits do so at the discretion of authorities, rather than as the result of a guaranteed right. Assistance is erratic and the amount of that assistance not fixed. No clear procedures exist on how to access assistance. There is no transparency in the administration of the grants. Government and field staff refuse to disclose the number of social grants beneficiaries, saying there could be chaos if this information were disclosed. Even though the policy has abolished school fees, however, the government has not come in to fill the financing gap created by the introduction of this policy. Consequently, several schools have ignored the policy since otherwise they could not function and parents are still being taxed as before. Another severe problem is the fact that the government does not remit its dues to its staff, which severely affects the schemes.

A worrying issue is that most of these policies are based on the Eurocentric concept of social security with great emphasis placed on money and the government-signed social security cheque. The social welfare policies in place at the MCDSS and in other government ministries and departments do not encompass African values on social welfare despite the fact that most citizens rely on traditional African culture to meet their social security needs. Government social grants, although important, cannot displace the natural system that has served people for centuries and should have been included in the government's concept.

Constitutional challenges

The Constitution poorly reflects the true situation in the country. While the majority of people are living in poverty, the Constitution refuses to give recognition to this reality and make provisions for the universal right to social security. More than 70% of Zambians live in extreme poverty. Nevertheless, the Constitution is silent on issues that affect this majority. Therefore it is not being applied practically to address the reality of those living in poor and precarious conditions and only remotely affects the lives of ordinary people in the country.

There are scant references to social security in the preamble of the Constitution in the form of pledges. It is common knowledge that by Zambian law, the preamble is no more than decoration. The August 1991 Constitution which is still partly in force "pledged the right to equal access to social, economic and cultural rights and facilities provided by the state..."

There were also pledges affording every citizen the right to education sanctified by a duty on the part of the state "to the rights and dignity of all members of the human family" in Act 18 of the 1996 Constitution. The preamble to the 1996 Constitution "recognizes the equal worth of men and women in their rights to participate to build a social system of their choice." This is the closest the Constitution comes to the issue of access to social security.

Part 1X of the Directive Principles of State Policy enshrines legally non-enforceable standards bearing on several aspects which would amount to effective access to social security. Article 112 and in particular paragraph (f) enjoins the state "to provide persons with disabilities, the aged and other disadvantaged persons such social benefits and amenities as are suitable to their needs and are just and equitable." This is the only line in the whole text to explicitly refer to "benefits and amenities" for vulnerable groups. Prior to that, there is a reference in paragraph (e) to "equal and adequate opportunities" but paragraph (f) is the only one to address social security in specific terms. Paragraph (g) makes reference to culture, tradition and custom which can be interpreted to mean that it seeks to encapsulate traditional social safety nets such as the extended family system. Important as they may be, all provisions of Part 1X or the Directive Principles of State Policy in the Constitution are not justiciable. In terms of Article 111, courts have been denied jurisdiction to entertain any complaint based on any aspect of this part of the Constitution. In this way, the right of access to social security is not fixed in the Constitution and the failure by the framers of the Constitution to articulate these standards directly in the Bill of Rights severely faults it. Additionally, Article 110 introduces a clawback clause which limits the duty of the state with regards to sustaining the application of the directive principles.

Furthermore, women are not reflected in the Constitution. Despite the fact that more than 50% of the population is comprised of women, the Constitution says very little of women on issues such as social security, and rather blatantly discriminates against them in several ways.

With such a defective constitutional framework, the poor have been deprived of the means with which to legally fight social injustice. Attempts to change this situation by rewriting the Constitution are currently being hampered by authorities trying to protect their own interests. President Mwanawasa has expressed a strong desire to tailor the Constitution to his liking and has consequently kept this process close to him. The motivation behind these actions is to protect the President from persecution upon completion of his term in office.

Ratified by not respected

Although most international human rights instruments on social security have been ratified, these have yet to be translated into practical benefits for the intended recipients. The following UN conventions have been ratified by the country:

- International Covenant on Economic, Social and Cultural Rights (ICESCR) ratified on 10 April 1984.
- International Convention on the Elimination of All Forms of Racial Discrimination ratified on 4 February 1972.
- Convention on the Elimination of All Forms of Discrimination against Women ratified on 21 June 1985.
- Convention on the Rights of the Child ratified 6 January 1991.

