SOCIAL WATCH

REPORT 2007

in dignity and rights

making the universal right to social security a reality

- CITIZENS´ ORGANIZATIONS AROUND THE WORLD MONITOR GOVERNMENT COMPLIANCE WITH INTERNATIONAL COMMITMENTS
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OVERVIEW

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

The full version of the Social Watch Report 2007 includes:

And national reports from:

Argentina, Azerbaijan, Bangladesh, Belgium, Benin, Bolivia, Brazil, Bulgaria, Burma (Myanmar), Canada, Colombia, Costa Rica, Egypt, El Salvador, France, Germany, Ghana, Honduras, Hungary, India, Iraq, Italy, Kenya, Latvia, Lebanon, Malta, Mexico, Moldova, Morocco, Mozambique, Nepal, Netherlands, Pakistan, Paraguay, Peru, Philippines, Poland, Romania, Senegal, Serbia, Somalia, Spain, Suriname, Tanzania, Thailand, Uganda, United States of America, and Zambia.

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.[1] 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.[2] 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.[3] 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

1 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.

2 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.

3 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, February.

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.

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]

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. 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.

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).

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).

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:

- **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]

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).

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 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

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.

18 <www.vie-publique.fr>

19 CINTERFOR/ILO (2003-2005).

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

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,

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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.

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 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

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).

21 CINTERFOR/ILO (2003-2005).

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.

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 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. ■

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

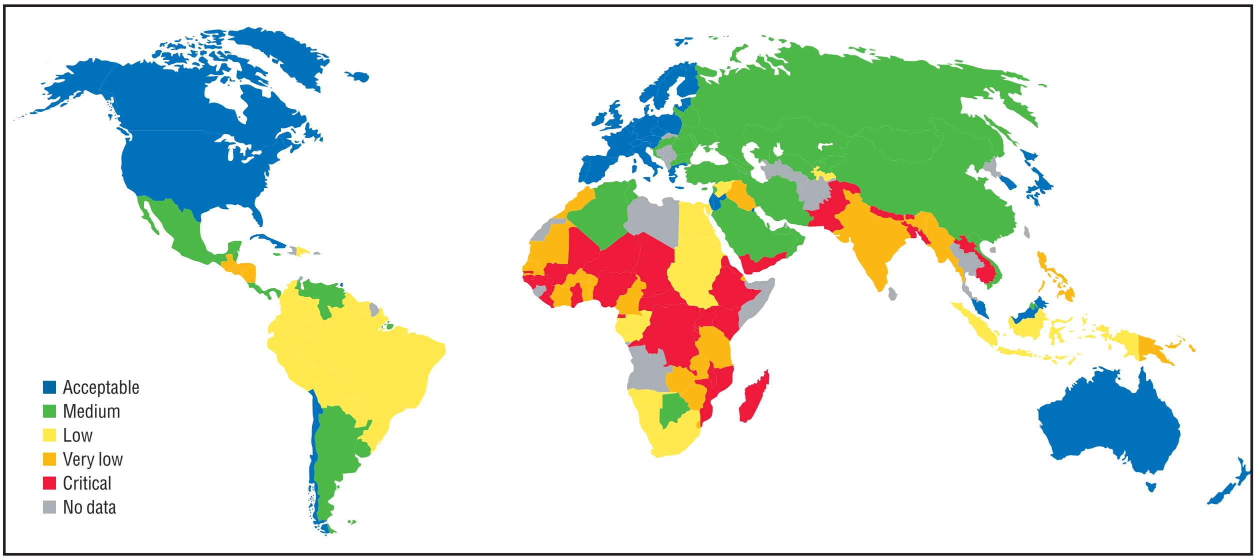
23 Social Watch (2007). Guidelines for national reports.

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

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).

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%).

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, 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).

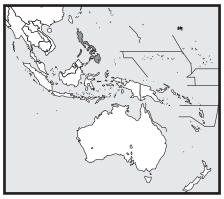
NEPAL (BCI = 54.8) (% Change = +10.5%), critical BCI and recovery: education policies and anti-discrimination

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).

