

## **Research Workshop on Strengthening ILO Social Security Standards Turin, 24-26 September 2007**

### **Summary of discussions**

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#### **Background**

The Office has been asked by the Governments of Germany and the Netherlands to prepare a technical paper on "Strengthening Social Security and Coverage for All through ILO Social Security Standards", and to undertake consultations during the preparation of the paper. As part of this consultation process, the Social Security Department of the ILO has organised a "*Research Workshop on Strengthening ILO Social Security Standards*" with twelve internationally recognized experts in the field of social security and legal standards (see Annex), so as to get input from the academic world for the finalisation of the technical paper. This workshop took place in Turin from 24 to 26 September 2007. On this occasion, a first draft of the technical paper was presented by Michael Cichon, Director of the Social Security Department, and discussed by the participants. The discussions related also to the most relevant questions linked to the development ILO social security standards, as listed below.

#### **Preliminary remark**

The fundamental issue on which all discussions during the workshop were based, was the ILO's constitutional mandate in the field of social security, as provided for in the Preamble of the ILO Constitution and reaffirmed in the Declaration of Philadelphia. An in-depth explanation of this mandate by the representative of the Legal Advisors' Office made clear that the extension of social security for all those in need is part of the ILO's mandate. Furthermore, it was underlined that the Conclusions on social security of the ILC 2001 which reaffirmed the need for social security coverage for all, have a legal effect and give clear policy guidelines for pursuing this mandate, as they build on the Constitution and the Declaration of Philadelphia. In this regard, it was pointed out that the main means for the ILO to reach this clear objective according to its Constitution is through standard setting.

## **Monday, 24 September**

**First session (9:00-12:00)**

### **Questions for discussion:**

- What is the role of social security in the combat against poverty and what is the relation to decent work?
- What is the role of social security in national and global social and economic development?
- Are strong global social security standards required to ensure a fair distribution of the proceeds of globalisation?

With regard to the first question, there was general agreement among the participants on the important role of social security not only in poverty reduction, but also in its prevention through income replacement at a decent level. In this regard, the participants underlined that the minimum level of social security provided should correspond to the level necessary to take and keep people out of poverty rather than the level required to maintain people's previous level of living.

As to the role of social security in national and global social and economic development, the participants agreed on the importance of social security in making growth equitable and in ensuring solidarity and social cohesion in a context of globalisation. There were certain questions raised with respect to the affordability of social security, the patterns of financing of social security schemes and the economic impact of social security on businesses. The right to social security and the question of economic integration and fiscal affordability were also discussed. It was furthermore pointed out that the right to social security differs from other rights as it entails costs for its implementation.

On the role played by social security standards in ensuring a fair distribution of the proceeds of globalisation, the majority agreed that standards are needed in this respect, and more particularly, that there was a need for a minimum standard realising the minimum basic social floor. It was also underlined that poverty reduction was part of the agenda of any international organisation, e.g. Summit in Monterey, 2005 and it was considered important to have a standard for the realisation of the MDGs. It was commonly recognised that such standard should follow the rights-based approach. It was further agreed that such standard should go beyond Convention No. 102, as Convention No. 102 could be applied with only a small proportion of the workforce being covered. It was also discussed that such standard should be based on needs rather than being based on contingencies as Convention No. 102.

One participant expressed worries that a new standard built along the lines of the basic benefits package could entail too high costs and thus have a negative impact on business competitiveness. Taking this into account he worried that a new standard might not have any influence at the national level.

Others expressed worries as to the difficulty of enforcing standards in non-democratic environments and in contexts where a lack of awareness, of political will and political stability prevailed. In this respect, participants highlighted the importance of linking a possible new standard with good governance. In relation to the third question, the effectiveness of existing social security standards, and Convention No. 102 more specifically, in fulfilling this role was examined by the participants. Many agreed that Convention No. 102 was a powerful and relevant instrument and that if better promoted, it would receive much more ratifications and could play a much bigger and stronger role. In that sense, it was suggested that the non-application of Convention No. 102 was due to lack of knowledge about the Convention and insufficient promotion. At the same time, there is a need to adjust to and take into account new developments in the labour market and to new policies (activation, increasing individual responsibilities, public/private partnership) and benefits which are not included in Convention No. 102. Furthermore, some of the participants noted that, although Convention No. 102 and other social security Conventions were opened to different methods of providing social security, the concepts of financing and entitlement to benefits under the Conventions corresponded mainly to social insurance schemes and not so much to other forms of social security. Taking this account, it was concluded that there was a need to go beyond social insurance and a need for an instrument which would allow the provision of the basic social floor under other forms of social security.

## **Second session (14:00-18:00)**

### **Question for discussion:**

- Are existing ILO social security instruments (Conventions and Recommendations) sufficient for achieving the ILO's mandate of extending social security to all (and therefore ensuring universal coverage)?

