



International
Labour
Organization

Extending social security: an ILO Perspective

Valerie Schmitt, 11 October 2010



Decent Work for All

ASIAN DECENT WORK DECADE 2006-2015

Structure

- ILO mandate
- Definitions: social security / social protection floor
- Social security is a human right
 - ILO Norms for implementing this right
 - Why and how ratifying Convention 102?
- The problem: a major coverage gap
- How to extend social security?

ILO Mandate

- **The ILO was founded in 1919**
- It seeks the **promotion of social justice** and internationally recognized **human and labour rights**
- The ILO is the UN agency specifically charged with setting international labour standards which regulate conditions across work related issues:

**Conventions
& Recommendations**

ILO Mandate

- **Social security** = part of the ILO mandate since 1919
- **Preamble to the ILO Constitution (1919):** ...to improve conditions of labour, inter alia, through the «prevention of unemployment, ...the protection of the worker against sickness, disease, and injury arising out of his employment, the protection of children, young persons and women, provision for old-age and injury»



The Commission on International Labour Legislation meeting during the Paris Peace Conference, February-March 1919. This Commission was responsible for the drafting of the ILO Constitution, which was later embedded in the Treaty of Versailles.

ILO Mandate

- **The extension of SS** = part of ILO mandate since **the Declaration of Philadelphia (1944)** on the goals and objectives of the ILO; it recognizes the Organization's solemn obligation to pursue "the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care"



- ILO constituents widened the mandate of the Organization from the social security protection of workers and their families to the **extension of social security measures to all those in need**
- Objective (as of 1944) = to extend social security to all, in all countries of the world

ILO Mandate

- The extension of SS through pluralistic strategies, since 2001: « **Social security: a new consensus** »
 - 89th International conference, in 2001
 - Priority to the extension of coverage
 - Several strategies for extending coverage (insurance, social assistance, potential of micro-insurance, the design and implementation of integrated national strategies for social security ...)
 - Proposal to launch a global campaign for the extension of social security for all
- The **global campaign** (launched at ILC 2003)

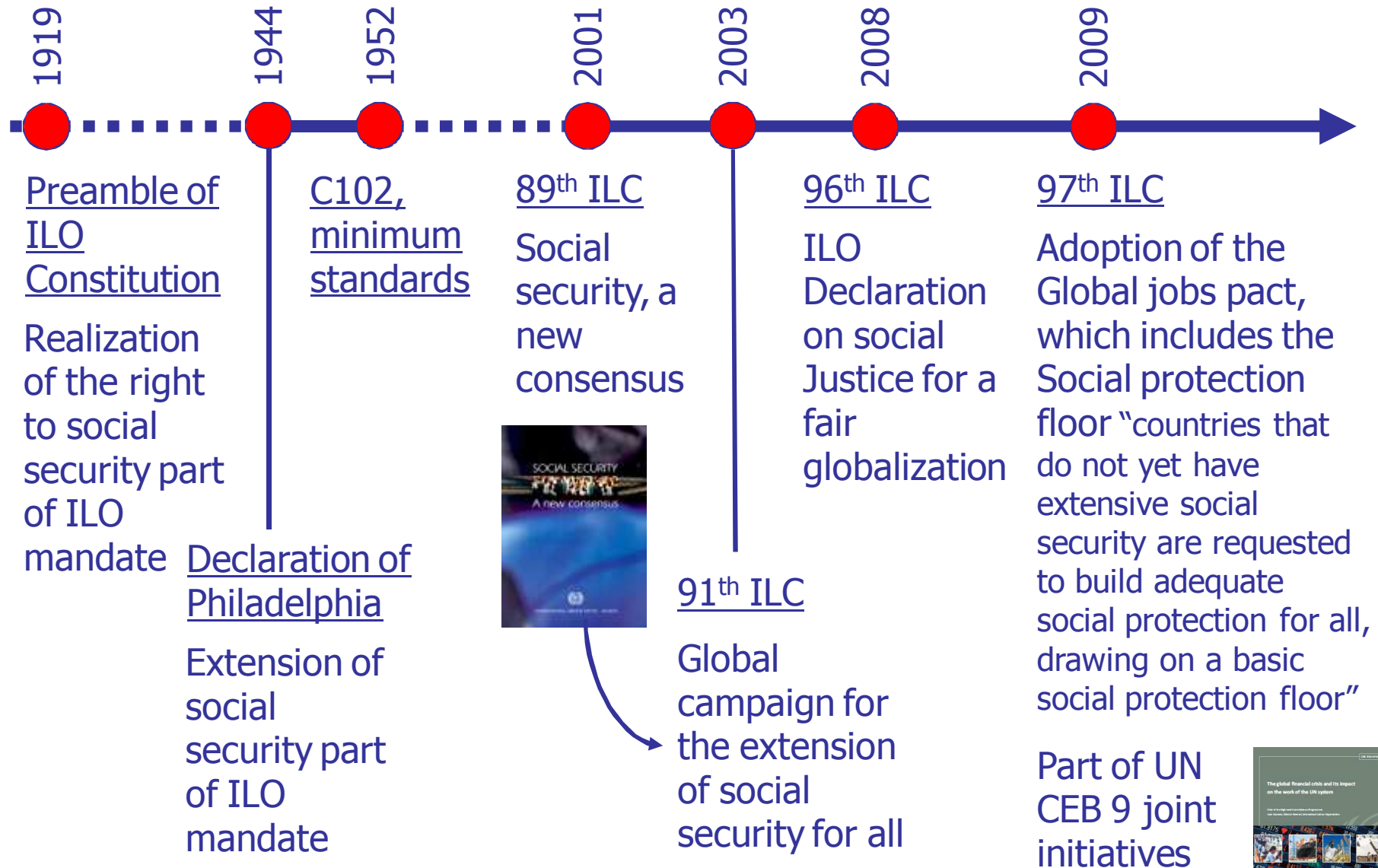
ILO Mandate

- The social protection floor initiative
 - April 2009: the UN Chief Executives Board (CEB) have agreed on nine joint initiatives to confront the crisis and accelerate recovery
 - One of them is the **Social protection floor initiative**, co-lead by the ILO and WHO



- The **Global Jobs Pact** (adopted by the ILC 2009) requests countries that do not yet have extensive social security to build adequate social protection for all, **drawing on a basic social protection floor ...**

ILO Mandate



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Definition: What is Social security?

- **Social security** is the protection which society provides for its members through various public statutory / compulsory mechanisms (delivery can be done by private entities with public mandate):
 - Provide access to **health care**
 - Protect people against the financial / economic consequences of:



Maternity



Sickness



Unemployment



Work injury



Old age

Life cycle

Families with children



Invalidity



Death of the breadwinner



Definition: What is Social security?

Types of Social security schemes

Contributory schemes : The contributions made by beneficiaries (& employer) determine entitlement to benefits

- Statutory *social insurance* scheme

- National provident funds (lump sum to beneficiaries when particular contingencies occur, typically old age, invalidity or death)

Partially contributory schemes (subsidized contributions)

Universal schemes for all residents (ex: guarantee access to health care) **or for specific categories of the population** (ex: minimum income to the elderly above a certain age or children below a certain age). Generally tax-financed, but may require a co-payment (ex: user fees for health care)

Social assistance (means tested) schemes (ex: Conditional cash transfers provide cash to families subject to the condition that they fulfil specific “behavioural” requirements; Employment guarantee schemes ensure access to a certain number of workdays a year to poor households ...)

Definition: What is the social protection floor?

- A **set of basic social rights, services and facilities** that each member of society should enjoy
- A SPF should consist of:

Availability of **essential services**:

- Housing, WATSAN,
- Education/skills,
- Health care supply,
- Food/Nutrition,
- ...

Accessibility of these services through basic **transfers in cash or in kind**:

- Subsidized health insurance / health cards,
- Scholarships & school buses,
- Minimum income support to families (family/child benefits), the working poor (cash transfers and PWP) and the elderly (minimum pensions) ...