NATIONAL REPORT

PHILIPPINES

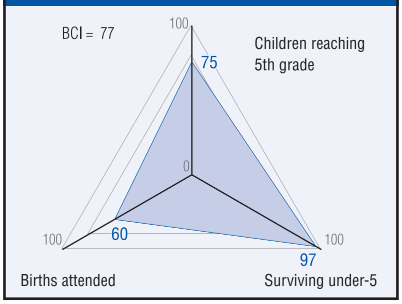
Political will is the key to social protection



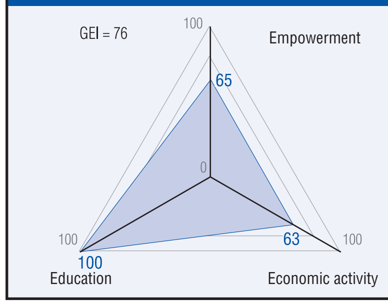
There has been a consistent decline in real per capita spending on social services, while coverage is incomplete and delivery diffused. The country's social insurance programme is a benefit for the better-off, paid for in part by the poor. Merging the national programmes with community-based health care 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.

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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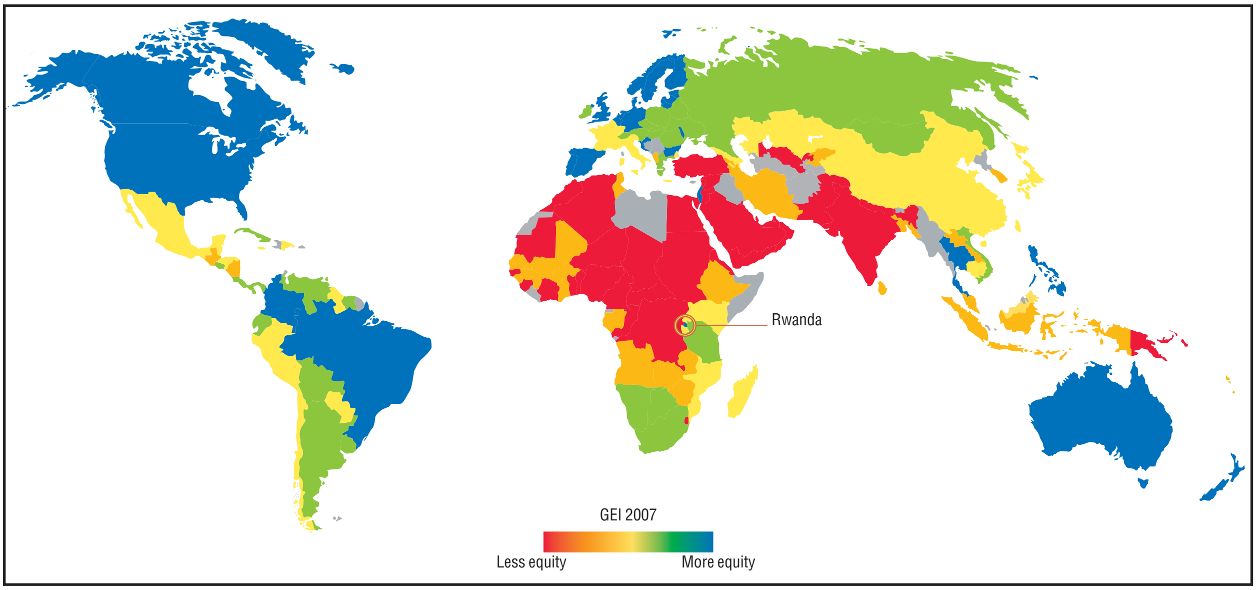
GENDER EQUITY INDEX 2007

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).

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).

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 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

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.

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	0.30

Notes: A: Net disbursements at current prices and exchange rates.

B: Including debt forgiveness of non-ODA claims in 1990, except for total DAC.

Source: 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>

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

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.

The argument to support the reforms was introduced in a decisive World Bank book on pension reform published in 1994, *Averting the Old Age Crisis.* 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. 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.

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. 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." 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 order to react to the criticisms of this one-size-fits-all approach, 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, which has been presented as having dual roles: protecting basic livelihood and promoting risk taking. 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.

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.

