

Global Campaign on the extension of Social Security for all

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Global Campaign on Social Security for all

TOPICS

- The Global Campaign in retrospect
- Situation and trends in social security coverage
- Challenges
- A new Campaign strategy
- Issues for discussion

Towards a new consensus on social security (retrospective)

- **Social security part of ILO mandate since the creation of the organization (various standards in between 1920-1930)**
- **Philadelphia Declaration 1944** -> ILO should insure *«extension of social security to all to guarantee basic income and access to health care»*
- **Universal Declaration of Human Rights 1948 : social security as a human right (art 22)** -> strengthen ILO mandate
- **Social security vs social protection**

Social security:

The protection that a society provides to individuals and households, through public measures, to ensure access to health care and to guarantee income security (particularly in case of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner)

Social protection:

The same objective but include public and non public measures

- The Decent work agenda (1999)
 - *Social protection = one of the 4 pillars of decent work*

- The International Labor Conference of 2001
 - *The New consensus on social security*

▪ **Key orientations of the New consensus:**

- Social security as a right to all
- Social security as a tool to fight poverty
- Extension of coverage to those that are not covered : the first priority for ILO
- A strong role for State and for social partners (social dialogue)
- Multiplicity of instruments
- Reference to voluntary schemes and to micro-insurance
- Promotion of national integrated strategies on SS

Current situation: still a way to go

Social Health Coverage

Formal coverage in social health insurance in selected countries
(% of total population)