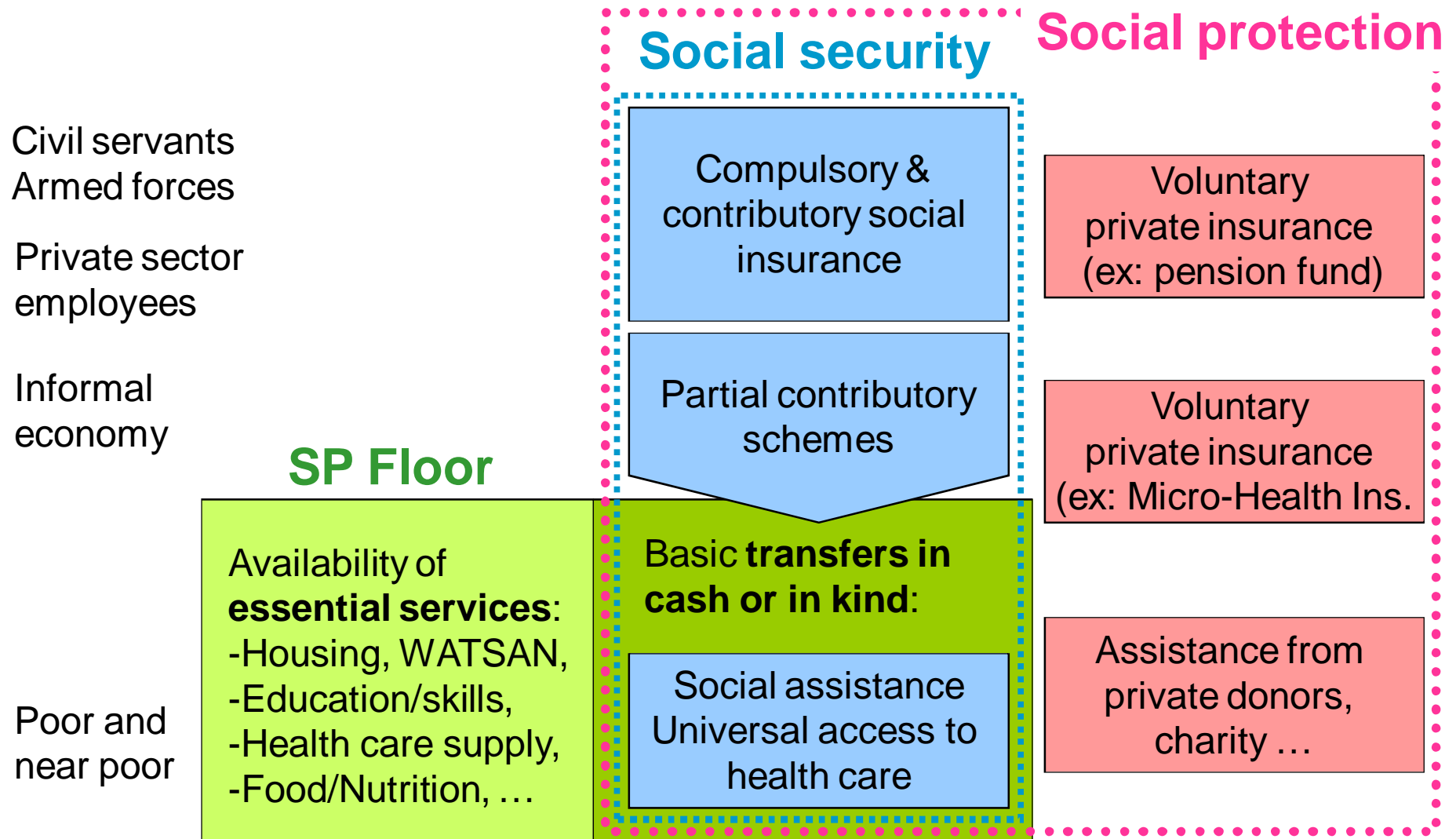
- Notion of **availability** and **accessibility** – *both work hand in hand*

Definition: The SPF initiative

- SPF-I = one of the 9 UN CEB initiatives (April 2009) to face the crisis and accelerate recovery
 - Lead agencies: ILO and WHO
- At global level:
 - A SPF Advisory Group headed by Mrs Bachelet
 - A manual & strategic framework developed jointly
 - SPF success stories
 - A flagship Global SPF Report under preparation
 - Knowledge sharing through the GESS platform
- At country level: establishment of SPF team ...
 - 1st lead by the ILO = SPF team in Thailand
 - SPF success stories, Development Cooperation Seminar (DCS) on the SPF in November, SPF assessment to be conducted jointly



Social security, protection, the SPF ...



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- **Social security is a human right**
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Social security is a human right

- Through the adoption of the **Universal Declaration of Human Rights (1948)**, UN Member States have recognized social security as a basic human right :
 - Article 22: Everyone, as a member of society, has the right to social security
 - Article 25: Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family
- Through ratification of the **International Covenant on Economic, Social and Cultural Rights (1966)**, 160 UN Member States ...
 - « *recognize the right of everyone to social security, including social insurance* » (Article 9)
- One area of social security (access to health) is addressed by a specific right: **the right to health**



ILO norms for implementing this right

- **Social security conventions and recommendations** are the main tools through which the ILO promotes right to social security
- « **Flagship Convention** » Social Security (Minimum Standards) Convention, 1952 (No. 102)
 - Defines nine areas of social security: medical care, sickness, unemployment, old age, employment injury, maternity, invalidity, survivors, and benefits for families with children
 - Sets minimum standards for each of these branches
- **Other up-to-date conventions**
 - Employment Injury Benefits Convention, 1964 (No. 121);
 - Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128);
 - Medical Care and Sickness Benefits Convention, 1969 (No. 130);
 - Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168);
 - and Maternity Protection Convention, 2000 (No. 183).
 - In addition, the Equality of Treatment (Social Security) Convention, 1962 (No. 118), makes provision for the equality of treatment between national and non-national workers with regard to coverage by the branches of social security

Convention 102, 1952

Minimum standards

Branches	Minimum Standards			
	Benefit	Conditions	Duration of Benefit	Coverage of persons
Sickness Benefit	45 % (sickness)	To preclude abuse	26 weeks (each case)	50% of all employees or 20% of all residents, or all residents whose means do not exceed certain limits
Unemployment Benefit	45 %	To preclude abuse	13 weeks in period of 12 months	50% of all employees, or all residents whose means do not exceed certain limits
Old-Age Benefit	40 %	30 years	Throughout the contingency	50% of all employees or 20% of all residents, or all residents whose means do not exceed certain limits
Employment Injury Benefits Short term disability Permanent disability Death of the breadwinner	50 % 50 % 40%	No qualifying period allowed	Throughout the contingency	50% of all employees, and their widows and children in case of death of the breadwinner through an employment injury
Family Benefit	3% or 1,5%	To preclude abuse	Throughout the contingency	50% of all employees or 20% of all residents, or all residents whose means do not exceed certain limits
Maternity Benefit	45 %	To preclude abuse	Minimum of 12 weeks	Women of classes of employees constituting not less than 50% of all employees or 20% of all residents,
Invalidity Benefit	40 %	15 years	Throughout the contingency or until old – age pension is paid	50% of all employees or 20% of all residents, or all residents whose means do not exceed certain limits
Survivors' Benefit	40 %	15 years	Throughout the contingency	Wives and children of 50% of all employees, or 20% of all residents, or all resident wives and children whose means do not exceed limits

Why is it important to ratify C102?