The country was also a founding member of the African Charter on Human and Peoples' Rights, ratified in 1984.

Although Zambia has ratified a number of International Labour Organization (ILO) conventions, it has not yet acceded to the ILO Social Security (Minimum Standards) Convention of 1952 or the Workers with Family Responsibilities Convention of 1981. There are no indications from either the Ministry of Labour or the Ministry of Justice that the government is contemplating acceding to these two conventions. In practice, there is hardly any difference whether the country ratifies the instruments or not. The instruments that the country has ratified have no value beyond the paper on which they are written. Although some of these instruments, such as the ICESCR, have been part of the legal domain for more than 30 years, they have not led to an improved social security environment or made an impact on the particular situations of individuals to any significant degree.

Gender and social security

While poverty affects all, it affects women more than men, which is also the case of disabled women. While some policies are sensitive to gender, the majority have no gender content. For instance, gender was not taken into account in formulating the policy and legislation on privatization. Likewise, there were no women representatives on the board of the Zambia Privatization Agency. Although privatization affects women more than men, they were not part of the conflictive decision-making process undertaken to reconstruct the country's economy which left workers out in the street, unable to put food on their tables. Similarly, the interests of human rights organizations were also not considered.

Two examples of the effects of privatization are important to note. The hasty liquidation of Zambia Airways – the national airline – and the privatization of Nitergen Chemicals and Kafue Textiles brought numerous social challenges to the population, and particularly women. As the custodians of families – often without independent incomes – women were affected when their husbands lost their employment due to the privatization restructuring policy. Many were left without an alternative means of employment and without the necessary capacities to provide for their families. Some women took to the streets to undertake menial trading jobs in a bid to put something on the table. Additionally, women have been exposed to sexual exploitation while trying to claim their deceased husbands' entitlements, dues from their employers or benefits from tight-fisted social security schemes. This is the result of defective social welfare and privatization policies which did not include gender as a central pillar of the economic reforms championed by the government and its allies.

Living with social insecurity

As explained above, social security remains an illusion to most people. The majority of citizens have not been insured against future vulnerabilities such as old age and disability, with women being the worst victims of this neglect. In both private and public life, women are more greatly affected by social insecurity than their male counterparts. Despite the government's obligation to provide social security to its population, it has not expressed the necessary political willingness to do so. Vulnerable people – the majority of the population – continue to live socially insecure lives.

This is in contrast to the several beautifully worded policies written by the government over the years. Looking at its policies alone, Zambia has one of the most effective social security systems in the world. At the same time, there is no specific legislation on social security. This is echoed by the Constitution which does not guarantee the universal right to social security. In fact, it does not guarantee any right besides archetypal political and civil rights. This renders the Constitution virtually irrelevant in the fight against poverty. The Constitution also omits the very important issue of gender and dignity. Instead of being unequivocal on gender-based discrimination, the Constitution yields to the social forces that disregarded women in the first place. Beyond normative standards, the country lacks a proper system to implement the right of access to social security since most of what exists is a defective and irresponsive system that does not accurately articulate the problems. The universal right to social security is still a long way from effective recognition in Zambia. ■

ARGENTINA
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We believe that the problems affecting social integration are problems related to rights – social and political – which are linked to the construction and reproduction of citizenship. In consequence, social insertion strategies must, on the one hand, adopt a format for the transfer of economic, social, political and cultural resources tending to strengthen the social networks of those who are currently excluded, in order to ensure their development and socioeconomic and political autonomy; and, on the other hand, ensure political and institutional characteristics in the government and in state actions which are accessible and open to social preferences and control. Essentially, it is a matter of creating conditions for a citizenship which is based on respect and the strengthening of individual and social rights. ■

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BULGARIA
(continued from page 159)

In the context of pan-European objectives and values, the foundation has been laid for achieving a more direct connection between strategy and policies in the pensions sphere and in National Employment Action Plans, with a view to raising the employment rate, restricting the inflow to early retirement schemes, increasing incentives for prolonging active employment and setting pension systems on a stable financial footing.