China: 10

Philippines: 55

El Salvador: 57,2

India: 20

Senegal: 11.4

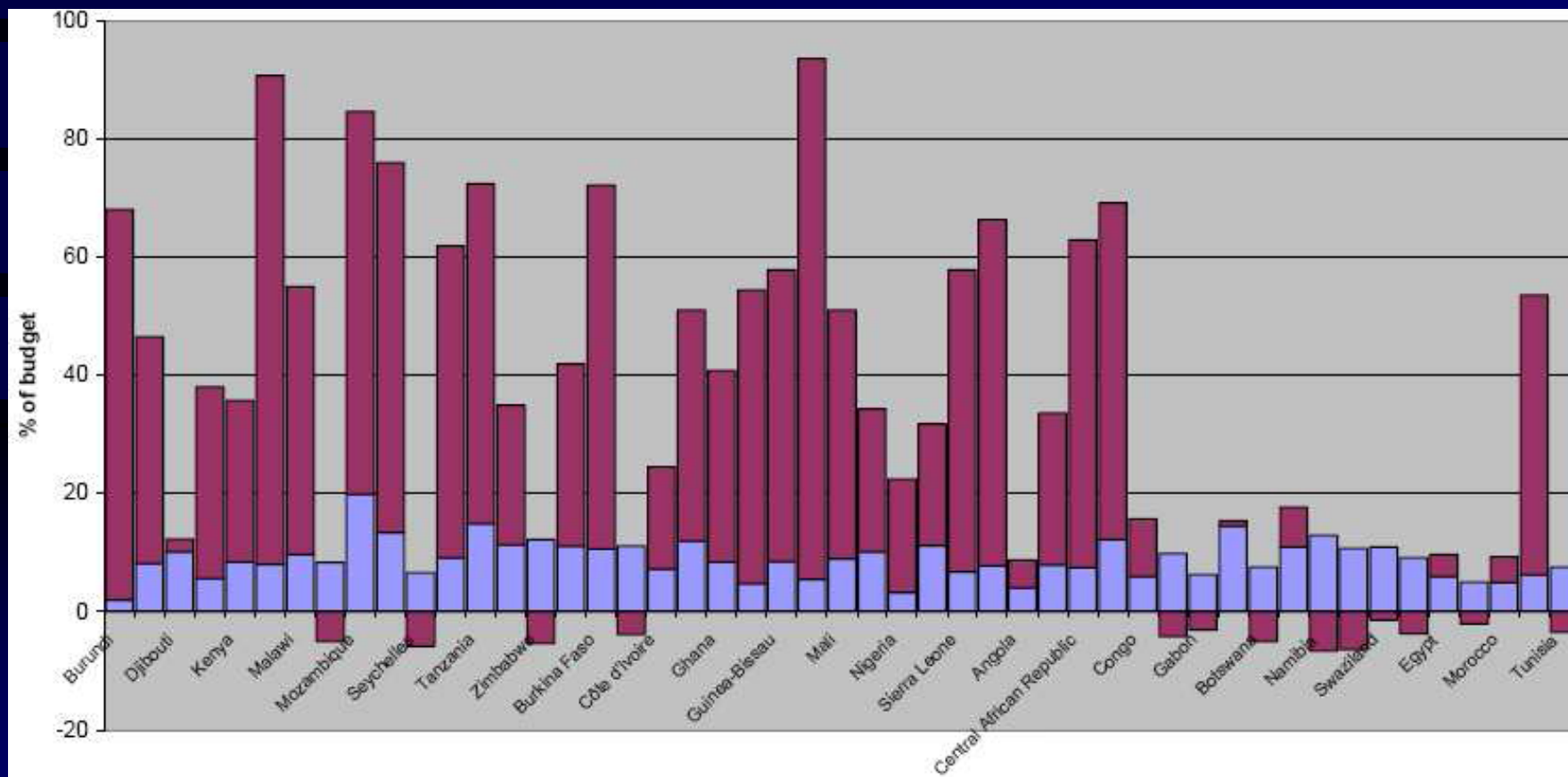
Bolivia: 66,3

Indonesia: 20

Kenya : 7

Haiti: 60

- Share of public spending required to achieve per capita public health expenditure of US\$ 34 in African countries (Source: WHO, 2005)



- Some 90 per cent of the world's working-age population is not covered by pension schemes capable of providing adequate retirement income.
 - The majority of people work in the informal sector or in rural regions that provide few or no benefits or worker protection
 - Employees in small companies with 10 or less employees are often excluded
 - Many pension s. in existence are badly managed, have overly high administrative costs and do not deliver benefits when they should
 - Pens. s. unable to collect contributions from all the people that should pay into them, run financial deficit
 - Many schemes are based on weak and weakly supervised financial systems, open to corruption.

Some breakthroughs: example of selected CCT programmes in Latin America and the Caribbean (90s -00s)

| | GDP per capita (\$) | Poverty headcount | Budget/coverage |
|---|---------------------|-------------------|---|
| Brazil – <i>Bolsa Familia</i> | 2,700 | 35 (2004) | \$2.1 bn 8 million households (2004) |
| Colombia – <i>Familias en Acción</i> | 2,100 | 55 | \$125 m. 400,000 families (2004) |
| Honduras – PRAF II | 800 | 64 (2004) | \$25 m. 411,000 families (2005) |
| Jamaica – PATH | 1,600 | 18 (2001) | \$16 m. 220,000 individuals (2005) |
| Mexico – <i>Progresal/ Oportunidades</i> | 6,500 | 32 (2000) | \$2.8 bn 5 million households (3.5 million rural) (2004) |
| Nicaragua – RPS | 500 | 46 (2001) | \$6.37 m. 21,619 families (2004) |

STILL...overall today

- 80% of people live in social insecurity (absence of formal social security provision),
- 20% in abject poverty,
- more than 5 million children die every year under age 5 due to lack of access to health care and lack of income security

Social security transfers are a pivotal tool to combat poverty and social exclusion