- Convention 102 defines minimum standards in social security; the ratification process is an opportunity to **verify if the national legislation complies with these minimum requirements**
- If it does not the ILO supports the review of the legislation and modification of practice so that they progressively comply with the minimum requirements; therefore the social security situation of the country is enhanced
- Ratification **guarantees also the sustainability** of the SS system
- It **enhances the confidence** of insured persons in the scheme and in the national Social Security administration in general
- It **prevents countries from slipping back** and it has a great impact on the SS coverage and the reduction of poverty
- States that ratify will benefit on a priority basis from ILO experience in the field of Social protection and from **technical assistance**, including policy advice and actuarial studies, collection of data, drafting of legislation, etc.

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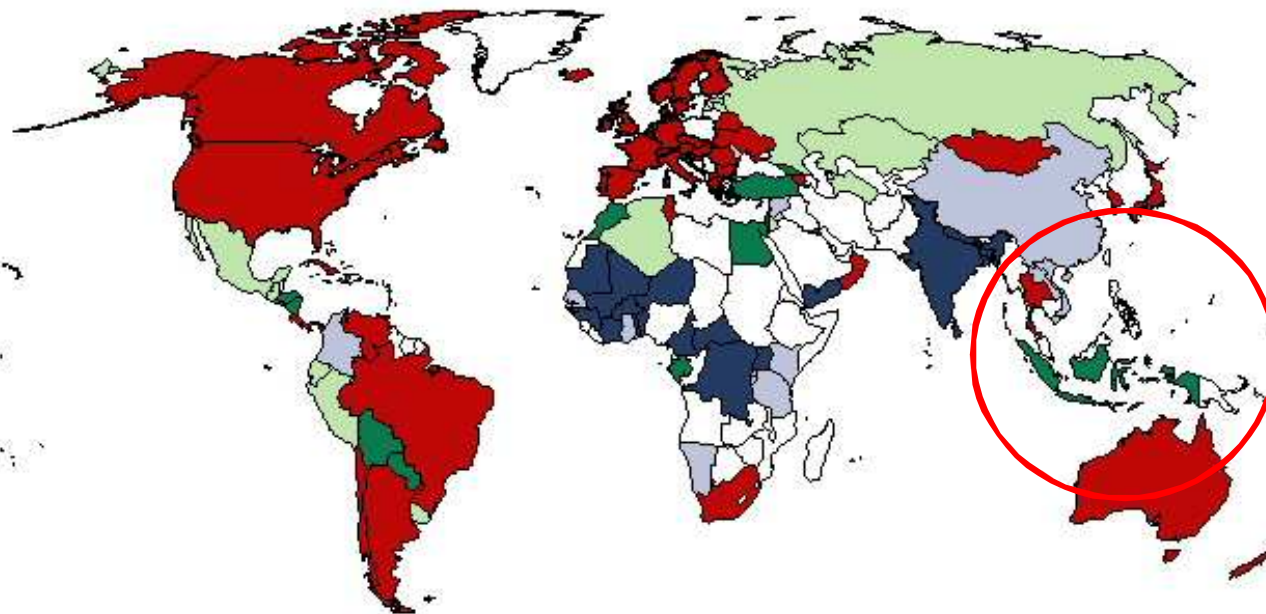
The problem: coverage gap

- Only about 20 per cent of the world's working-age population (and their families) have effective access to comprehensive social protection
- In many countries the number of social security branches to which the population has access is limited
- For those schemes which are available only a limited percentage of the population is legally covered (e.g. formal sector)
- There is a difference between legal and effective coverage
- The levels of benefits are often limited, providing therefore a coverage which is not adequate
- Countries in Asia don't invest enough in social security (choice of society more than a question of affordability)

The problem: coverage gap

Health protection

Proportion of the population covered by law, latest available year
(percentages)



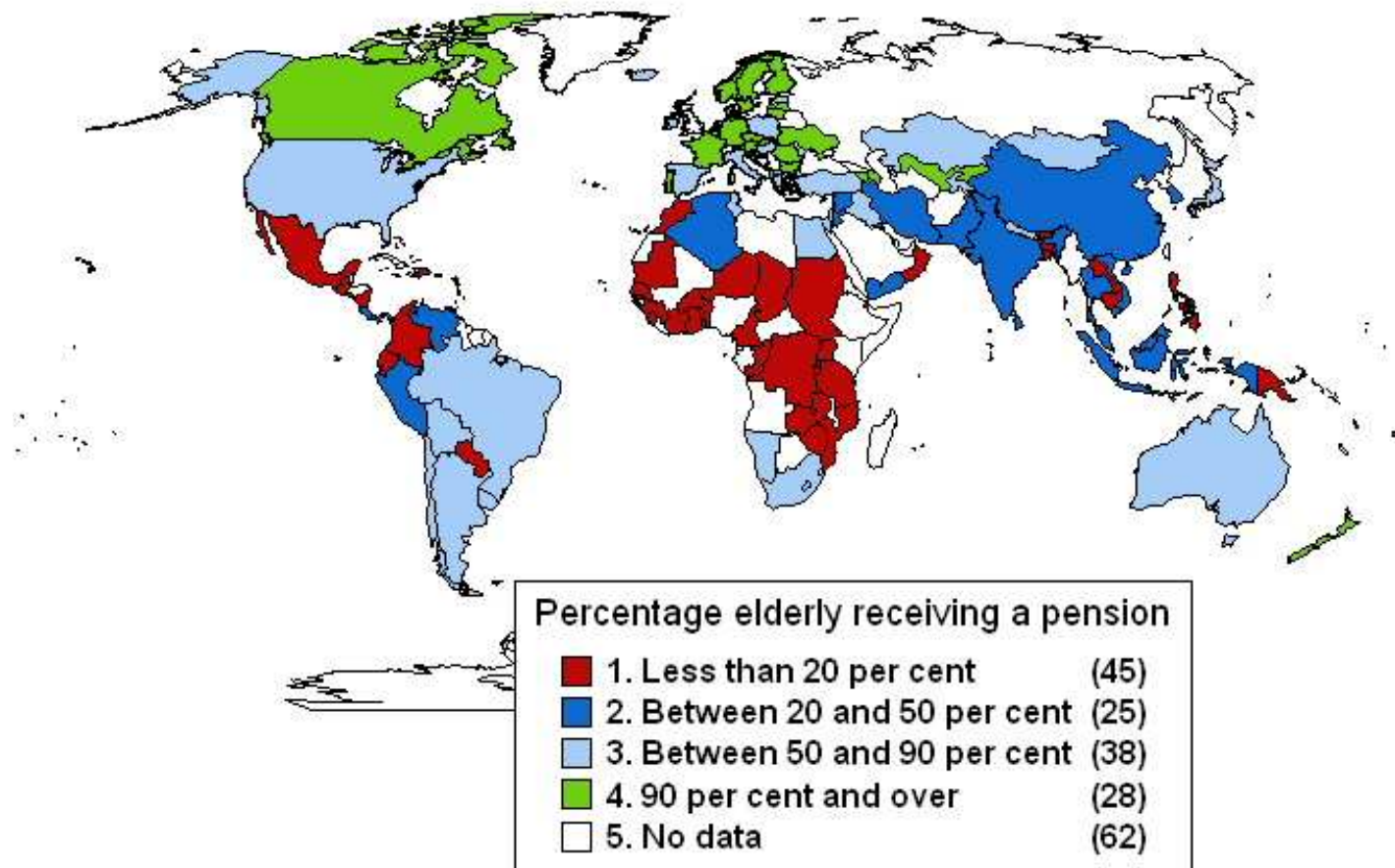
Indonesia, efforts
towards Universal
coverage with
Jamsostek +
Jamkesmas...
Thailand UI scheme
since 2001

1	Less than 10 percent	(21)
2	10 to 40 percent	(12)
3	40 to 70 percent	(13)
4	70 to 95 percent	(14)
5	95 percent and over	(50)
6	No data	(87)

The problem: coverage gap

Old age benefits

Old-age pension beneficiaries as a percentage of the population above retirement age, latest available year (contributory and NC pensions)



The problem: coverage gap

Countries do not invest sufficiently in Social Security

Dichotomy between productivity growth and real wage growth, even in formal sector

Country	Average GDP Growth (2001-08)	Average Employment Growth (2001-08)	Gini coefficient (latest available year)
China	10.2	0.9	41.53 (2005)
Indonesia	5.2	1.7	39.41 (2005)
Japan	1.3	-0.1	n.a.
Korea, Republic of	4.4	1.4	n.a.
Malaysia	5.1	1.8	37.91 (2004)
Mongolia	7.2	3.2	33.03 (2005)
Pakistan	4.8	3.7	31.18 (2005)
Philippines	4.8	2.8	44.04 (2006)
Sri Lanka	5.1	1.7	41.06 (2002)
Thailand	4.8	1.7	42.45 (2004)
Viet Nam	7.6	2.0	37.77 (2006)



Source: IMF, World Economic Outlook Database, July 2009; ILO, LABORSTA; ILO, Key Indicators of the Labour Market, Sixth Edition; World Bank, World Development Indicators.