The analysis of the Bulgarian experience so far provides grounds for the conclusion that there is room for a certain regulatory modification, particularly in light of the commitments ensuing for the country from European instruments in the area of pensions and social involvement. Above all, in order to guarantee a dignified life for the elderly, pensions (both today and in the future) should not be a generator of poverty, and they should match the new individual needs created by changing. Finally, and perhaps most important of all, pension systems must be financially healthy, autonomous, and sustainable in the long term. ■

BURMA
(continued from page 161)

In addition, the SPDC relocates villagers not to use the confiscated land itself, but to undermine the support base of armed opposition groups by severing their connections to recruits, information, supplies and finances. Known as the 'four cuts' policy, this military-based strategy has been implemented by forcibly relocating villagers from contested areas to SPDC-controlled areas, thereby isolating villagers from resistance forces and placing them more firmly under military control (Global IDP Project, 2005).

Recommendations

Burma is a multiethnic society with diverse cultures, religions and traditions. Ultimately, peaceful coexistence and the guarantee of social security for all persons can be ensured only if the people's right to self-determination is respected through an accountable, transparent and decentralized system of governance. Within the framework of federalism in which civil society exists in every constituent unit of the union, the country must embrace a structure of governance whereby people's rights and needs can be expressed and protected through institutionalized inputs to the decision-making processes at all levels of the administrative system. In essence, the notion of 'self-rule and shared rule' must be respected.

Essentially, the state must take primary responsibility for the social security of people depending on available natural resources, gross national income, and state budgets, while promoting the economic, social and cultural rights of people on one hand and fostering the economic welfare of people on the other, through a 'people-centred' approach as opposed to 'state-centric' development programmes. The state is also obliged to respect and promote the genuine principles of the rule of law with the existence of an independent judiciary, under which corrupt practices and abuses of power by administrative officials can be brought to justice and a transparent society can be established.

The emergence of civil society organizations and institutions will help secure the right to social security for all. As such, all oppressive laws and other restrictions imposed on the formation and independent functioning of civil society organizations must be abrogated, and their communications with the outside world and among the organizations themselves to seek assistance and cooperation on social security matters must be institutionalized and legalized.

Social security can also be protected when people live in dignity with a secure livelihood. To this end, last but not least, the state must guarantee people's access to the resources required, in addition to the cancellation of legal and administrative barriers which hinder equal rights to employment, equal pay for equal work, and the independent formation and operation of trade unions, commencing with the right not to be forced to work.

Eventually, the right to social security will become a reality when the inner dynamics, interconnectedness and interaction between the state, civil society organizations and capable individuals better reflect the dire need of the Burmese people. ■

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The Committee underlined many of the reforms which Canadian groups have long sought including: social assistance at levels adequate for a decent standard of living, increases in minimum wages, assured access to employment insurance benefits and measures addressing food insecurity, hunger, homelessness and inadequate housing (NAPO, 2006).

A national anti-poverty strategy might embody these steps. Twelve years after Copenhagen, Canadians still await it. ■

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CANADA

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The Ontario provincial government recently introduced an Ontario Child Benefit.

It is not yet possible to tell whether the Newfoundland and Quebec initiatives will lead either to a cross-country provincial competition at raising the bar of social support and/or to a national anti-poverty strategy.

When Canada appeared before the ICESCR Committee in 2006, the Committee expressed particular concern that amid such a prosperous country, 11.2% of Canadians remained in poverty, including many First Nations, immigrants, women, single mothers and disabled Canadians. Clearly Canada had continued to fail to fulfil its obligations to adequacy of social supports.

Most worrying was the Committee's assessment that Canadian governments treated rights such as the right to adequate social assistance and the right to adequate health care as "principles and programmatic objectives rather than legal obligations." It noted that enforcement mechanisms for these rights were lacking and that governments argue before courts against including Covenant rights among those protected by the Constitution's Charter of Rights and Freedoms.

