

SOCIAL PROTECTION IN COLOMBIA

The following are some of the most relevant issues faced by Colombia in terms of social protection:

In order to provide an ample social protection coverage, Colombia currently upholds the Sistema de Seguridad Social Integral (SSSI), an ambitious program which aims to deliver comprehensive protection to any Colombian citizen, particularly to those with the lowest incomes. This program encompasses health, labor risks and pensions in an attempt to cover the basic concepts of social security. Nevertheless, and despite the steady growth in the system's coverage, it currently faces deep financial difficulties, mainly in regards to health. The lack of resources has led to the inadequate performance of some health providers known as Empresas prestadoras de Salud (EPS), encouraging debates on the future of the system and how to improve its quality.

Colombia is currently undergoing a transition process in which the country is moving from a conflict stage into a post-conflict one. The transition is the result of the recent peace agreement between the nation and the armed group known as Fuerzas Armadas Revolucionarias Colombianas (FARC). Among the numerous agreements between the parties, the government acquired the obligation of improving social security in rural areas. As result, measures to fulfil this obligation are presently being studied.

In regards to the pension system and its sustainability, aside from the world-spread concern of the decreasing population, Colombia faces the challenge of turning more of its informal sector into formality in order to increase the contributions to the system. The insufficient number of contributions is currently threatening the sustainability of the government-managed pension fund and, therefore, possible reforms are under consideration.

In Colombia, two types of pension funds coexist – the public one and the private one. As opposed to what occurs in developed countries, in Colombia those with the highest incomes are generally obtaining their pensions from the public pension fund, causing it to spend high sums of its budget on the upkeep of those expensive pensions. This expenditure is one of the aspects making the system difficult to maintain, and is subject of intense political debates. Moreover, taking into account that Colombia is a country were not many meet the requirements established to be entitled to a pension, due to their poor condition often characterized by a life of informality, this issue becomes quite relevant.

The plans or initiatives led by the government with the aim of developing social protection are:

- **Complementary social services:** Senior protection program. As part of an initiative developed by the Ministerio del Trabajo (Ministry of Labor) economic benefits for the elderly are being considered by the government. The main objective of the initiative is to aid the senior population, with minimum or no income, by lessening their financial difficulties. To such effect, periodic monetary aids would be paid to this sector of the population if the proposal is approved.
- **Inclusive Insurance.** As part of an initiative developed by the Ministerio del Trabajo (Ministry of Labor) an insurance to cover labor risks is being considered by the government. This new insurance targets workers whose earnings are under the minimum wage and it is intended to cover their the damage of the means of production and products of those who produce their own income. Furthermore, death and sickness inclusive insurances are being considered as well.

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- **Expanding BEPS.** The Beneficios Económicos Periódicos (BEPS) is a program designed for those who, due to their low income or situation, can't contribute to the pension system and thus won't have eventual access to a proper pension. The objective of

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- **Pension Reform.** Considering the present-day difficulties the pension system is experiencing, it is highly possible that the Colombian Government will attempt reform this area of its social protection scheme in the near future. The government has already manifested its intention to reform and therefore will be considering viable alternatives to solve the issue.

Indicators in Colombia about social protection:

Indicador	Fuente	2009	2010	2011	2012	2013	2014	2015	2016
Total Public Social Expenditure (% of GDP)	CEPAL	8,66	8,59	8,24	8,71	8,82	9,60	9,20	
	OIT			0,7	0,8	0,5			
	Ministerio de Hacienda	14,3	13,7	12,3	13,1	13,8	14,3	14,6	13,5
Total Public health expenditures (% of GDP)	CEPAL					1,57	1,54	1,59	
	Banco Mundial			5,01	5,27	6,84	7,20		
	Ministerio de Hacienda	1,87	1,96	1,91	1,95	2,12	2,86	2,85	2,88
People living below national poverty lines (% of Total Population)	CEPAL	40,4	37,3	34,2	32,9	30,7	28,60		
	Banco Mundial					30,8	28,5	27,8	
	DANE	40,3	37,2	34,1	32,7	30,8	28,5	27,8	28
Public social protection expenditure on benefits for children (% of GDP)	OIT	0,39							

GENERAL VISIÓN ABOUT WHAT COLOMBIA SHOULD DO IN 5 YEARS IN TERMS OF SOCIAL PROTECTION

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That's why an ambitious reform of the pension system and the labor risks system is needed.

In the pension system the retirement age should be increased and the government should simplify the system for informal workers. The pension shouldn't be linked to the minimum wage, because this makes the system costly and reduces the provision of annuities by insurance companies as it is difficult to insure against changes in the minimum wage.

The labor risks system should accept the informal workers whose earnings are under the minimum wage to cover their the damage of the means of production and products of those who produce their own income.

In the rural areas it is necessary to improve the coverage of the health system, close the gaps in the availability of health care through the provision of a sufficient number of health workers to ensure that all in need have effective access to health services.

The Government should ensure the long run sustainability and equity of a social protection floor.

PARTICIPATION IN NATIONAL SOCIAL PROTECTION POLICIES

Social protection is present in our policy influence activities. We should be present in all the discussions about social protection because the employers in Colombia have a major obligation for supporting social protection schemes either by being the main contributors to health and pension systems, or by business taxes and solidarity funds.

ANDI support the implementation of public social protection systems through advising, lobbying and advocacy, especially in topics like financing and governance of pension insurance and health insurance, because the employers have a key role.

Also, we try to participate in all the discussions about the future of the pension system and the sustainability of the system.

ANDI presents proposals and recommendations to the government to increase the retirement age of pension and the cost of the contribution.

Also we participate with comments and analysis about all the law initiatives.

We have been monitoring the progress in implementing social protection floors through tripartite participation with the Ministry of Labor, employers and workers.