Structure

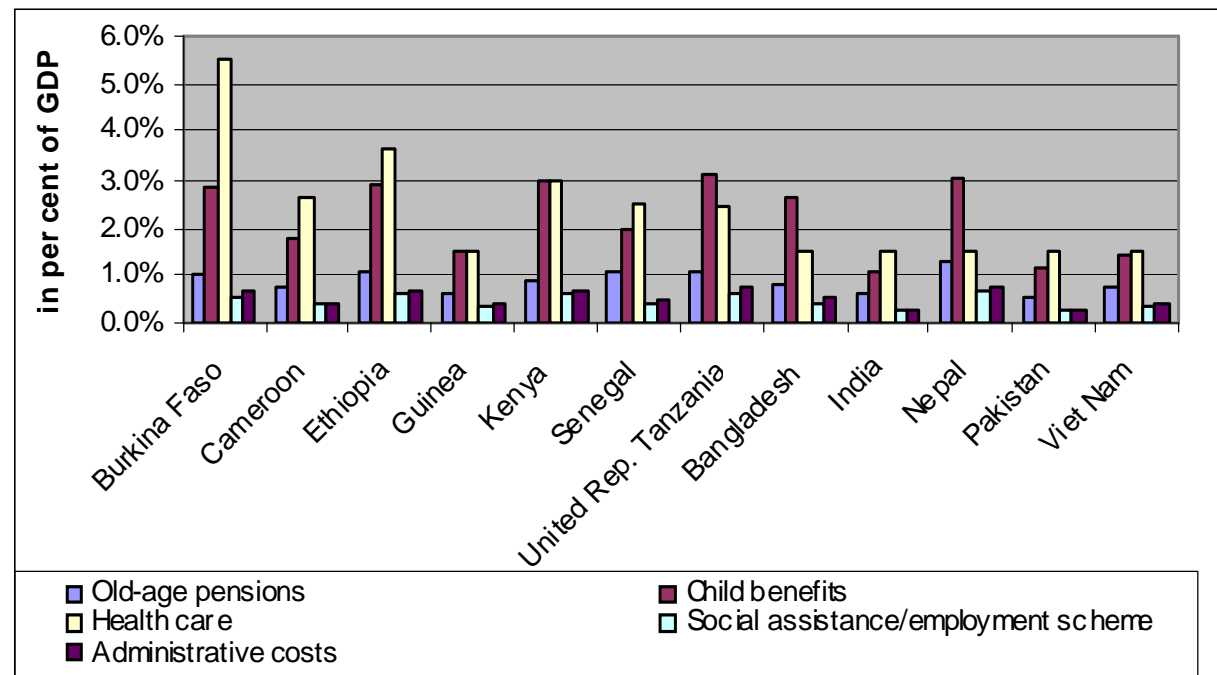
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Many other arguments towards the extension of social security

- Not only a human right, but also
- Social and economic stabilizer
- Enhances productivity at enterprise level
- Impact of redistribution on consumption & domestic markets
- and a basic set of social protection is affordable!
- → political decision

Extending Social Security is affordable

Evidence emerges that a minimum package of social security benefits is affordable in even the poorest countries (recent work by the ILO on the cost of a minimum package in sub-Saharan Africa, Asia and Latin America).



A SPF is possible from a financial and macro-economic point of view in every country (3 to 5 % of GDP). SP is rather a cost-effective investment in human capital.

Extending Social Security is feasible

of the World, September 2008

ndent state
ncy or area of special sovereignty
/ island group

Elements of the SPF already exist in 85 developing and middle income countries

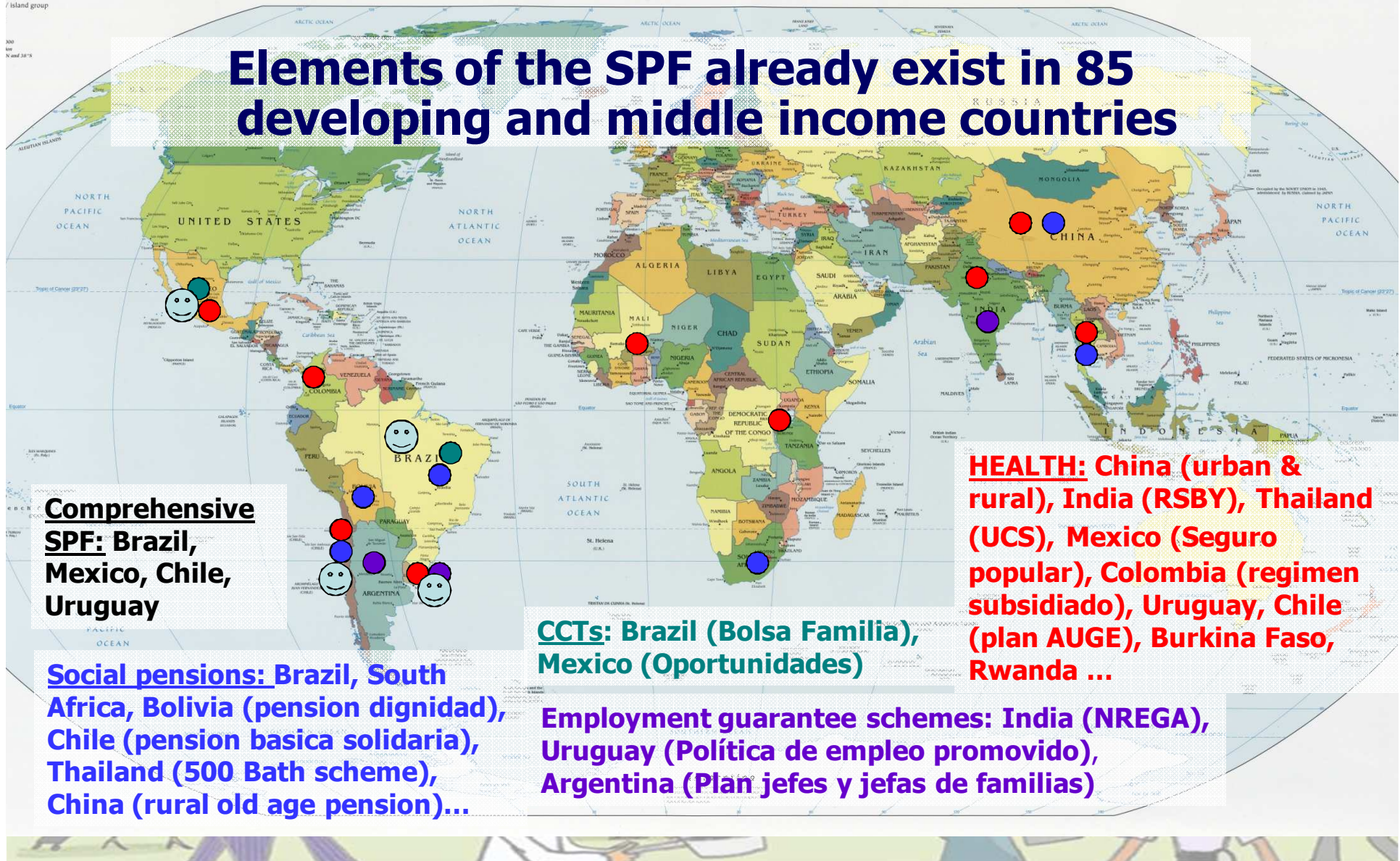
Comprehensive SPF: Brazil, Mexico, Chile, Uruguay

Social pensions: Brazil, South Africa, Bolivia (pension dignidad), Chile (pension basica solidaria), Thailand (500 Bath scheme), China (rural old age pension)...