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. ■

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

Christian Courtis[1]
International Commission of Jurists

The right to social security has been discussed in international and regional tribunals and organizations with the competence to receive communications, petitions or charges – most of them to consider alleged violations of rights catalogued a priori as civil and political rights and other rights and principles.

The right to social security, for example, can be protected by means of the right to property. In 1971 the former 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." The European Court of Human Rights has upheld this interpretation in many cases.

Various cases have been taken on by the European Court and the Inter-American Court of Human Rights by means of the right to judiciary guarantees and a judiciary appeal. The Inter-American Court, in the case of *Five Pensioners v. Peru,* applied Article 25 (right to judiciary protection) of the American Convention on Human Rights. In this case the Inter-American Court determined that the non-compliance of the Peruvian state, over a period of eight years, with decisions requiring it pay pensions in accordance with the petitioners' claim constituted a violation of the right to effective judicial tutelage.

The Human Rights Committee – a body that monitors compliance with the International Covenant on Civil and Political Rights (ICCPR) – has also 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 and Broeks v. The Netherlands,* 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.

Finally, 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 the first place, *a clear determination of the eventualities that should be covered* would provide an important parameter for the detection of non-compliance and deficiencies. Secondly, *the establishment of parameters for the appropriateness or sufficiency of benefits.* The challenge to this notion is to link the positive action of the state in this matter with measurable parameters, in relation, say, to the satisfaction of basic or food needs. Thirdly, the *prohibition against regression in questions of social rights.* In accordance with this principle, a state cannot diminish the content of those rights that it has already acknowledged. ■

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Sexual and reproductive health: A right of women and men

Joyce Haarbrink
Marie Stopes International

In 1994, 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). They 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. This decision was a watershed for population issues, as the policy evolved from 'population control' to recognising the *right* of men and women to a healthy and satisfying sex life.

In 2007, 13 years after the ICPD PoA, women in many parts of the world still cannot 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. Between 125 and 200 million people would like to be able to control their fertility, but are not using contraceptives ('unmet needs'). If contraceptives were sufficiently available, 1.5 million lives would be saved per year. Meanwhile, each year an estimated 2.2 million pregnant women infected with HIV/AIDS give birth, and around 700,000 neonates contract HIV from their mothers either during pregnancy, labour, delivery or breastfeeding.

One of the reasons for this situation is that the funding targets indicated by the PoA have so far not been reached and funding for sexual and reproductive health and rights (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. It is essential to maximize the effectiveness of resource mobilization and attain a synergetic complementarity of the two strategies.

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 and combating HIV/AIDS, malaria and other diseases, sexual and reproductive health and rights were not mentioned at all, despite the fact that they have an impact on practically all the MDGs.

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. ■

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

Daniel Ciganda
Social Watch Secretariat

Just as urbanization and the accelerated decline in fertility were the demographic processes that 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 (or should be devoting) a large part of their attention: population ageing and migration.

The prediction (or experience) of population ageing processes has triggered concerns and pessimistic conjectures regarding the viability of the health and social security systems. In many countries these have been used as justification to undertake the reform of systems based on intergenerational solidarity, transforming them into systems based on personal savings.

But the arguments that have led to numerous social security system reforms ignore the fact that any kind of system requires economic growth to make it sustainable, and that 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 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.

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. 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.

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. ■

Social protection for older people: A plan of action

Susanne Paul and Alischa Kugel
Global Action on Aging

The revolution of long life is now upon us. According to 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.

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.

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.

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. In the Madrid International Plan of Action on Ageing (MIPAA) negotiations, governments from 159 countries 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 five-year experiment with the MIPAA has spotlighted useful programme initiatives and alerted some countries to the potential among their older population. 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.

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. 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. 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. ■

How to implement a global old age pension and youth grant

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. 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.

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. Today the majority of the old are poor; tomorrow the majority of the poor may well be old.

There are some 560 million older men and women 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.

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. 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.

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. The question remains: how could financial help to the 'excluded' generations be financed?

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 (commonly known as a Tobin tax), a tax on the fuel used on international flights, and a very mild tax on corporate wealth.

