

WORKSHOP ON ACTUARIAL METHODS AND SOCIAL SECURITY FINANCING

Mona Campus of the University of West Indies (Jamaica)

1 – 4 December 2008

BACKGROUND



Subregional Office for the
Caribbean
QUATRRAIN - AMÉRICAS

Social security has been a core element of the ILO's mandate, virtually since its creation in 1919. The need to provide an adequate level of protection is enshrined in the ILO's 1944 Declaration of Philadelphia as well as in its Conventions and Recommendations concerning social security.

Over time, the notion of social security as a basic human right has gained wide acceptance, and has been progressively developed in many other forums and Conventions. Social Security is thus a fundamental right and a key instrument to promote social cohesion, improve productivity and promote and sustain economic growth.

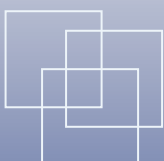
To achieve these objectives, social security schemes should stand on a solid social, actuarial and financial basis. Sound actuarial and financial studies constitute a key governance instrument to guarantee that benefits will be paid not only in the short term but also in the medium and long terms. Also actuarial and financial studies are paramount for adopting prudent financial strategies to avoid or limit the impact of economic and financial turmoil.

At its 89th Session in June 2001, the International Labour Conference held a general discussion on social security as one of the main items on its agenda. It concluded that highest priority should be given to policies and initiatives to strengthen, modernize and extend social security schemes.

At the Sixteenth American Regional Meeting of ILO member States in Brasilia, in May 2006, ILO's tripartite constituents confirmed that the main problem affecting social protection systems in Latin America and the Caribbean was their low level of coverage in terms both of the number of workers, and of the range of risks and quality of protection. Consequently, they agreed to include in the Hemispheric Agenda 2006-2015, the goal of extending coverage in Latin America and the Caribbean by 20 percent in 10 years.

Achieving this goal will require a careful determination of targets and priorities by country. Such targets and priorities should be contrasted with available resources in order to design feasible plans of action which respond to national demographic, economic and social circumstances. Strengthening current social security schemes and designing policies and strategies that meet the goals for extending coverage for each country require decisions based on consensus. This means that there must be better informed and better trained government and social security officials as well as workers' and employers' representatives.

In order to respond to the needs of the Latin America and Caribbean region for knowledge and expertise in quantitative techniques related to social security schemes, the ILO launched a new quantitative training programme for the Americas (QUATRRAIN-AMERICAS). The programme is offering this 4 days workshop in coordination with the ILO Subregional Office for the Caribbean, the Inter-American Conference on Social Security (CISS), the *Commission de la Santé et de la Sécurité du Travail* (CSST) of Quebec and the University of the West Indies, Mona, Jamaica.



OBJECTIVES

The course will provide basic knowledge and management tools needed for the effective oversight and administration of social security schemes in the financial and actuarial fields.

At the end of the course, participants will be able to identify and understand the following:

- the main financial and actuarial methods for financing social security schemes;
- trends with respect to social security financing, governance, investment and actuarial issues;
- the role and responsibilities of actuaries in the framework of social security management and governance as well as their contribution to achieving decent work and the objectives of the Hemispheric Agenda;
- Information required for decision-making on actuarial and financial issues;
- the importance of hypothesis and data for actuarial and financial studies; and
- social dialogue practices that contribute to reaching consensus in the definition of social security policies and strategies

TARGET PARTICIPANTS

- Chief executive officers and managers of social security institutions;
- Workers' and employers' representatives and members of social security committees, boards or working groups;
- Technical staff of ministries such as labour, finance, economic affairs and social development or supervisory authorities dealing with social security;
- Students in the fields of social security, social development, economics and finance.

METHODOLOGY

This four-day programme will take place at the Mona Campus of the University of West Indies in Jamaica. An action-oriented, highly participatory approach will be used, paying particular attention to the sharing of international experiences with a view to adapting them to different contexts.

STRUCTURE AND CONTENTS

The course will include the following topics:

1. **The role of the actuary in the ILO Decent Work Agenda.** Social security and the Decent Work Agenda. Social security, actuarial issues and ILO Conventions. Evolution of the thinking on social security financing and the New Consensus on Social Security. Strategies for the extension of social security schemes. Economic and social

impact and benefits of social security schemes. Tripartism, social security and actuarial calculations. Cross-cutting gender equality issues in social Definition, scope and limitations of actuarial valuations. Social dialogue techniques on actuarial issues. Communication of social security results and actuarial valuations.

2. Social security financing: Different sources of financing: contributions, direct or indirect taxation, social transfers. Principles and standards of social security. Links between social protection and social assistance schemes. Basic, complementary, compulsory, and voluntary schemes. Fully funded, partially-funded and pay-as-you-go schemes. Long-term and short-term benefits. Structural or parametric reforms of social security schemes.

3. Actuarial models, basic concepts of finance, probability and demography: Required information for an actuarial valuation. Basic elements of modelling of pensions, health care and employment injury schemes. Structure, reading and interpretation of actuarial valuations.

4. Plan administration and governance and investment: Structure and governance, including election procedures, remuneration and decision-making processes of governing bodies. Internal investment and audit committee. Internal reporting; regulatory compliance and accounting. Information disclosure to plan members and employee financial education. Asset classes, plan asset allocation. Corporate governance and socially-responsible investment.

APPLICATIONS

The enrolment course is by invitation. The number of participants is limited. All selected participants should provide for their own round-trip travel to Kingston and accommodation as well as insurance coverage. Applications, accompanied by a short CV and nomination letter, should be sent by email or fax to:

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QUATRIN-AMERICAS - ILO, Geneva
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Email: pinheiro@ilo.org

with a copy to:

Mrs. Kathleen Hinkson - Senior Secretary
ILO Subregional Office for the Caribbean
Tel. 868-623-7178 Ext 449, Fax: 868-627-8978
Email: hinkson@ilocarib.org.tt

The deadline for applications is 26 November 2008.