After some discussion on this question, the participants were unanimous on this question and thought that the existing ILO social security Conventions and Recommendations were not sufficient, and should be accompanied by an additional instrument. Throughout the discussions, some recalled the important role played by existing ILO instruments and in particular Convention No. 102 in the interpretation of the right to social security in a human rights perspective and that it was important not to give up something which had worked and succeeded in several countries. It was however acknowledged that there were obstacles to their full application and that they had shortcomings. In this respect, it was mentioned that existing instruments were not sufficiently and actively promoted by the ILO. It was further added that existing instruments were at least not guiding countries in the wrong direction and that they helped at least some workers. For certain, the problem lied not so much in the existing standards but in the lack of political will to implement them. Among the participants who believed that existing social security instruments and

Convention No. 102 were not sufficient, some indicated that these instruments were too limited as they were mainly restricted to the formal sector and formal employment and were not covering farmers, family members and workers in the informal economy, and further that they did not provide detailed guidance for the implementation of social assistance schemes. It was also pointed out that they were not sufficient to provide a framework for the ILO to be actively involved in low-income countries and that there was a need for an instrument with which the ILO could campaign for the basic benefit. It was concluded that Convention No. 102 was still of utmost importance and it still needed to be promoted but that an additional instrument providing flexibility in the measures applied and focusing on outcomes was needed, following a rights-based approach.

## **Tuesday, 25 September**

### **Third session (9:00-12:00)**

#### **Questions for discussion:**

- Are existing ILO social security standards sufficient to respond to new social security concepts in high, middle and low income countries?
- What is needed for a mechanism providing universal access to basic benefits?

Different issues were discussed in relation to the first question. In this respect, the main problem for the participants seemed to be that existing standards may not take into account many new policies and measures emerging in social security to respond to new challenges and developments in the labour market or which implement new approaches and philosophies behind social policy making. Furthermore, existing standards do not seem to take into account less formal mechanisms existing or emerging in developing countries to substitute non-existing social security schemes or as alternative support mechanisms (e.g. micro-insurance), which often provide protection to the informal economy. It was pointed out that traditional social security systems in developing countries show a growing inefficiency and are thus substituted by alternative support mechanisms. In this respect, the question arose whether such support mechanisms really constituted social security schemes, which could provide the required protection, and whether a new instrument should provide flexibility to allow such mechanisms. In this context, it was also mentioned that micro-insurance schemes could constitute only an interim solution.

Two further questions were raised during the discussions. First, the question of what defined social security in terms of core values and principles was examined. In this respect, the participants examined the elements which should be encompassed in a new social security instrument addressing the basic social floor, based on the principles of Convention No. 102 which were recognised as important and necessary (collective financing, redistribution, solidarity, periodicity of cash benefits, right of appeal, and the participation of protected persons in decision-making), and complemented by other

principles, such as accountability and transparency. The second question related to the degree of flexibility that should be comprised in a new standard. The participants looked more specifically at how to allow and to what extent should we allow for flexibility in the application of the principles encompassed in a possible new instrument and to the type of flexibility that would be needed (horizontal, i.e. in terms of the contingencies covered, vertical, in terms of the proportion of the population covered, or both).

The role played by donors in the development of social security programs in low-income countries was also raised in the discussions. In this respect, it was stated that the role of Governments vis-à-vis donors would be strengthened if there would be a new social security standard. The need for a separate Convention for poverty reduction was particularly stressed in view of having a standard for donors.

In addition, the participants identified the outcomes which a new social security instrument should have. In this respect, the effective coverage provided for under the new instrument, i.e. the number of persons effectively receiving benefits, out of those for whom the contingency has effectively occurred, was considered as important. Furthermore, the level of protection was considered as important, where not only the income replacement measure should ensure a decent standard of living, but also the allocation of resources expenditures, which would allow for more flexibility in the methods of providing support. In this regard, it was proposed that other forms of assessing the levels of benefits should be taken into account, e.g. the social security spending of a country.

#### **Fourth session (14:00-18:00)**

##### **Points of discussion:**

- What are the core elements that need to be included in a basic minimum package from a developed and a developing country's perspective?
- What is the most suitable option that could be envisaged for fulfilling ILO's mandate of extending social security to all?

Based on the previous discussion, there was an agreement among the participants on the need for setting a new instrument that would address the issue of establishing the basic social floor and poverty reduction, and which would spell out social security principles in a stronger and wider way than existing instruments, so to strengthen social security by taking into account new challenges. Universal coverage should be the objective of this new instrument. It should also prevent a race to the bottom and guarantee that certain minimum standards are met. The objective of the new instrument should be poverty alleviation and it should be designed in a way that it can help people getting out of poverty and that it allows Governments to allocate the necessary resources for it. In this context, the main characteristics and effects of two national conditional cash transfer programmes conceived as poverty alleviation measures, namely "Bolsa Familia" of Brasil and "Oportunidades" of Mexico, were explained and discussed.

A new instrument should also be structured so as to allow countries to progressively achieve social protection. However, the basic social floor should be achieved immediately while also providing for flexibility with respect to the ways and measures. In this regard, the Office explained that for most countries, the provision of basic benefits is reachable without the help of other actors. In this regard, it was pointed out that this new instrument should constitute a tool for securing the basic needs of individuals. Therefore, the new instrument should not focus on the nine classical contingencies covered by Convention No. 102 but on the basic needs of individuals.