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. ■

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

Aldo Caliari
Center of Concern

Hedge funds are funds established for the purpose of investing the money of their participating partners. 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. 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. 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.

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. Governments are also increasingly investing their pension programme money in hedge funds. Public institutions in charge of providing retirement support are being either privatized, downsized or precarized. In some cases individuals are advised to rely on their own private insurance systems instead of (or in addition to) those provided by the state.

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.

The main rationale of regulations behind 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.

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. ■

Pension fund investment in private equity funds

Fernando J. Cardim de Carvalho[1]

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.

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.

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.

Private equity (PE) funds are partnerships between investors, called limited partners, and fund managers, called general partners, specializing in venture capital investments or in buyout investments. 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. 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.

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.

There is 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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Tax havens and corruption: A global struggle

John Christensen[1]
Tax Justice Network International Secretariat

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 in combination serves as an 'offshore interface' between the illicit and the licit economies.

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.

This parallel economy 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.

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." 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.

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 has to 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. ■

1 www.taxjustice.net

Budget support: As good as the strategy it finances

Rebecca Carter and Stephen Lister[1]

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. 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.

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. 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.

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.

The good practice guidelines of the Development Assistance Committee of the Organization for Economic Cooperation and Development 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 proposal of the European Commission (EC) 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. 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.

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. ■

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>

EU cooperation: De-prioritizing social development

Mirjam van Reisen
Europe External Policy Advisors (EEPA)
Simon Stocker
Eurostep

The European Union (EU) is planning its aid programmes with developing countries for the coming period up to 2013. While there has been some progress in the legal framework of its development cooperation, the actual programming is disappointing in terms of targeting the Millennium Development Goals (MDGs). In the case of Africa particularly, social development is de-prioritized, while trade and support to transport and infrastructure are given much greater priority.

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. An analysis of the EU's country programmes for the period 2007-2013 suggested that Europe will continue to miss its targets.

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. 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.

The European Commission is increasing its general budget support to developing countries. For African, Caribbean, and Pacific (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. One of the new proposed mechanisms is the MDG contract. This idea 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. 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.

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 battle in which the Parliament insisted there should be democratic control over EU plans for development cooperation with third countries.

Meanwhile, questions have arisen in the European Parliament recognizing the need for stronger scrutiny over country programmes, especially towards the 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.

In sum, 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. ■

Social (in)security for all: Pension reform in Central and Eastern Europe

Bulgarian Gender Research Foundation (BGRF)
Bulgarian-European Partnership Association (BEPA)

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. 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. In addition, the reforms undertaken tended to eliminate redistribution towards low-income workers in both the public and private pension schemes, which has a greater negative impact on women.

As the social security reforms in CEE are relatively recent, their impact on the human right to social security will take some time to emerge and should be further researched. This is especially valid for those countries that diverged from the continental European model of social security.

The pension crisis in CEE 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.

Two main patterns of social security reforms were 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.

In 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.

Meanwhile, 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 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.

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. ■

Social protection in the Arab region: The challenging concept and the hard reality

Ziad Abdel Samad and Diana Zeidan
Arab NGO Network for Development (ANND)

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.

The Millennium Development Goals (MDGs) 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.

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.

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.

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.

One of the priorities for Arab states is 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. ■

1 Executive director and programme officer of the Arab NGO Network for Development (ANND). The authors acknowledge the kind support of Kinda Mohamadieh, programme manager of ANND.

