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<p style="text-align: center;">Concept for the hearing by the Bundestag Committee on Economic Cooperation and Development on "Social security systems in developing and newly industrialised countries" on 29 November 2006</p>

It is not only in industrialised countries that demographic and economic developments and the ensuing pressure on the social security systems have triggered a debate concerning the long-term financing of social security systems. In developing countries and newly industrialised countries too, the importance of robust social security systems and their role in the context of sustainable poverty reduction is being more greatly emphasised.

In the 1990s, the international community of states was still relying very strongly on the promotion of economic growth coupled with structural adjustment as a means to reduce poverty. Yet, it soon became clear that economic growth alone is insufficient to eradicate poverty. There was increasing realisation that social security systems are necessary to allow the most needy groups in society to break out of the vicious circle of poverty and social exclusion by countering risks through prevention, cushioning of impacts and risk management. Widespread consensus exists on the fact that viable social security systems are a basic prerequisite for promoting economic development and enhancing the competitiveness of these countries.

In particular following the 2000 Millennium Summit, the development-policy discussion on poverty eradication once again became more intensive and UN organisations, the World Bank, OECD, ILO and WHO are now emphasising the importance of social security systems, having neglected them for years.

Yet the ongoing discussions ignore the fact that the social security systems which exist in most countries are coupled to formal employment and are thus not accessible for the majority of the population.

Over 50% of humanity is currently without any type of safety net to deal with the various risks which exist: illness, unemployment, old-age, or loss of means of production. This lack of a safety net further diminishes the ability to help themselves of the poorer groups in society in particular, resulting in increased impoverishment.

It is becoming increasingly clear that medium-term and long-term successes in achieving the Millennium Development Goals (MDGs) can only be achieved through the establishment of effective social security systems and the encompassment of all groups in society by a social security network.

This is made even more necessary by demographic developments, which vary widely from region to region - and which often have a delayed impact -, and which exacerbate the already problematic social situation in many countries and reduce these countries' economic power.

China, for instance, is confronted with a rapid ageing of the population triggered by the one-child policy and the resulting demographic change; this must be addressed by the social security systems, which are as yet insufficiently well developed. And many post-Socialist newly industrialised countries with long traditions of formal welfare systems address the collapse of these systems in the course of their transformation. Some African countries are confronted with increasing numbers of *skipped-generation households*, where the parental generation is missing and caring duties have to be taken over by other family members, whose own ability to help themselves is also very limited.

Further factors, such as increasing labour migration and urbanisation have led to a shift in social norms and a loosening of family ties, which have contributed to structural change and an erosion of informal support systems. The erosion of informal security systems is even more significant in view of the fact that the majority of the population in developing and newly industrialised countries – especially those working in agriculture and the informal sector, but also the elderly, the sick and children – are not protected by a formal social security system, but rather have to rely on a variety of informal security systems to safeguard their livelihoods – systems which are now increasingly being destroyed.

Social protection for people in most developing and newly developed countries will only be able to be achieved through a range of different approaches. In this context, discussions are taking place both on the question of the different social insurance models (basic security/social transfers, old-age provision/pensions provision, health insurance, accident/unemployment/nursing care insurance, maternity protection) and on the question of the different funding options (tax-funded model, pay-as-you-go/insurance model, external transfers, sale of raw materials, fund models) in times where budgets are particularly tight.

The international community and German development cooperation are faced with the challenge of supporting developing and newly industrialised countries in establishing sustainable and viable social security systems which take into account the regional differences and the specific challenges in the different countries. Germany in particular has gained decades of experience of building up a social security system based on the social-market economy principle. This experience should be fed into international cooperation to a greater extent.

Key questions:
Social security in general

1. What can social security systems contribute to poverty reduction as the overarching goal of development cooperation? How can they help to achieve the MDGs?
2. What conditions are necessary before social security systems can be introduced?
3. What contribution can social security systems make to economic growth and to the creation of social coherence?
4. What factors pose the greatest risk of poverty for individuals and households in developing and newly industrialised countries? To what extent can these be cushioned by social security?

Forms of social security

1. What forms of social security exist? To what extent do community-based, local, state and private approaches differ? What funding options exist?
2. What measures can be used to reach those target groups which cannot otherwise be reached by development cooperation measures (disabled persons, aids orphans, the elderly and sick who have a limited ability to help themselves)?
3. What experience is there of basic security/social transfers in the different country groups? Can these measures lead to sustainable poverty eradication? (examples of South Africa, Zambia)
4. What costs are entailed by the introduction of a basic security net?
5. What has been the experience of German development cooperation with the establishment of social security systems? With which countries does cooperation/consultation in the area of social security exist?
6. What costs are associated with the introduction of social health insurance systems? What experience is there with the different funding options?
7. What contribution can systems for old-age provision make to poverty reduction? How can these systems be financed (pay-as-you-go/capital-funded)?
8. How high is the proportion of people employed in the informal sector? What factors characterise the informal sector? What forms of interdependence exist between the informal sector and the formal labour market?
9. What approaches exist to ensuring access to social security systems for those working in the informal sector?
10. What is the importance of other forms of social security such as maternity protection, accident insurance or nursing care insurance?
11. How does donor cooperation work? Do deficits exist and, if so, what are they?

Experts:

1. **Ms Mary Robinson**, member of the Health Financing Task Force, former President of Ireland and former UN High Commissioner for Human Rights
2. **Dr Rüdiger Krech**, head of the Social Protection Section within the Division of Health, Education and Social Protection at the GTZ (German Agency for Technical Cooperation)
3. **Dr Sibylle Angele**, Managing Director of the GVG (Association for Social Security Policy and Research)
4. **Ms Ela Bhatt**, founder of the Self-Employed Women's Association (SEWA)