FRANCE

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In March 2007, the Conference on Social Security in Health in Developing Countries took place in Paris. This event, which was organized as a French initiative, developed on the reflections of the eight wealthiest countries in the world (G8) from St. Petersburg in 2006 which called for "an acceleration in international discussions on the practical approaches that permit public, private and community based health insurance coverage in developing countries." We hope that this French initiative is a first step towards rebalancing multilateral and bilateral aid in the health sector, and the benefit of the reinforcement of French actions in the improvement of health systems. ■

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KENYA

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The National Food Policy of 1980 built on the need for prudent and focused land reform policy as a requisite for achieving a food-secure nation. Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth, the Household Food Security and Nutrition Policy of 1988, as well as the National Development Plan 1984-1988, all recognized the need to limit the misuse of land. Through Sessional Paper No. 1 of 1986, the government expressed its intention to establish a National Land Commission to review land tenure, land-use practices and legislation. This came to naught.

The government came to recognize that although food may be available nationally, it may not be accessible at the household level (GoK, 1988).[2] Many factors were acknowledged to be responsible for this situation, not least among them the fact that a significant proportion of the Kenyan population is malnourished as a consequence of inequalities in the distribution of land resources, income inequalities, seasonal food shortages and lack of education and awareness.

2 See also Sessional Paper No. 1 of 1986.

Through these policy documents, the government stated its commitment to influencing increased food production on smallholder farms to attain food self-sufficiency through the development and improvement of land access, utilization, enhancement of input and output markets and rural infrastructure. Unfortunately, a great more needs to be done to live up to this commitment. ■

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MALTA

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It should be noted that in the Maltese context, the allowances given to asylum seekers and rejected asylum seekers could be compared at par or worse to persons living on a 'dollar a day' in a poor country, if they are not aided by charity organizations.

Official development assistance

According to the European Commission (2007, p. 164), Malta spent EUR 7 million (USD 9.68 million) or 0.15% of its GNI on official development assistance (ODA) in 2006. However, questions have been raised on whether the money was actually spent on aid towards the development of poor countries or for other purposes.

CONCORD (2007), an EU non-governmental development organization (NGDO) platform of which the NGDO Platform is a member, criticizes the government of a lack of transparency on where the money goes and to whom. CONCORD stresses that currently Maltese ODA figures include the cancellation of Iraq's debt to Malta, money spent on migrants during their first year in the country, the repatriating of migrants, and a number of scholarships given to people from developing countries. This money is not helping any developing country to develop and thus should not be counted as ODA. CONCORD further criticizes the government for wanting to tie ODA to the acceptance of the repatriation of migrants. The Maltese NGDO Platform has serious reservations on this measure and considers that it undermines the rightful focus of ODA, namely tackling poverty. ■

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MEXICO

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- Claims by trade union organizations presented to the ILO Administrative Council based on violations of Convention 102: 10 claims have been presented and are awaiting admission.
- Complaints by trade union organizations presented to the ILO Freedom of Association Committee based on violations of Convention 98 on the right to organize and bargain collectively: 10 complaints have been presented, admitted and combined in case 2577.[14]

If this type of reform is implemented in the rest of the system (in state companies, for example), the Mexican state will continue to contravene its national and international obligations in respect of the right to social security, and people will be compelled to resort to resistance strategies and extraordinary national and international legal mechanisms.

Challenges

- Demographic change is not the only challenge and may well not be the principal one as the authorities claim. Although fertility and child mortality rates have decreased, while life expectancy has increased, effective measures to address inequality and poverty are still needed along with a review of the social security system administration that is facing problems such as: fragmentation, a lack of integral actuarial assessment, insufficient regulation of private stakeholders (especially financial institutions), tax evasion and a diminishing allocation of budget resources, while fines and surcharges are cancelled for big companies with debts due to non-remittance of employee/employer contributions to IMSS.
- Cuts in the social security and health budget must be prevented to avoid further worsening of the financial crisis facing service institutions, an increased shortage of medicines and equipment and deterioration in the condition of infrastructure and the quality of services.
- It is essential to re-conceptualize social security not only as a work-related benefit but also as a human right applicable to the entire population, in the spirit of ICESCR Article 9.
- While the model continues to be an occupational one, social security can only be guaranteed to the population through policies of full and proper employment that, among other things, widen coverage and guarantee adequate pensions. ■

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14 Further information available from: <www.ilo.org>.