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. ■

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

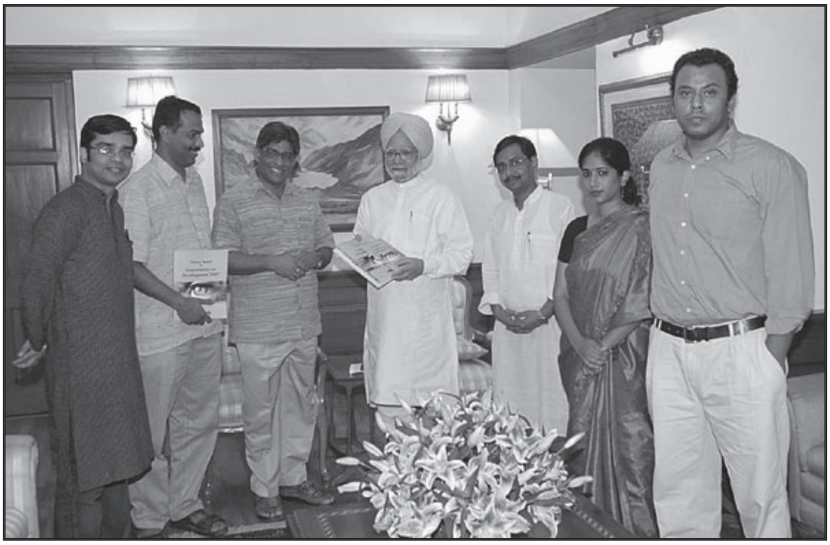
Origins

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.

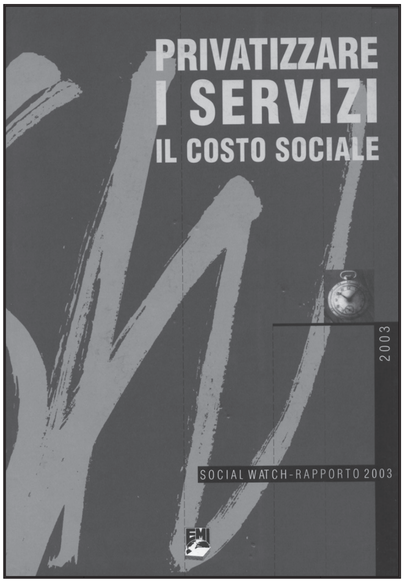


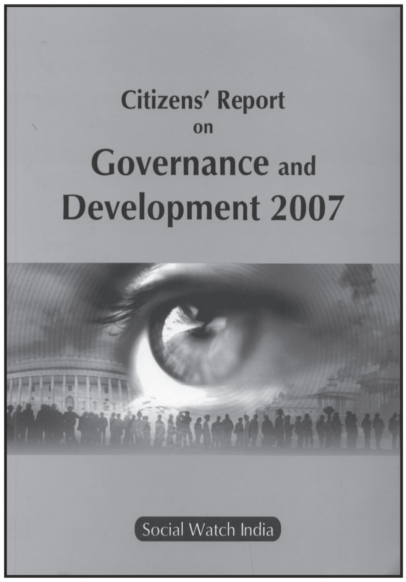
Indian Prime Minister Manmohan Singh, presented with a copy of the Social Watch India report on 4 July 2007, commented that "institutions such as Social Watch are important to monitor governance and provide constructive feedback to the government."

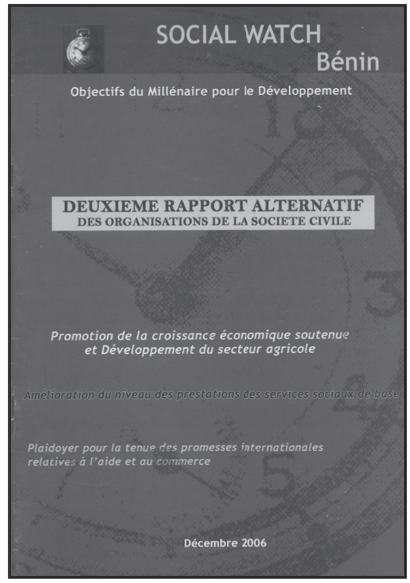
MEMORANDUM OF UNDERSTANDING BETWEEN NATIONAL GROUPS AND THE SOCIAL WATCH NETWORK

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.

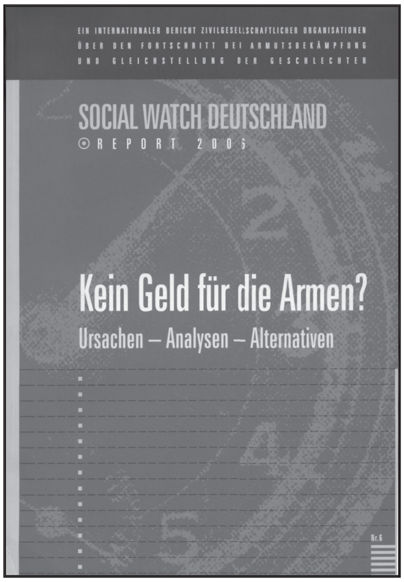
The Social Watch network is not an incorporated entity and it did not start by drafting its governing bylaws. Instead, a short Memorandum of Understanding between national groups and the Social Watch network became the basic framework establishing mutual expectations, with respect for the autonomy of 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.