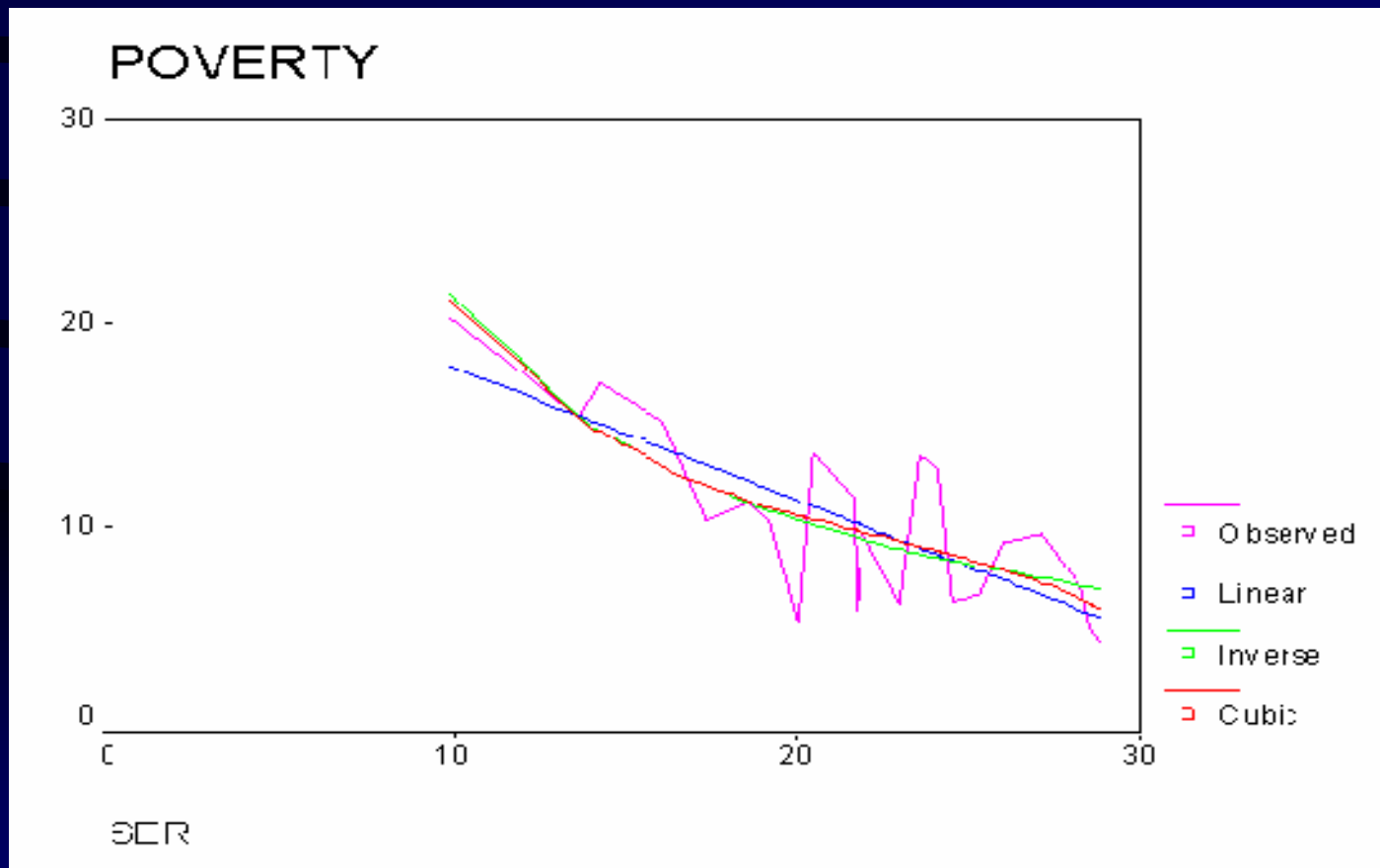
- Social security reduces poverty by at least 50% in almost all OECD countries
- Social security reduces income inequality by about 50% in many European countries
- Bolsa Familia, a CCT programme in Brazil led to a fall in 30% inequality over the last 5 years

(...) and yet social security is still largely underutilized in **national anti-poverty and development strategies**

