



▶ Social Protection in Action: Building Social Protection Floors for All

2022

El Salvador: Extending social security coverage to migrant workers

Summary

The Ibero-American Multilateral Agreement on Social Security enables the coordination of coverage rules and the accumulation of social security rights in different countries. It determines the country in which migrants and their employers should pay contributions (thereby avoiding double taxation) and establishes mechanisms for administrative cooperation between origin and destination countries for the provision of benefits and services to migrant workers.

By 2020, a total of 14 Ibero-American countries, including El Salvador, had ratified the Multilateral Agreement. According to the Ibero-American Social Security Organization (OISS), the number of beneficiaries of the Multilateral Agreement exceeds 85,600 workers.

The establishment of multilateral agreements on social security coverage is in line with the key principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202). In particular, it helps ensuring universality of protection, including for migrants, and is an example of the consideration of a diversity of methods and approaches in providing social protection.

Main lessons learned

- ▶ The implementation of the Ibero-American Multilateral Agreement on Social Security has facilitated the extension of social security coverage to the migrant population, mainly in terms of long-term benefits.
- ▶ The implementation of the Multilateral Agreement replaced the need for the negotiation and adoption of different bilateral agreements between El Salvador and other Ibero-American countries.
- ▶ Coordination between the institutions involved in implementing the Agreement facilitates administrative processes for the migrant population.
- ▶ Intensive use of technological tools facilitates the flow of information between liaison bodies and social security institutions.
- ▶ More extensive contact information of affiliated persons on pension application forms is necessary to match records between countries and avoid incomplete information. Migrant workers will provide information in just one social security institution, which then shares the information with the other participating countries.

Social Protection Floors Recommendation, 2012 (No. 202)

SDG 1.3 aims to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030, achieve substantial coverage of the poor and the vulnerable.

Social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age and older persons.

187 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), to achieve universal social protection.

- More extensive contact information of affiliated persons on pension application forms is necessary to match records between countries and avoid incomplete information. Migrant workers will provide information in just one social security institution, which then shares the information with the other participating countries.

Context

El Salvador has experienced very significant migratory flows relative to its total population. According to the Ministry of Foreign Affairs, in 2020 an estimated 1.6 million Salvadorans lived abroad, mainly in the United States (91 per cent of all outmigrants), which is a considerable amount for a country with a population of 6.7 million (2020). In this context, the extension of social security to outmigrant workers becomes crucial.

Description of the initiative

In November 2007, the seventeenth Ibero-American Summit of Heads of State and Government, held in Santiago, Chile, approved, with the technical support of the Ibero- American Social Security Organization (OISS), the Multilateral Agreement on Social Security with the objective of adopting rules to facilitate access to social security for migrant workers. The Agreement provides an international legal instrument that has been ratified by 14 Ibero-American countries for the coordination of national social security legislation, with the aim of guaranteeing pension rights to migrant workers and their families who have moved between two or more of these countries during their working lives.

The Multilateral Agreement neither substitutes nor modifies the legislation of the countries acceding to the instrument; rather, it establishes common rules to guarantee social security rights across countries, which will be applied proportional to the contributions in each country according to the national system. In other words, the Agreement establish the rules by which national regulations apply in each case, preventing the obligation to contribute to two social security systems simultaneously. The Agreement covers disability, old-age and survivors' benefits, as well as employment injuries and occupational diseases.

The Agreement was ratified by El Salvador in 2008 but only entered into force in 2012. Under the principle of equal treatment, Salvadoran workers in any of the countries that

have ratified the Agreement have the right to social security benefits under the same conditions as nationals and vice versa. Moreover, under the Agreement workers are assured the application of a single piece of legislation, which obviates the need for persons to contribute to both the social protection system of El Salvador and that of the host country. In addition to the Multilateral Agreement, El Salvador also has bilateral social security agreements in place with Guatemala, Nicaragua and Panama. As far back as 1967, in recognition of the need to provide social protection to migrants and in the context of the Central American Integration System (SICA), a multilateral agreement on social security was signed between Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. While it addressed social protection and covered invalidity, old- age and survivors' benefits, as well as employment injuries and occupational diseases, that agreement was never implemented in practice.

Accumulation of contributions. In the case of a Salvadoran national, for example, the Agreement establishes that in order to have access to an old-age pension, the worker must have at least 25 years of contributions (continuous or cumulative) and be 55 years of age for women and 60 years of age for men.

Under the Agreement, a Salvadoran national who has worked in El Salvador and other countries that have ratified the instrument is able to accumulate the contributions paid in each of the pension systems to which he or she has contributed, with the aim of meeting the pension requirements in one or several of the various countries. This measure ensures that the total number of years of contribution is taken into account in order to give migrants access to pension rights even though their contributions were made in different countries (see box).

► Box 1. Real-life example of the implementation of the Ibero-American agreement

A 65-year-old Salvadoran woman has worked and paid contributions in Spain and El Salvador for 10 and 20 years, respectively. The minimum requirement for access to an old-age pension is 15 years in Spain and 25 years in El Salvador, meaning that, unless the Multilateral Agreement is applied, this woman would not be able to attain her pension rights in either of the two countries.