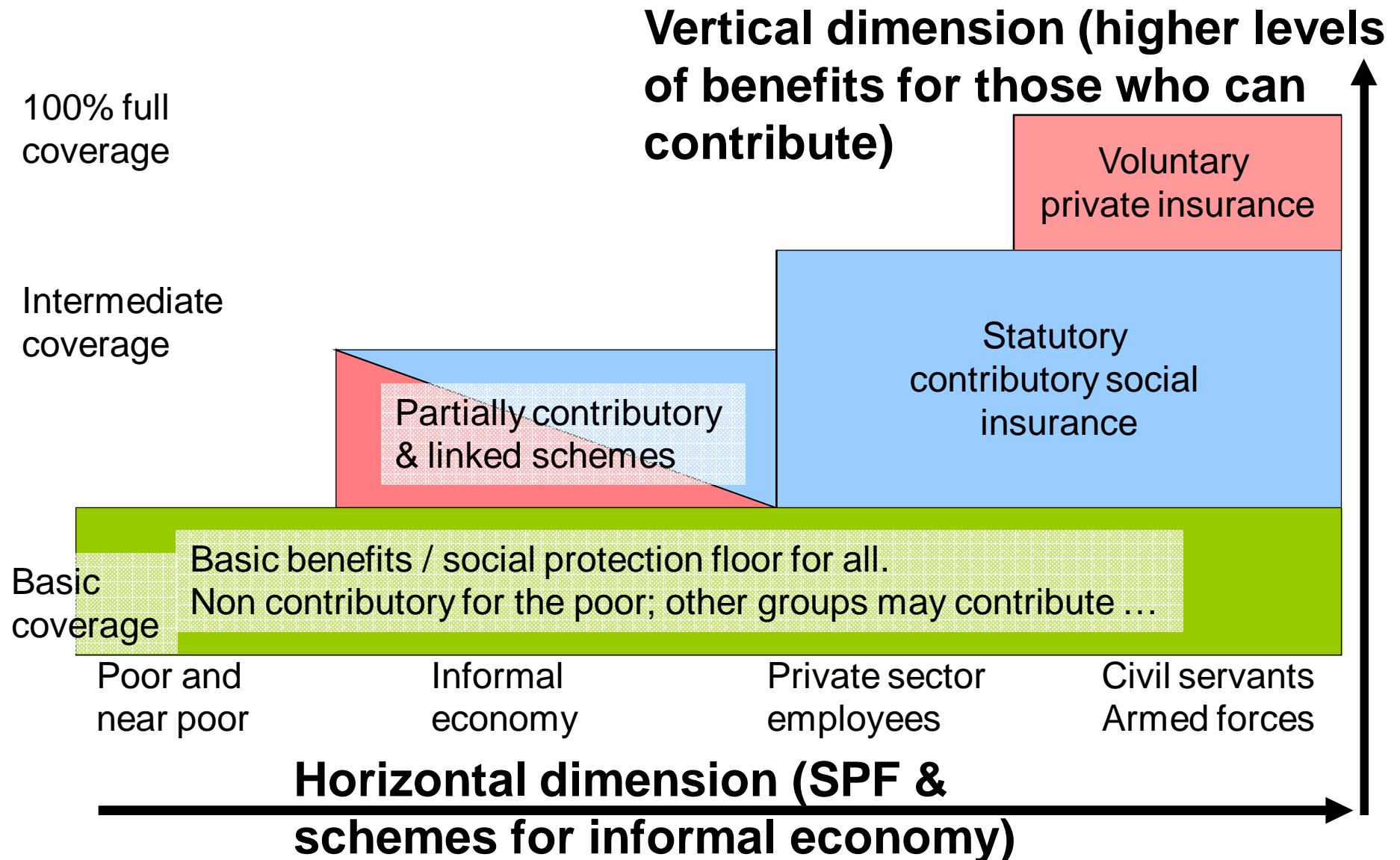
CCTs: Brazil (Bolsa Familia), Mexico (Oportunidades)

Employment guarantee schemes: India (NREGA), Uruguay (Política de empleo promovido), Argentina (Plan jefes y jefas de familias)

HEALTH: China (urban & rural), India (RSBY), Thailand (UCS), Mexico (Seguro popular), Colombia (regimen subsidiado), Uruguay, Chile (plan AUGE), Burkina Faso, Rwanda ...



The social security staircase



How to extend social security?

The social protection floor in Asia

India: RSBY, NREGA

Cambodia: CARD's SP strategy for the poor and the vulnerable with clear reference to the SPF ... including HEFs, CBHIs, Food distribution, Cash transfers, PWP...

Indonesia: Implementation of SS Law starting with health: Jamkesmas

China: minimum living standard guarantee program; new rural corporative medical care (NRCMC); health insurance for urban uninsured residents (HIUR); rural old-age pension

Lao: extension of SHP for all

Thailand: UC scheme, minimum pension scheme (500 THB)

Vietnam: 10 years Social protection strategy



Thank you!

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Definitions and characteristics of EI & EII in Asia

Valerie Schmitt, 11 October 2010



Decent Work for All

ASIAN DECENT WORK DECADE 2006-2015

Structure

- Definition of Employment Insurance
- Situation and Challenges in Asia, how to expand coverage?
- Definition of EII; Situation and Challenges in Asia

Definition of employment insurance

Unemployment benefits

- Provision of **income support** usually over a limited period, to those who face temporary (and involuntary) unemployment
 - Payment of family benefits, contributions to health insurance and pension schemes
- Benefits are either related to the previous earnings of the beneficiary or flat rate
- In some countries, **unemployment assistance schemes** which continue to pay certain benefits (sometimes means-tested) to those in long-term unemployment

Definition of employment insurance

Employment services

- Provision of UI benefits more efficient if combined with **employment services** and employability-enhancing measures:
 - assistance in searching for new employment
 - counselling, training or retraining
 - public works or other forms of employment guarantees which provide certain forms of paid employment to beneficiaries

Definition of employment insurance

Entitlement to benefits

- Entitlement criteria usually include:
 - being in involuntary unemployment
 - searching for employment (registered in employment services, accepting job placement offers, undertaking training) and ready to start employment soon
 - being below normal pensionable age
 - having completed a certain qualifying period of contributions or employment