The scope of coverage provided by the basic social floor was also discussed, regarding the contingencies covered and the level of detail of the measures of protection that should be provided. The question of the affordability of a social floor and a basic package was also raised.

As to the contents in terms of the basic core principles that should be encompassed in the new instrument, the participants identified the following: protection of those in need, inclusion, equity, solidarity, rule of law, viability (comprised of adequacy, financial sustainability, and stability), good governance, priority to the most vulnerable. ILO Recommendation No. 67 was said to constitute a combination of principles and guidance going beyond those of Convention No. 102 and which could thus be followed.

It was suggested that the new instrument should be based on human rights instruments. However, it was added that it should provide substance to the right to social security for all, as social security as a basic human right is already laid down in the Declaration of Philadelphia.

The discussions also reflected a general agreement on the continuing relevance of Convention No. 102, which should not be affected (“touched”) by any new standard-setting activities and which should still be actively used as a reference with regard to fundamental social security principles. Most participants insisted on the need to promote Convention No. 102.

In the course of this session, the five main options identified by the Office for future standard-setting action in the field of social security were presented to the participants and discussed by them, as follows:

- Option 1:** A wider application and ratification of existing standards
- Option 2:** A new stand-alone instrument providing for universal coverage to everyone
- Option 3:** A new instrument providing for universal coverage to everyone to be linked to Convention No. 102
- Option 4:** Modernising Convention No. 102
- Option 5:** Consolidating the existing social security instruments into one new overarching Convention

The discussions mainly focused on the pros and cons and implications of each option. While the participants made no clear statement about the option that should be followed,

it appeared from the discussions that the first option, together with the second one, were the preferred ones. A suggestion was also made by one of the participants about adding a sixth option which consisted in a stand-alone Recommendation where setting out core social security principles, namely *protection, inclusion, security, solidarity, equal access and non-discrimination, rule of law and good governance*. This Recommendation should serve the purpose of offering an additional source or the interpretation of existing standards, allowing for a more dynamic and policy oriented dialogue between the ILO and its Members.

Finally, the participants pointed out that it is not enough to set out objectives and standards in the new instrument, and that it should also provide for guidance on how to achieve its objectives and goals and on how to meet the standards it sets out. In this respect, it should also be the obligation of the ILO to provide its constituents in assisting countries in the implementation of a new instrument and the obligation of the international community to provide resources in that objective.

### **Wednesday, 26 September**

#### **Fifth session (9:00-11:00)**

##### **Questions for discussion:**

- What form could a campaign for the extension of social security coverage take?
- In view of the political aspect of such campaign, what could be the elements of the basic benefits package?

The background of a new campaign for the extension of social security to all was first explained, with emphasis on the legal basis for the campaign, i.e. the ILO's constitutional mandate and the 2001 ILC Conclusions on social security. The delays of the political process within the ILO framework for a new instrument to eventually be adopted meant that other means of action were needed in a first time if the goal of poverty eradication was to be achieved. Any action or immediate measures taken in this respect should be based on the Global campaign for the extension of social security to all, on the ILO Constitution – and the Declaration of Philadelphia more particularly – and therefore rights-based, and should build on the Millennium Development Goals. It could constitute a coalition on the global social floor, in partnership with international agencies, the ILO's social partners and other key actors and high-level personalities.

A possible way to get the campaign forward may be the creation of a web page and the drafting of a brochure about basic benefits and their effects. It could include descriptions of best practice examples of countries like Brazil, India, Mexico, South Africa, Sri Lanka and Thailand. A further step may be a UN/ILO conference in the middle of 2008.

With regard to the content of the basic benefits package, the participants built on the proposals made by the Social Security Department, précised and agreed upon the elements which should be included in it, as follows:

- All residents have access to basic/essential health care benefits, where the State accepts the general responsibility for ensuring the adequacy of the delivery system and financing of the scheme;
- All children enjoy income security at least at the poverty level: through family/child benefits aimed to facilitate access to nutrition, education and care;
- All residents of active age (inability to earn sufficient income due to sickness, *unavailability of adequately remunerated work*, loss of breadwinner, care responsibilities etc.) enjoy income security at the poverty level;
- All people/residents in old age or with disabilities enjoy income security at least at the poverty level: through pensions for old age and disability.

#### **Final remarks ....**

The workshop was regarded by the participants as a very instructive, thought-provoking and important workshop. It was remarked by participants as commendable that the Social Security Department, together with other role-players within the ILO, has taken this initiative. It was also regarded as a very timely intervention which may be the beginning of a much larger effort to extend meaningful social security to the millions of people currently excluded or marginalised from mainstream systems. It is thus trusted that its outcomes may provide substantial support for a cause which is worthy to attract the serious intervention of the decision-makers and policy developers and implementers of this world.





## **ACADEMIC WORKSHOP ON STRENGTHENING ILO SOCIAL SECURITY STANDARDS**

**TURIN, 24 to 26 SEPTEMBER 2007**

### **LIST OF PARTICIPANTS**

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