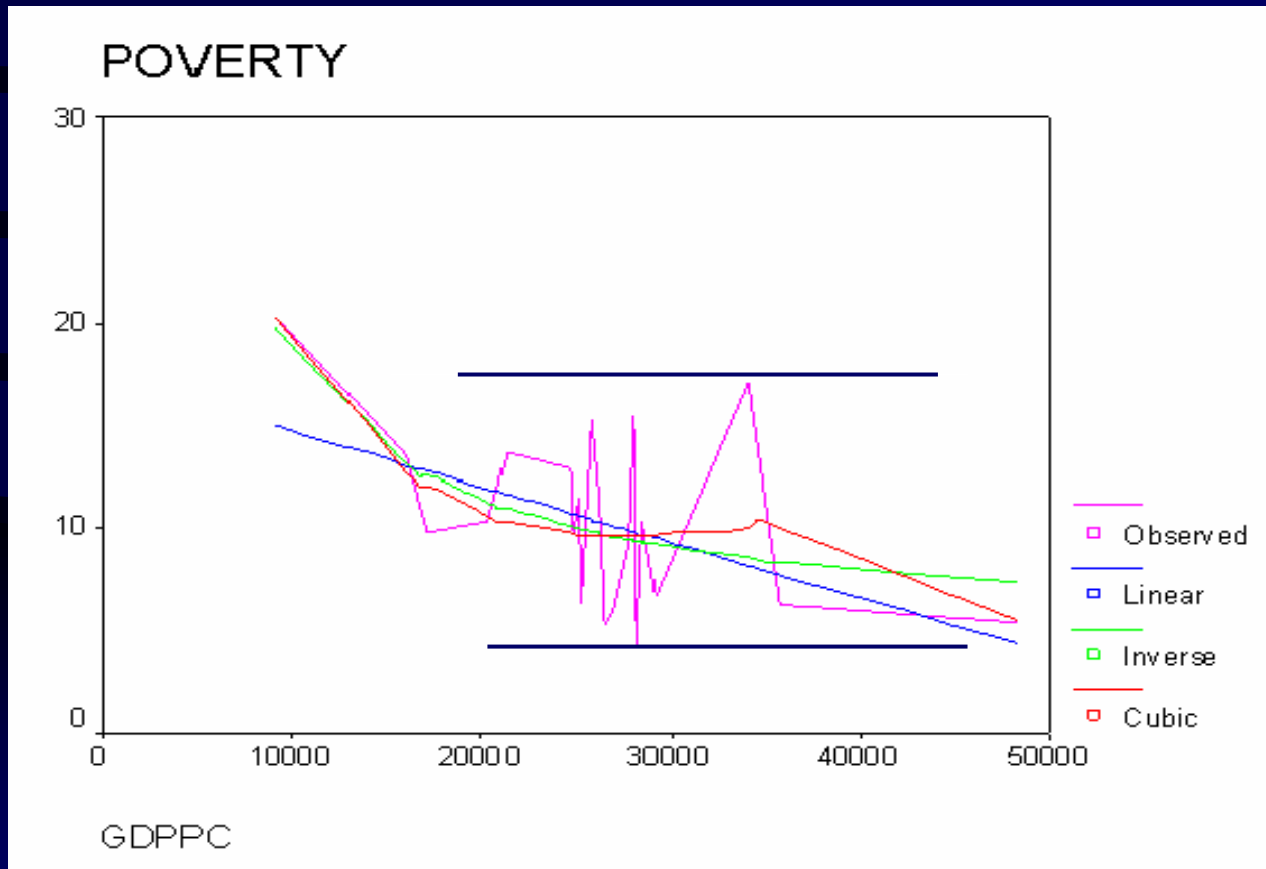
Challenges to the extension of social security

- Social security and economic performance (in the area of globalisation)
 - *Economic growth does not automatically reduce poverty*
 - *The trade-off between growth and equity does not hold true*
 - *Social expenditure can make a positive contribution and has an investment character*

Poverty and Social Protection expenditure are negatively correlated



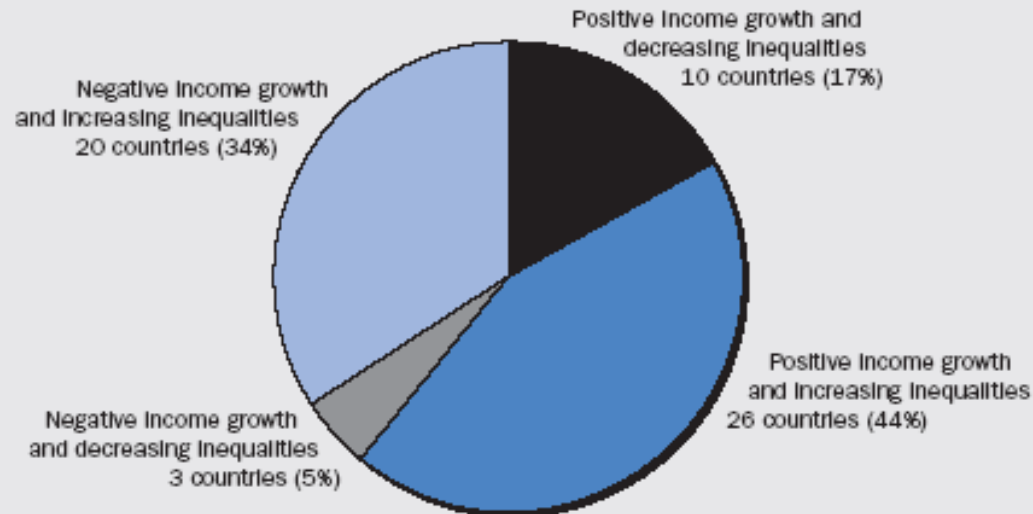
Poverty and GDP have a weaker correlation