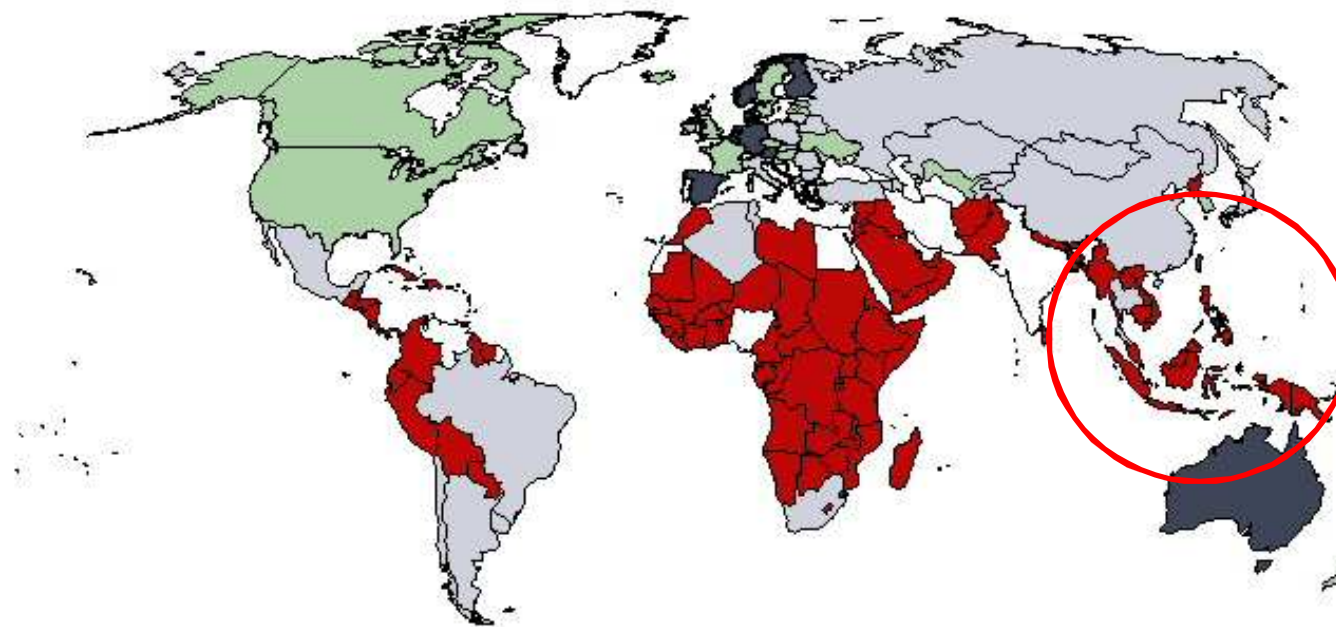
Structure

- Definition of Employment Insurance
- Situation and Challenges in Asia, how to expand coverage?
- Definition of EII; Situation and Challenges in Asia

Situation & challenges in Asia

Coverage gap

Effective coverage worldwide ; unemployed who actually receive benefits, latest available year (percentages)



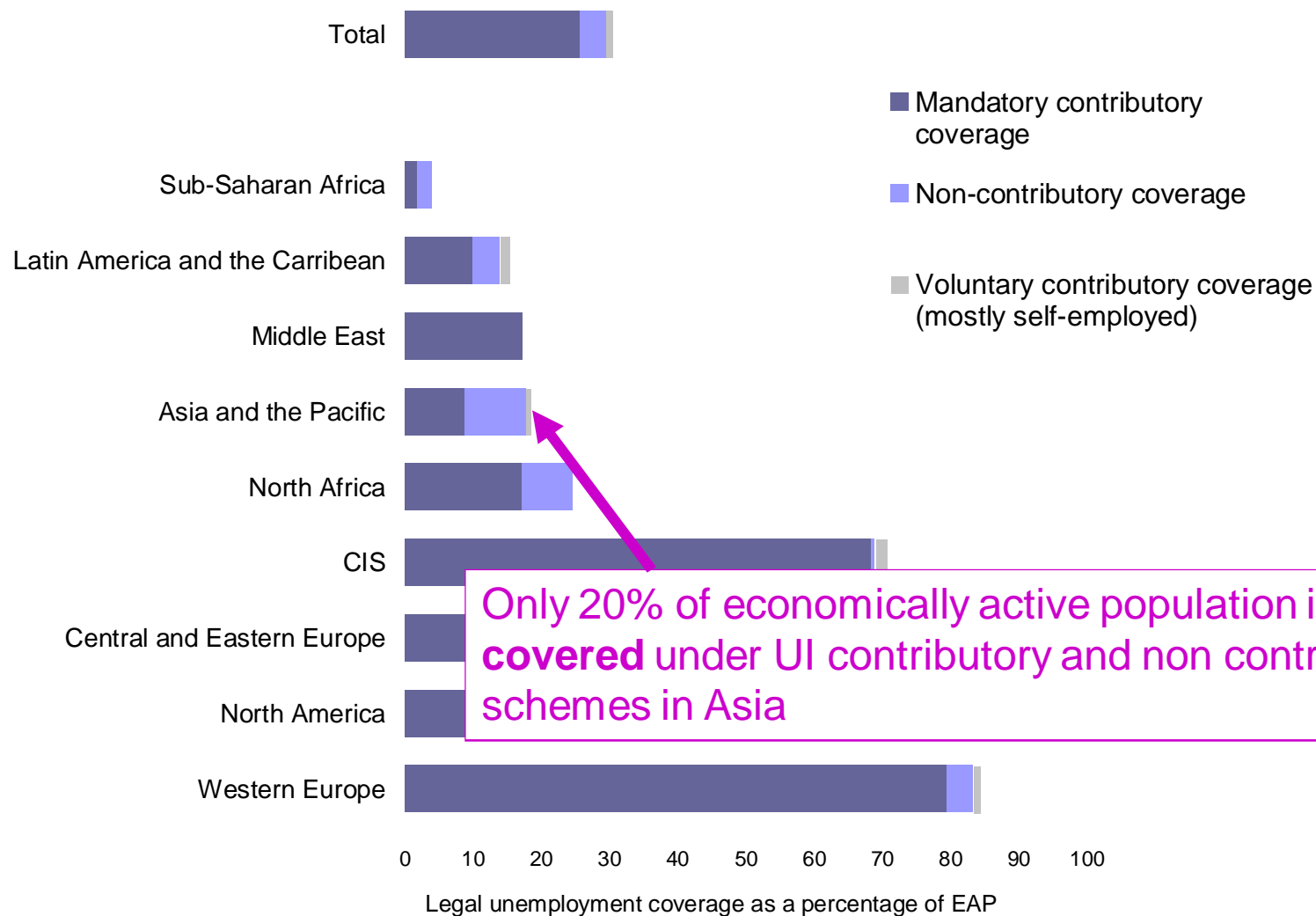
1. No unemployment social security coverage	(113)
2. Less than one-third of the unemployed	(35)
3. Between one-third and two-thirds of the unemployed	(17)
4. Over two thirds of the unemployed	(12)
5. No data	(21)

Only Thailand has a long established UI scheme

Viet Nam established a UI scheme in 2009
Malaysia, Philippines have conducted feasibility studies for the future establishment of UI schemes