She decides to apply for retirement and in order to meet the minimum period of contributions required in each country, the aggregation of her 30 years of

contributions is required. For the pension calculation and payment, the social security system of Spain will assume a pension proportional to 10 years of contributions, in line with Spanish law, while El Salvador will assume a pension proportional to 20 years, in accordance with Salvadoran law.

Once the contribution periods in the different countries, including El Salvador, have been aggregated, the monetary value of the pension is calculated on the basis of the number of years of contributions paid in each country. To do so, a rule of apportionment is established on the basis of which each country's system is responsible for and pays a pension amount proportional to its obligations.

Exportability of benefits. Within the benefits delivery process, the Agreement upholds the *principle of exportability*, which guarantees that Salvadorans receive the pension amount to which they are entitled in each country, without a reduction of the value of benefits, irrespective of their country of residence.

Institutional framework and administrative procedures. For the purposes of implementing the Agreement, migrant workers are able to register in only one *social security institution*, which then shares the information with the other participating countries. This means that the migrants do not need to present their applications to more than one institution.

In El Salvador, the *competent institutions* that implement the Agreement and apply the national legislation include the Ministry of Labour and Social Security, the Salvadoran Social Security Institute, the National Civil Service Pensions Institute and the Pension Fund Administrators. The Office of the Superintendent of the Financial System is the *liaison body*, which coordinates efforts and links with the liaison bodies of other countries.

It is more efficient for a salaried or own-account worker working for a short time in another country that is a party to the Agreement to continue paying contributions in his or her country of origin. In this case, it is considered important to obtain a temporary secondment certificate under the Agreement beforehand so as to specify the period of work to be spent in the other country and define where contributions should be paid.

If a secondment certificate is issued prior to arrival in the country, the legislation of the country of origin is applied to the foreign worker for a period of 12 months, with the possibility of extension, if requested by the employer (or

the own-account worker), for a total of 24 months. If a secondment certificate is not issued beforehand, the destination country's legislation is immediately applied. While a secondment certificate facilitates labour mobility and short-term migration, it may create unfair competition between workers of different contribution regimes.

The application for benefits begins when the worker submits an application form to the residence country's *competent institution*, which, in turn, establishes communications with the liaison body (in El Salvador, the Office of the Superintendent of the Financial System) in order to check, complete and reconstruct the work history of the person through exchanges with other countries.

Pension calculations and the application of the rule of apportionment are carried out by the national *competent institutions*, in line with each country's legislation. It should be noted that the rules on administrative cooperation state that the competent institutions of the country in which the migrant person is located may conduct medical disability assessments at the request of another *competent institution*. Similarly, the person may submit complaints to the institution in the country of residence for onward transmission to the other relevant State parties to the Agreement.

Impact

El Salvador began implementing the Ibero-American Multilateral Agreement on Social Security in 2012. However, to date, it has only received a total of 56 applications, the majority of them (54 per cent) from women. The average age of applicants is 63 for women and 66 for men.

Of the total of 56 applications, most (66 per cent) were for old-age pensions, followed by disability benefits (18 per cent) and survivors' benefits (16 per cent). Regarding the country of origin of the applications, 80 per cent were from Spain and the remainder from Brazil and Chile. Meanwhile, six applications have been submitted in El Salvador to process old-age pensions for workers from other countries.

In respect of old-age pensions, the age range of persons who access this benefit is between 61 and 82 for men and 63 and 69 for women; in most cases, applicants reside in Spain.

Way forward

The following recommendations can be made to improve the future impact of the Ibero- American agreement in El Salvador:

- ▶ Develop more expeditious and flexible processes for issuing temporary secondment certificates to prevent delays, facilitate the entry of migrant workers to the destination country and guarantee their labour and social security rights, while avoiding unfair competition between workers of different contribution regimes.
- ▶ Strengthen coordination and training mechanisms in El Salvador for the implementation of the Agreement.
- ▶ Devise a dissemination strategy to raise public awareness of the Agreement and its implementation process.
- ▶ Implement a comprehensive strategy to improve coordination between the institutions involved in migration issues, with the objective of ensuring better social protection for migrant workers.
- ▶ Promote the ratification of the Agreement by other Central American countries and Mexico in order to increase the number of migrants who could benefit from the instrument. As an alternative, the already existing SICA agreement signed in 1963 between several Central American countries should enter into force so that it can serve as a platform to further expand coverage. This Multilateral Agreement should inspire participating countries to improve their national social protection systems to match those with the most comprehensive and adequate protection.
- ▶ Reach collaboration agreements on social security with the United States, as it is the main destination for migratory flows from El Salvador. The United States already has 28 bilateral social security agreements, including with some Latin American countries. Central American countries could start negotiating similar bilateral agreements.
- ▶ Promote the coverage of healthcare in the Agreement and improve its coordination with other Salvadoran programmes that seek to extend social security coverage to migrant workers.
- ▶ Increase use of social dialogue and consultation, which may help identify gaps in migration and social security policies in sending, transit and receiving countries and supports the consideration of the specific needs of migrant workers and their families, which is key for the design of migrant-sensitive policies and measures.

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