Inequality and GDP growth do not go automatically together

Inequality has increased in many countries, with or without growth

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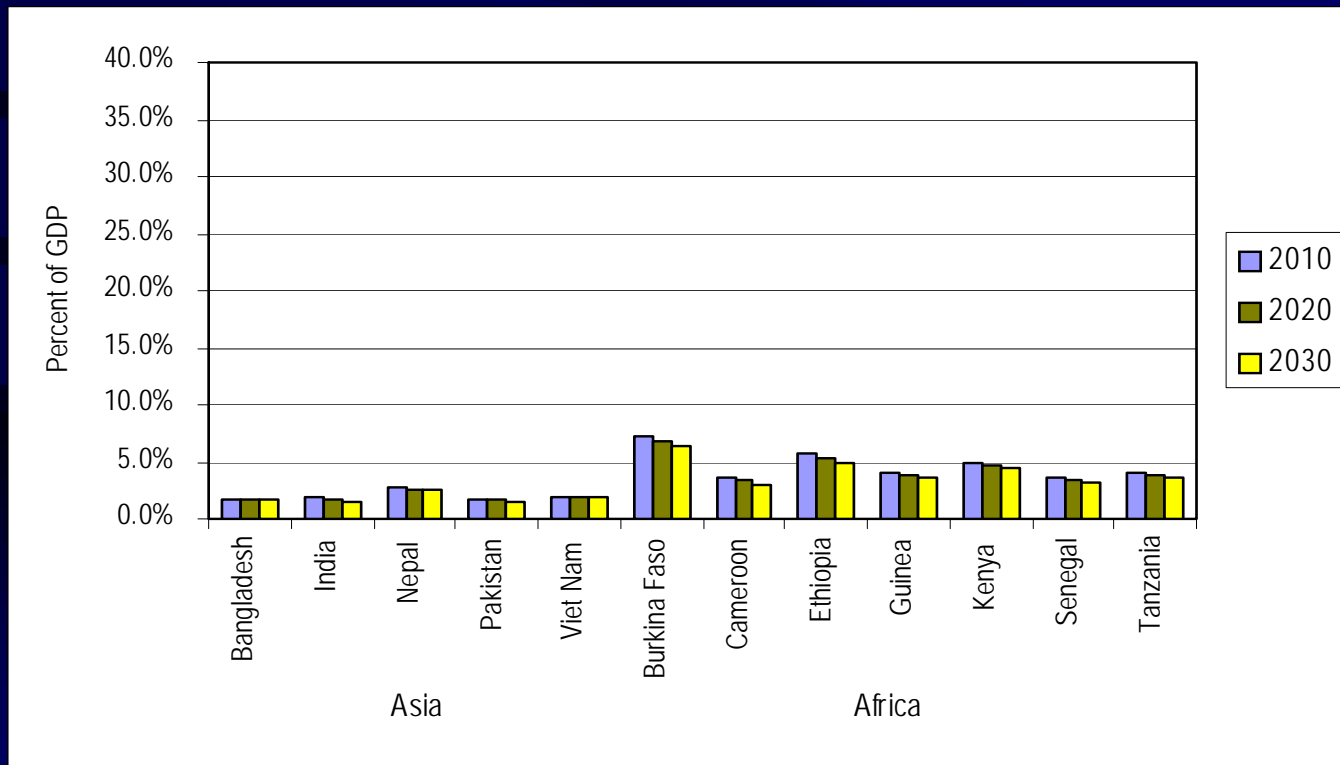
Note: Based on 59 country observations.
Source: World Bank staff calculations.