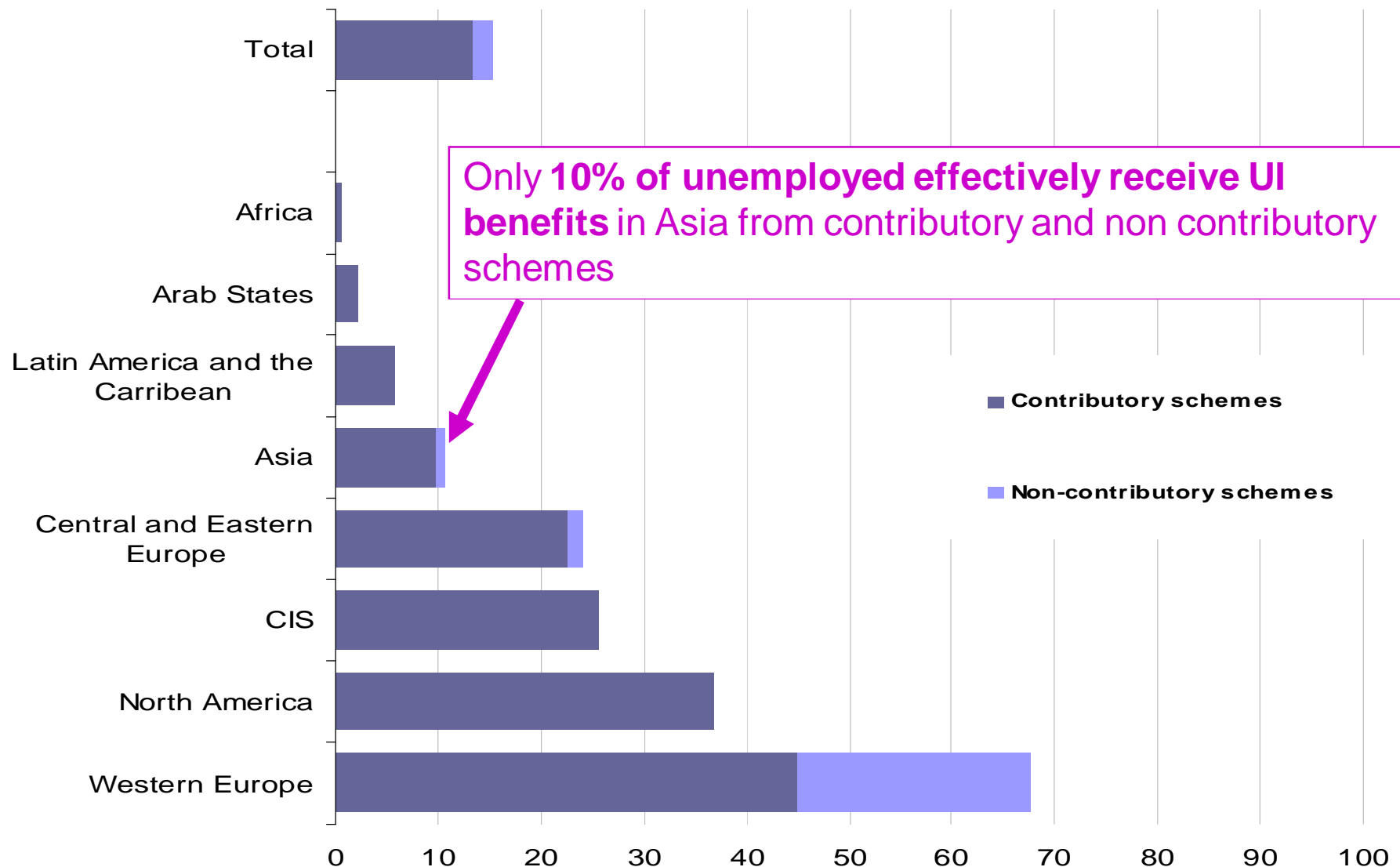
Situation & challenges in Asia

Coverage gap



Situation & challenges in Asia

Coverage gap among unemployed



Situation & challenges in Asia

Severance pay

- In countries where there is no UI scheme
Severance pay system obliges employers to pay a lump sum equivalent to several months of salary to workers who are laid off: Philippines, Indonesia
- Lack of enforcement
- No risk pooling: the employer bears the total cost
- Adverse selection in hiring employees
- Growth of informal sector and “outsourcing”

Situation & challenges in Asia

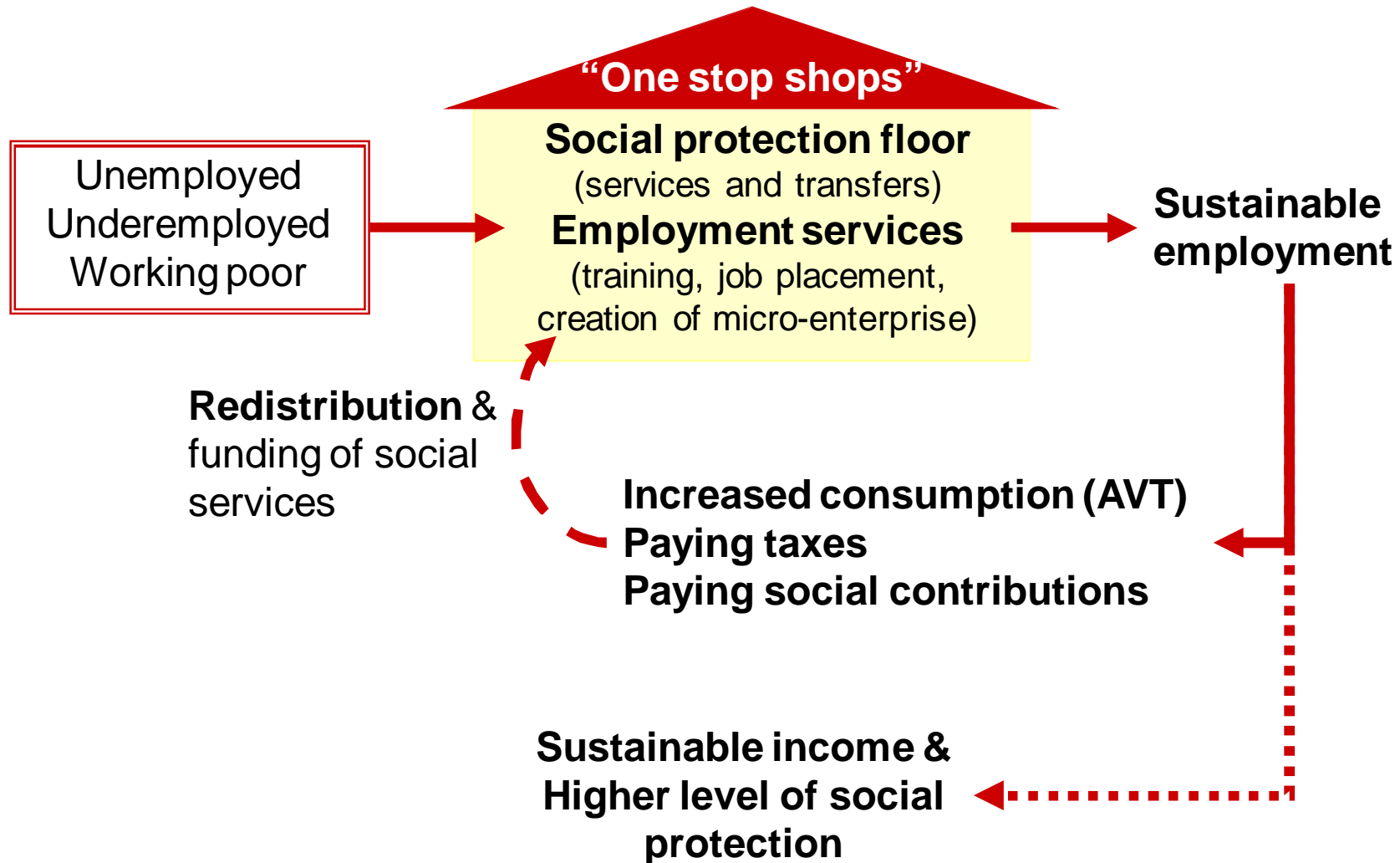
Towards adapted schemes for informal economy?

- In a large part of the world where extreme poverty is high, **everybody has to work in order to survive**
- Most IE and agriculture workers are working poor with precarious, low paid employment opportunities (**decent work deficit**)
- Adapted ALMPs including a minimum income support + certain forms of basic employment guarantees (e.g. public works) + training should be explored

“One-stop-shops” for inf. economy?

- New conceptual approach (model= Korea's EI scheme):
 - Develop one stop shops where IE / vulnerable groups would have access to social services (health, child care, scholarships...)
 - In addition to social services they would receive a minimum income under certain conditions:
 - Undertaking training & actively seeking jobs
 - Work beneficial for the community
 - They would progressively move towards sustainable employment (decent jobs) with also higher capacity to pay taxes and social contributions

“One-stop-shops” for inf. economy?



“One-stop-shops” for inf. economy?