MOROCCO

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Morocco has no overall system for combating unemployment, and an analysis of the employment measures in place shows they are highly unsatisfactory. Since 1993, only 29,000 people have participated in work experience programmes, and the so-called 'action-employment' scheme has performed no better. Only 66,000 young professionals entered the labour market during this period (Ministry of Employment, 2006).

In the new labour code some changes were made to labour regulations (the minimum period to approve the closure of a factory, the setting of indemnity rates, etc.) but in real terms the prevailing legislation in this field is frail because many categories of employees are not covered and most enterprises ignore the law when drawing up temporary contracts, granting vacation time, or when a factory partially or completely closes down. To make matters worse, the official bodies in charge of enforcing current legislation do not have the means to do their job effectively.

In the informal sector, which accounts for 20.3% of jobs in the country, there is even less protection. Some 12.4% of the production units in the informal economy are run by women, and only 2% of workers in this sector are contracted employees. Nearly half the production units (46.8%) ignore labour regulations, and 61% pay wages that are below the official minimum salary (Department of Economic Security and Planning, 2003).

Challenges and the future of social protection

The country's largest social protection scheme depends on the National Social Security Fund. Many enterprises have managed to stay outside the system and are unregistered. More than 67% of members are micro-enterprises with five or less employees, and only 38% of registered businesses work for 12 months of the year. Social security contributions from private sector enterprises in the National Fund regime amount to only 1.6% of the wealth produced in the country (Centre Marocain de Conjoncture, 2003). It is difficult for the system to make headway in rural areas and among self-employed workers. The Fund is hindered in its operations because benefits are paltry and wages are low, and quite apart from that it does not have an image of efficiency. Therefore it is important to improve the governance of the system, not only as regards democratic processes in the political sphere but also in the institutions that make up the social security system, since this is where many of the day-to-day decisions are made.

The question of social protection goes beyond the role of the state and public institutions; it involves all the components of society. The 'social question' should be taken into account by all the actors involved, and the necessary conditions for excluded sectors of the population to be reinserted should be created. Civil society must intervene more actively, and indeed it is clear that a new generation of non-governmental actors are emerging in Morocco. Relations between civil society organizations and the state are evolving and mutual distrust is now giving way to the recognition that some kind of synergy is possible. However, there are still obstacles to be overcome before civil society can be fully involved in strategic alliances for development. What is needed is a political and legal framework that is more favourable to increased autonomy for NGOs, and greater participation on the part of these organizations in the process of designing, implementing and evaluating decisions that can have an effect on the most disadvantaged sectors of the population. ■

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NEPAL

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- The basic necessities of food, clothing, shelter, education, security and health services need to be delivered urgently with a long-term focus on sustainable livelihoods. ■

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Other significant factors include the subjectively perceived need for a provision and the anticipated transaction costs. A certain degree of non-take-up appears to be inherent in provisions: people decide not to submit a claim because the process is too complex, especially where the amount they stand to receive is small and they feel that they can manage financially without the benefit. As long as entitlements to a given grant or benefit continue to be dependent on the claimant's income and assets, and the initiative for take-up of provisions is left with the client, non-take-up appears to some extent to be inevitable. Transferring a minimum amount to identified clients' accounts could reduce non-take-up (Hoff and Schut, 2007). At the same time, greater emphasis obviously needs to be placed on informing people of their rights. ■

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PARAGUAY

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To rectify this situation there will have to be structural reforms in the social security system. This is easy to say but it will not be a simple process; it will call for policies that are based on a wide consensus among citizens of the country at all levels.

While this major process of change is taking shape, there is no reason to postpone intermediate measures like the different pension schemes granting each other reciprocal recognition, excluded groups being systematically incorporated into the system, the legislature dealing with the dozen or so bills on these matters that have been shelved, the state meeting its financial obligations to the social security system, the coordination of services between sectors, and the implementation of policies to cater to lower income sectors and unpaid workers.

For the system to really serve the whole population there will have to be a complete change of approach. ■

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PHILIPPINES

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Final note

The long-term solution to poverty in the Philippines is robust, *equitable and broad-based* sustainable economic growth. Even if the Philippine economy seems to be shifting to a rapid-growth track, there are few social mechanisms in place that could pull the rest of the population out of economic and social deprivation. The reality for the vast majority of poor people is that social services are unavailable, or are skewed towards the needs of the rich, or are dauntingly expensive – and this drives up social inequality.