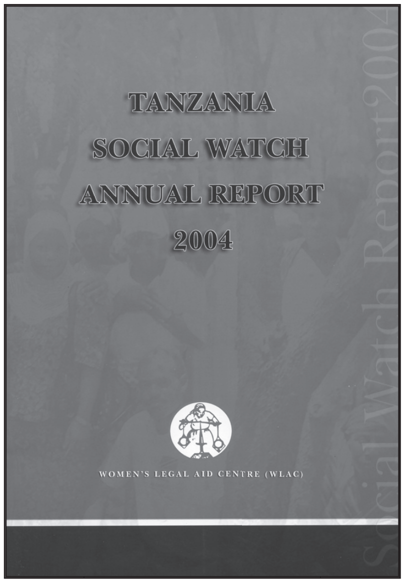
National coalitions organize the way they want – or can – according to the conditions in each country. The membership of Social Watch coalitions is very diverse, including research institutes or centres, NGOs, grassroots organizations, trade unions, women's groups, rural organizations and others. In 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.

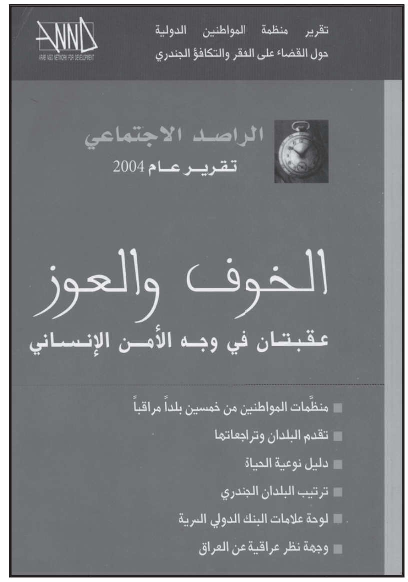
General Assembly

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

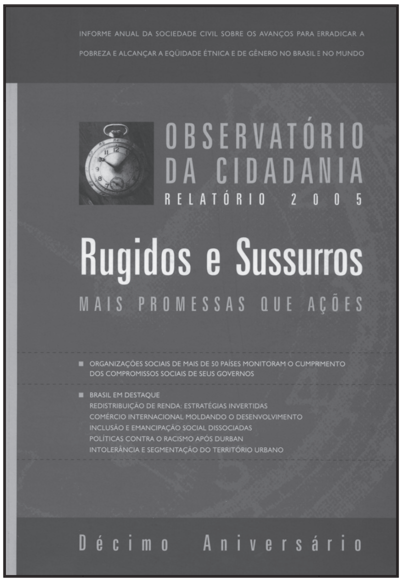
The Social Watch annual report has grown from including contributions from 13 organizations in 1996 to an average of 50 national reports in recent years. There are currently watchers in more than 70 countries and membership continues to grow every year.

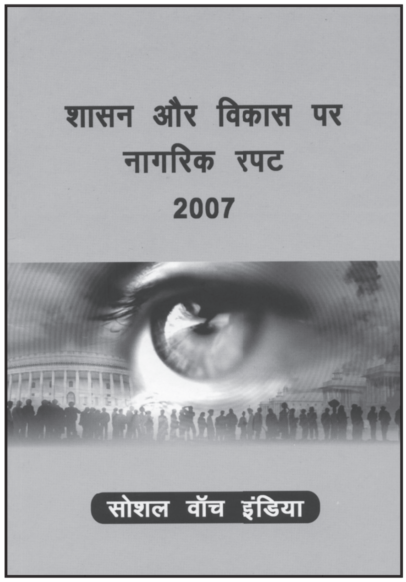
The first stage in the production of the Report is the choice of its central theme. While constantly monitoring anti-poverty and gender policies, every year the Report analyzes a different subject in depth, usually one that is related to issues under discussion on the international agenda. Experts from 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 theme depends on the possibility of addressing it from a local perspective.