The extent and growth of the informal economy is another challenge

- The ILO estimates at end 1990s, the share of informal employment in non-agricultural employment was :
 - 48 per cent in North Africa,
 - 72 per cent in sub-Saharan Africa,
 - 51 per cent in Latin America and 65 per cent in Asia
- Expectations that there would be a gradual movement towards the formalization of the largely informal agricultural labour force have not been met.

Can developing countries afford social protection?

- Some levels of social security can be achieved at all levels of development. ILO simulations show that at least a basic social protection package is affordable in developing countries:



Benefit assumptions for ILO simulations:

Basic old age and invalidity pensions:

Senegal/Tanzania: Benefit of 70% of food poverty line
10 countries: Benefit of \$0.5 PPP per day

Child benefits:

Senegal/Tanzania: Benefit of 35% of food poverty line (half of a pension), paid to all children in school age (7-14) and orphans also below 7
Benefit of \$0.25 PPP per day (half of pension), paid to all children up to the age of 14

Essential health care:

Annual per capita costs based on the health infrastructure level of Namibia and Thailand

Administration cost:

15% of benefit expenditure for universal cash benefits

Pilots and national policies are showing that basic social security for all is affordable in development contexts

- A GTZ-sponsored targeted cash transfer pilot in Zambia has shown that a scaled up social assistance to a national level is estimated to cost 0.5% of GDP.
- Universal pension schemes in Botswana, Brazil, Lesotho, Mauritius, Namibia, Nepal, and South Africa, cost between 0.2 and 2% of GDP.
- Relatively low costs of CCTs in Latin America, especially compared to their impact on poverty and inequality.

The new developmental policy paradigm of the Global Campaign: Towards progressive universalism

Universal but progressive could mean:

- **Building progressively higher levels of protection**
- **Based on a basic layer of protection for all**

A new pragmatic social security strategy

Suggested Principles for the campaign strategy

First: Basic coverage for all, universal but not necessarily uniform coverage

Second: Overall responsibility rests with the government but delivery can be shared with private sector and communities except in failing states...

Third: Rights based ("everyone has a right to social security", Article 22 of the UN Declaration of Human Rights)

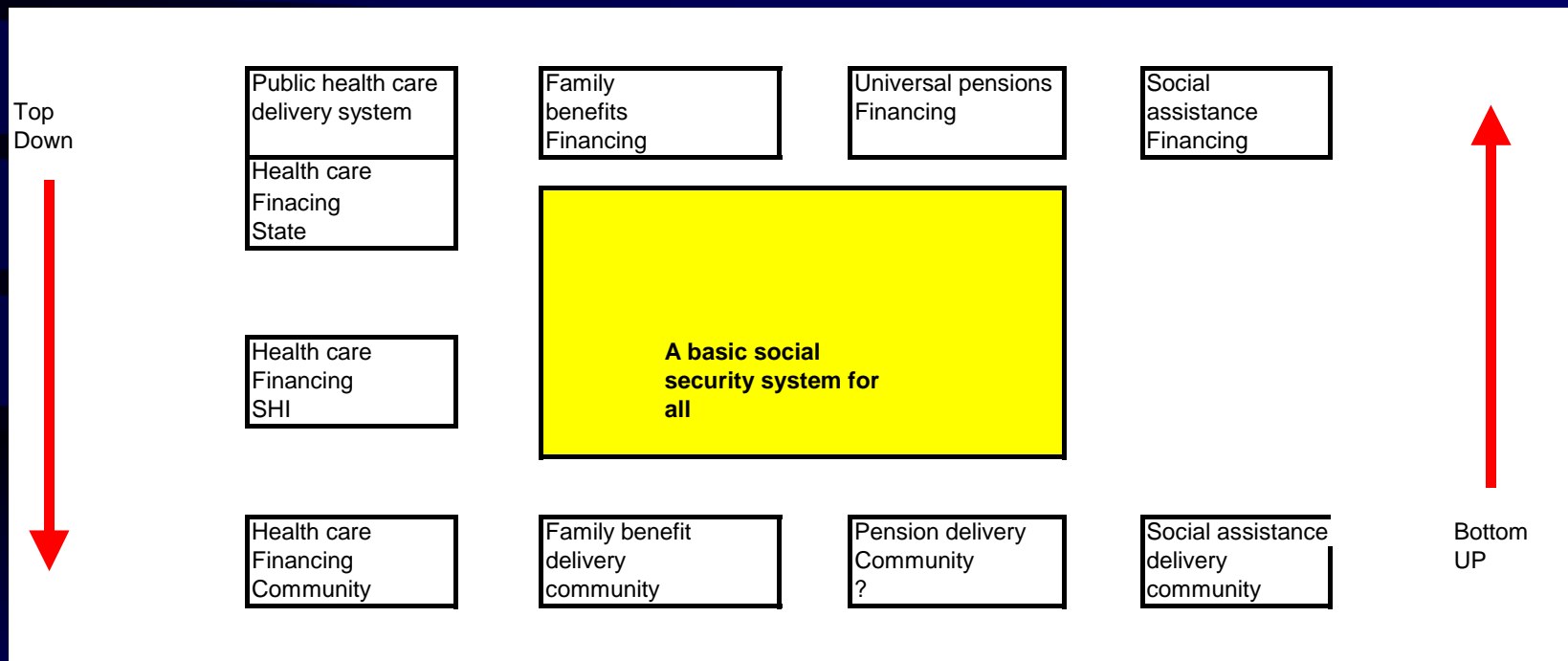
Fourth: Accepting pluralism in organization and financing