Yet social protection contributes immensely to economic development, and the nice thing about it, according to Obermann *et al* (2006), is that it can be implemented independently of the current economic situation. For starters, they suggest merging the national programmes with community-based health care financing schemes, and creating the environment for high quality care and improved physical access. Aside from reforms in contribution and benefit structures to remove inequities and expand coverage to the informal sector, tighter oversight in the management of social insurance funds would be necessary.

As the Human Development Network observes, the government has a huge job to do in terms of facilitating reliable information, standard-setting and rationalization of involved government agencies, more vigorous encouragement of private insurance and pension plans for overseas workers, and pushing for bilateral agreements that protect Filipino workers' interests abroad (UNDP, 2002).

Social protection for all Filipinos is well within grasp: money and know-how are not what is lacking. Rather, the commitment to act is needed to challenge the status quo. The will to reform is key to making social protection work, and to do this the government must feel the heat. Civil society organizations and private companies can pick up some of the pieces, but only the government can reach the scale necessary to provide universal access to services that are free or heavily subsidized for poor people and geared to the needs of all citizens – including women and minorities, and the very poorest. Sadly, it is failing to meet this essential need. ■

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ROMANIA

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Giving back meaning to the right to social security

During Romania's transition from a socialist to a market economy and preparation for EU accession, Article 22 of the Universal Declaration of Human Rights has been lost along the way. Today, the phrase "Everyone, as a member of society, has the right to social security" seems emptied of any meaning for most of the population. Although social protection represents a critical need for most of the people, it is no longer perceived as a right. It has been taken off the public agenda, and is absent from the political agenda. It is in this context that civil society is called on to act and promote debate over social security as a right, and therefore an essential priority around which public policies must be created at the service of a healthy society. ■

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SERBIA

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Nevertheless, despite the evident negative effects of the transition on the population, the government's efforts are still much more focused on attracting foreign investment, building the market economy and protecting the interests of the newly established capitalist class, than on protecting, fulfilling and safeguarding the attained level of economic and social rights as prescribed in the ICESCR and the new Constitution. ■

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SPAIN

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The government has also put into operation and strengthened new instruments in line with the recommendations of the 2005 Paris Declaration of the Organization for Economic Cooperation and Development (OECD). The initiatives to convert debt into development projects and direct support for national budgets in countries that receive aid should be intensified and extended to more countries, and greater social control and participation in how these budgets are oriented and executed should be promoted. These kinds of measures can make a direct contribution to much-needed investment in basic social services, which is something governments in developing countries must do if they are to progress towards the Millennium Development Goals set in 2000.

It is less than a year since important legislation for Spanish development assistance was concluded, and action must be taken to promote some basic measures so that the trends that were initiated should not be merely transitory. It has become urgently necessary to impose regulations (which people have been demanding for some time) to sever the links between economic and commercial interests and Spanish foreign assistance, and to thoroughly overhaul the system through which Spanish cooperation is managed (the Spanish International Cooperation Agency). Almost the only step taken in this reform so far has been to announce it, and there will have to be a commitment from various ministerial departments to inaugurate structures for political and strategic guidance that is well prepared and coherently coordinated, so as to achieve solid cooperation. The challenge is to consolidate a new dimension of cooperation and executive action on the political stage. In this reform Spain is seeking to permanently consolidate what have been isolated innovations up to now. ■

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According to Article 28 of the UN Convention on the Rights of Persons with Disabilities, adopted 6 December 2006, "States Parties recognize the right of persons with disabilities."[12] The government has not yet ratified this important convention, making it difficult for persons with disabilities to enjoy the right to social security that it guarantees.