Functions:	1. Enrolment	2. Job placement	3. Support creation of productive & decent employment
Adminis- trative procedures	Registration Identification of social needs & Vulnerability assessment	Skills assessment Are requirements (seeking jobs, training) met?	Skills assessment Automatic registration in adapted SS schemes
Social protection services	Social protection services and transfers: <ul style="list-style-type: none"> • child care, • health cards, • scholarships ... 	Minimum income guaranteed through <ul style="list-style-type: none"> • employment guaranteed schemes • public procurement 	Minimum income continued although progressively reduced ... Partially subsidized social security schemes OSH
Employ- ment services		<ul style="list-style-type: none"> • Channeling job opportunities: PWPs, self-employment • Channeling business opportunities & access to markets • Training services 	<ul style="list-style-type: none"> • Support to enterprise creation e.g. through micro-credit and specialized training
<div> <div>-</div> <div>Labour market inclusion / social protection / decent work</div> <div>+</div> </div>			

“One-stop-shops” for inf. economy?

- The ILO DWT Bangkok is developing a project proposal to increase synergies between access to social services and transfers and ALMPs for informal economy and other vulnerable workers
- It will include:
 - Piloting in 3 countries
 - Development of tools to undertake a fiscal space analysis or improving delivery of social & employment services
 - Capacity building of social partners, policy makers, social workers
 - Data collection on labour market trends, sharing of good practices, guides to replicate the pilot experiences
...
- ILO-Korea partnership???

Structure

- Definition of Employment Insurance
- Situation and Challenges in Asia, how to expand coverage?
- **Definition of Employment Injury Insurance; Situation and Challenges in Asia**

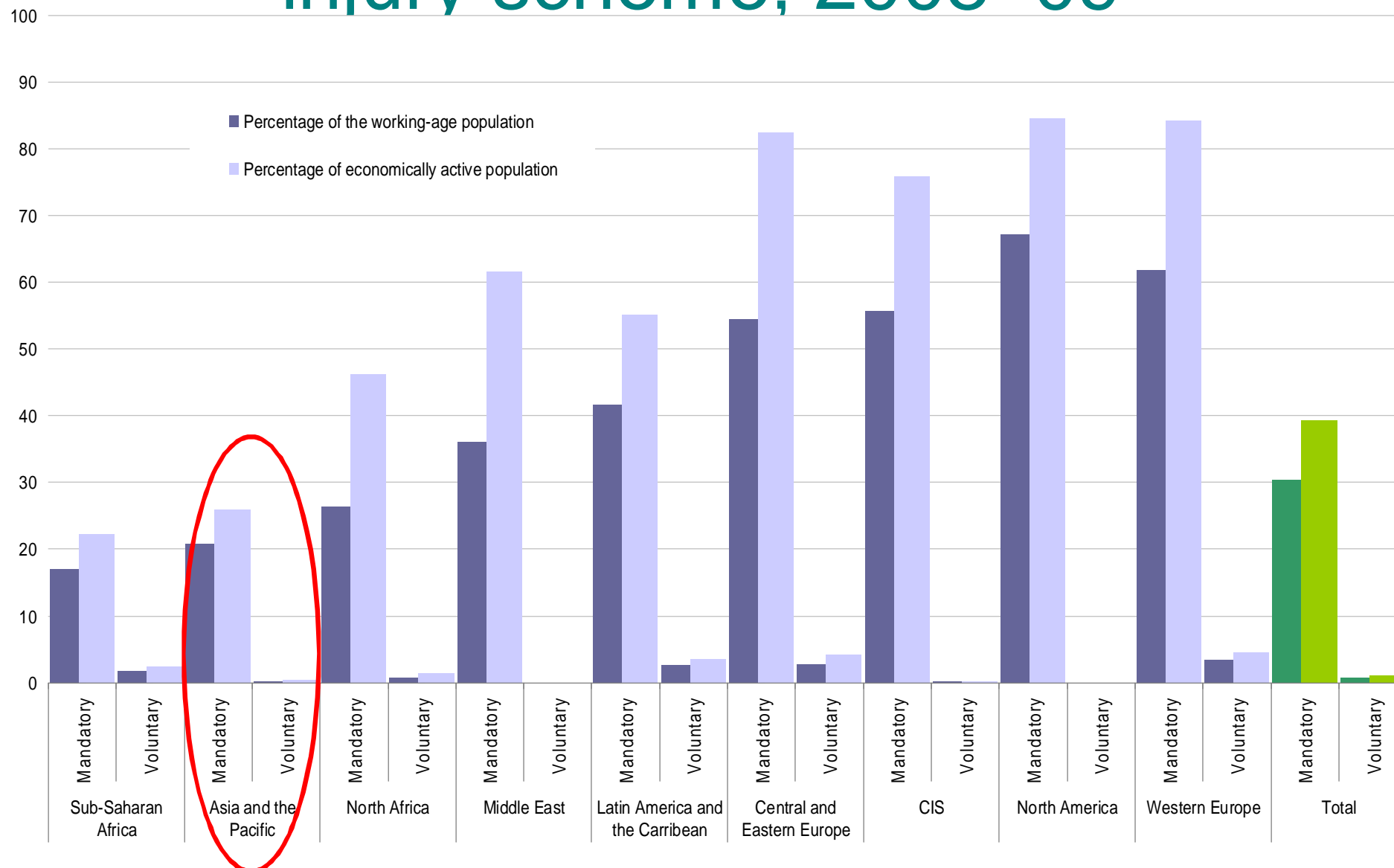
Definition & characteristics of Employment Injury Insurance

- Benefits in case of work-related accidents and “professional disease” include:
 - necessary medical care,
 - sickness benefit for the period of incapacity for work,
 - disability pension in case of loss of earning capacity,
 - and survivors’ pension in case of death of the breadwinner
- Risks are linked with workplace safety:
 - Many schemes also include preventive elements
 - Contributions linked with risk level and are often financed from employer contributions only
- → Incentive for the employer to invest in reducing the probability of accidents and in other preventive measures

Definition & characteristics of Employment Injury Insurance

- In Asia only around 20 of the economically active population is covered by employment injury schemes
 - Coverage is limited to the formal economy workers
 - Only a certain portion of accidents reported and compensated
- In the informal economy, conditions and safety of work are often dramatically bad, accidents and work-related diseases widespread and with no protection at all for their victims,
 - Particularly for **(ir)regular migrant workers** (mining, construction, heavy manufacturing and agriculture, sectors with significant impacts on health) and **domestic workers**

Legal coverage by employment injury scheme, 2008–09



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WORLD SOCIAL SECURITY REPORT 2010/11

PROVIDING COVERAGE IN TIMES OF CRISIS AND BEYOND

This report is the first of a series whose chief aim is to present the results of regular statistical monitoring of the state and developments of social security in the world. The series will look at:

- the scope, extent, levels and quality of coverage by various social security branches;
- the scale of countries' investments in social security measured by size and structure of social security expenditure and sources of its financing; and
- the effectiveness and efficiency of social security systems in reaching various national social policy objectives as well as other impacts of the policies which may be of special interest.

It is based to a large extent on information and statistics collected within the ILO Social Security Inquiry and in this respect it may be seen as a continuation of the reports produced over past decades (since the 1950s) by the ILO on the cost of social security, but with broader ambitions.

The main objective of the current report is to present the knowledge available on coverage by social security in different parts of the world, and to identify existing coverage gaps.

The report thus focuses on three elements:

- mapping social security coverage globally and by region or other country grouping (such as level of income) using the various information and statistical sources available;
- presenting various methods and approaches to assessing social security coverage;
- identifying and indicating gaps in measurable statistical knowledge on social security coverage, costs and impacts, in order to raise awareness of the need for and importance of high-quality social security statistics.

» Quick links

- The World Social Security Report 2010/11: Providing coverage in times of crisis and beyond | [pdf](#)
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overview of (and access to) chapters in figures (click on the figure below)



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 - » [Conditional Cash Transfers](#)
- Tools / models

Thank you!

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