UN Advisers Say Global Social Fund Would Protect World’s Poor

By Rudy Ruitenber - Oct 9, 2012

Basic social protection could be provided to all the world’s poor at the cost of 2 percent of global gross domestic product, according to the United Nations’advisers on extreme poverty and the right to food.

Almost 80 percent of the world’s poor have no social safety net to protect them against the effects of unemployment, illness or disability, Olivier De Schutter, who reports to the UN on the right to food, and Magdalena Sepulveda, UN adviser on extreme poverty and human rights, wrote in a joint statement.

The world had 868 million hungry people in the 2010-12 period, or 12.5 percent of its population, the UN’s Food & Agriculture Organization reported today. The advisers said the fund plan should be discussed at an FAO food-security meeting in Rome next week.

“Food and other basics must not be left to the mercy of economic cycles,” De Schutter was cited as saying in the statement. “The world’s poorest citizens must be able to fall back on basic social protection.”

De Schutter and Sepulveda called for the creation of a Global Fund for Social Protection that would be managed by an existing international agency such as the World Bank or set up as an independent organization, and funded by donations from developed countries.

Such a global fund could close the funding shortfall for minimum social protection in least-developed countries, the UN advisers wrote.

The fund could also help underwrite against the risk of excess demand triggered by major shocks by advising least-developed countries on private reinsurance, subsidizing premiums where necessary and by acting as a re-insurer of last resort, De Schutter and Sepulveda wrote.

**Social Protection**

“When the global financial crisis struck, governments stepped in to prop up banks that were deemed too important to fail,” they wrote in the statement. “The same logic must now be applied to basic social protection, which is too crucial to be denied.”
The global fund would help move toward a system that’s more predictable for government budgets and households, and allow countries to put social-protection systems in place without a fear of insolvency caused by disaster, according to De Schutter and Sepulveda.

Comprehensive social protection would have knock-on benefits such as advancing women’s rights, cash infusions for local economies and improved work productivity through health benefits, according to the UN advisers.

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