Fifth: Good tri-partite and financial governance

A pluralistic system

- **Basic health benefits**, through a set of sub-systems linked together: basically a public health service funded by taxes, social and private insurance and micro-insurance systems.
- **Family/child benefits** aimed to facilitate access to basic social services: education, health, housing
- **Means tested/self targeting social assistance** for the unemployed, programmes linked to employment and vocational training programmes (e.g. like the 100 day guaranteed employment scheme in India)
- **Universal basic pensions** for old age, invalidity and survivors.

Combining bottom up and top down initiatives



Class activity

- Discuss the case of your country with respect to:
 - Coverage gaps in social security: occupations, sectors, groups of people...
 - Priority needs and why
 - Is there a national strategy? How does it relate to PRSP?
 - Potential social security mechanisms to tap on and system organization/administration incl. articulation between institutions
 - Actors involved
 - Financing
 - General constraints for extension of social security

ILO support activities

- Standards
- Advocacy and promotion
- Technical assistance
 - Legal advice; Design and Governance of SS system and institutions
 - Social Budgeting exercises and Costing of Basic Benefit/ Simulation; Finance and actuarial reviews
 - Support to Micro-insurance schemes: financial management support tools, concertation, ...
 - Support for integrated employment and social protection strategies to fights social exclusion
 - Training: Turin, Maastricht University, Extension in Portuguese Speaking Countries

Knowledge development e-platforms: GESS, GIMI, Clearing house for the extension of social protection in lusophone countries .



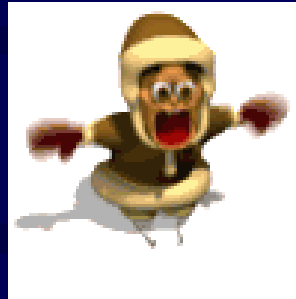
(Under construction)

Issues for discussion

- Position of social partners regarding extension to excluded
- A greatest place for civil society?
- How to extend social protection to workers in the informal economy and rural areas?
- What is the feasibility of scaling up pilots? How to improve the capacity to deliver ? How to overcome administrative constraints to implement new systems (IT requirements, etc..)?
- Standards: include news risks than those mentioned in C102?
- Importance of the concept of «basic» social protection (or “social floor”) in the age of globalisation?

Thank you!

- Enjoy the Seasons' joys around Turin!



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Proposal for further learning

- Case study : Ghana
 - What are the components of the social health insurance system
 - How are they organized/integrated?
 - What are the potential strengths/weaknesses of the system?