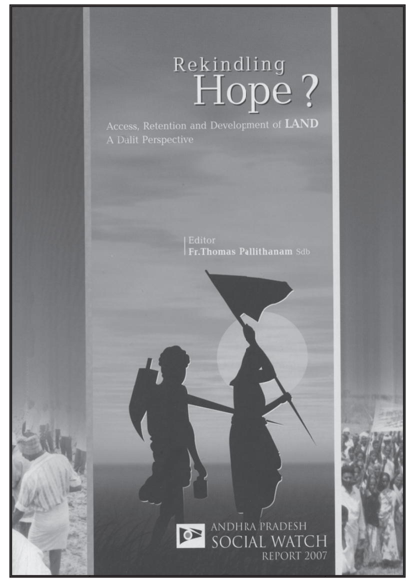
Prof. Leonor Briones, member of the Social Watch Coordinating Committee, addressed the heads of state and government on behalf of civil society at the UN World Summit on 14 September 2005.

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>







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 inter-governmental bodies on behalf of the network or wider civil society constituencies. ■

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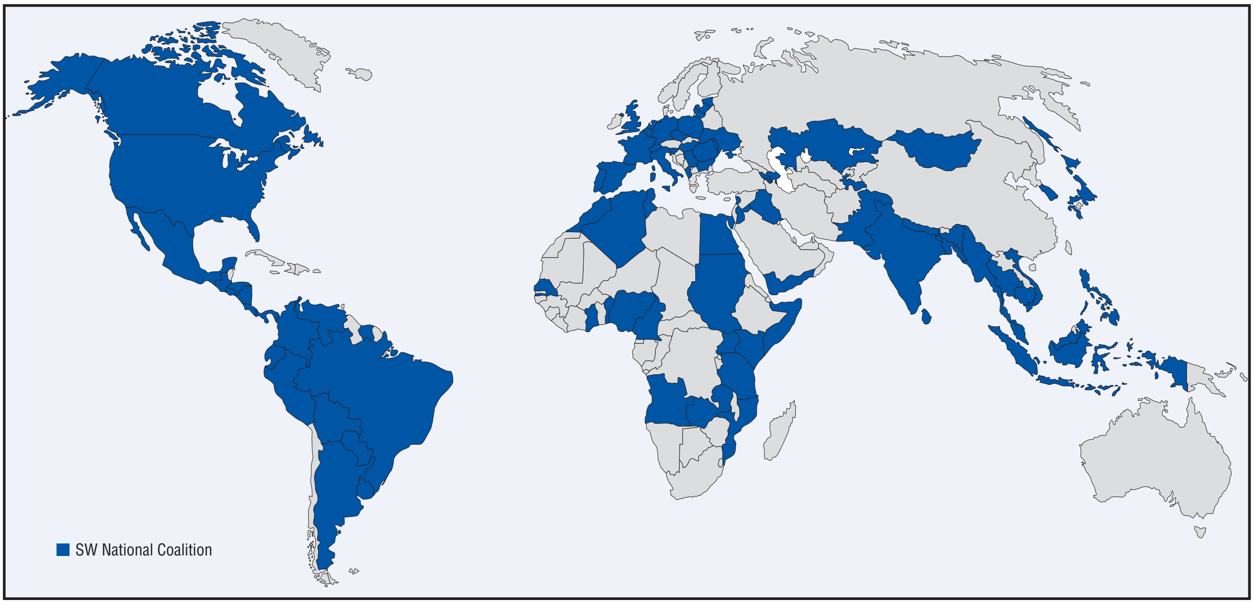
5 The first Occasional Paper by Mirjam Van Reisen, *The Lion's Teeth*, examines the political context in which Social Watch was created. The second, by Ana María Arteaga, *Control Ciudadano desde la base*, analyzes the democratization of international human rights instruments experience in Chile in 1997. 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>.

Social Watch in the world



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SOCIAL WATCH REPORT 2007

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.

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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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