Encouraging signs

The Governor of the Bank of Tanzania, Daudi T. Balali, acknowledged in March 2007 that the greater part of the country's population is still dependent on the traditional social security system, now getting weaker every day as a result of the corrosive effects engendered by urbanization and threatening diseases like HIV/AIDS. According to him, "Because of the difficult economic environment and diseases like HIV/AIDS which have torn apart the traditional fabric and economic might, … accessibility to social welfare services by disadvantaged groups is limited." Governor Balali underlined that "this trend calls for a rethink on the way people are organized in the provision of social security by, among other things, exploring new ways of improving coverage as well as benefits in order to fulfil obligations as stipulated in Article 22 of the Universal Declaration of Human Rights of 1948."[13] We are all happy with this observation and urge the government to work on it. ■

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12 <www.un.org/esa/socdev/enable/rights/convtexte.htm>

13 Daudi T. Balali, the Governor of the Bank of Tanzania (BoT) addressing a gathering of International Social Security Associations (ISSA) in Dar es Salaam. Attended by stakeholders from within and outside the country, March 2007. Quoted by Michael Haonga in local newspaper *The Guardian* "BoT Governor calls for enhanced public access to social security" of 26 March 2007.

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UNITED STATES OF AMERICA

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Meanwhile, to receive 'food stamps' – vouchers that can be exchanged for food – people's net income must be below the poverty line (although there are some exceptions). The average benefit per person is USD 21 per week, or USD 1 a meal, an amount which is extremely difficult to live on. Families routinely find themselves with "more month than money." Approximately 21 million people receive food stamp benefits, about 57% of the 37 million people who live in poverty. Unfortunately, the food stamps do not have much buying power. Poor families in urban areas struggle to find healthy food because supermarkets are few and far between. In addition, 'junk' food is often cheaper and more accessible than fresh fruits and vegetables. Those without transport must find ways to get to the larger markets and return home with their groceries. Food justice, i.e. access to healthy and affordable food, is a continuing challenge for minority and low-income people in the US (US Department of Agriculture, n.d.).

In recent years, previously successful initiatives like the Special Supplemental Nutrition Program for Women, Infants and Children, which provides free or subsidized breakfasts and lunches for school-aged children, have come under increased budget pressure. This program has significant impacts in the areas of health, education and family well-being, since the meals it provides often represent the only meal of the day that some students receive.

Re-establishing a social agenda for the US

The good news is that despite the failure of the federal government to provide leadership, many states, in response to citizen-led organizing and resistance, are experimenting with innovative approaches at the state level. For example, the state of Massachusetts recently passed what some say is the first universal health care bill (Lee, 2007). California also passed a bill that is estimated to extend insurance to 6.5 million people (out of a total estimated population of 36.5 million). Many states have implemented successful Children's Health Insurance Programs.

Even as the George W. Bush administration has pushed for the privatization of federal retirement pensions based on the argument that money will dry up in the next 20 years, the US public, including congressional representatives from both major political parties, have rejected these efforts outright. In light of ongoing scandals where employees have lost their benefits as corporations seek to cut costs and boost profits, while at the same time, executive pay and benefits have reached historic and obscene levels, there is growing pressure to regulate corporations, enforce anti-trust law and create mechanisms that allow small and medium-sized businesses to be able to provide health and other benefits, while remaining competitive.

All of the examples of initiatives undertaken in individual states have the potential to be brought to scale nationally and are positive signs that raising the bar on social security, broadly defined, is an idea whose time has come. Addressing social security in the US offers great potential to address the race, class and gender disparities this report outlines and which continue to persist in every aspect of US life. ■

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According to the Universal Declaration of Human Rights:

"All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood."

(Article 1)

"Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality."

(Article 22)

- **More than half the people in the world** are excluded from any kind of social security protection.
- Only **20%** of the world's population has adequate social security coverage.
- **40%** of the world's population lacks access to basic sanitation.
- **93%** of the entire work force in India is employed in the informal sector.
- **140 million** older persons, particularly older women, live on less than **USD 2** a day.
- **78%** of the population of Paraguay has no form of social insurance coverage.
- The per capita public expenditure on health in Nepal is **USD 2** a year.
- **2 out of every 3** people who are illiterate are women.

Social Watch is an international network of citizens' organizations struggling to eradicate poverty and the causes of poverty, to ensure an equitable distribution of wealth and the realization of human rights. We are committed to social, economic and gender justice, and we emphasize the right of all people not to be poor.

Social Watch holds governments, the UN system and international organizations accountable for the fulfilment of national, regional and international commitments to eradicate poverty.

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