



FOR DEBATE AND GUIDANCE

SEVENTEENTH ITEM ON THE AGENDA

Report of the Director-General**Second Supplementary Report: Tripartite Meeting of Experts on Strategies for the Extension of Social Security Coverage (Geneva, 2–4 September 2009)**

1. Following a resolution adopted by the International Labour Conference in 2001, the Global Campaign on Social Security and Coverage for All was launched at the 91st Session (2003) of the Conference. In November 2008 the Committee reviewed the progress of the Campaign¹ and the Governing Body agreed that it would be timely to hold a Tripartite Meeting of Experts on Strategies for the Extension of Social Security Coverage. Accordingly, the Meeting was held in Geneva on 2–4 September 2009. It was attended by Government experts from 12 countries, 12 experts nominated following consultation with the Employers' group, an equal number nominated following consultation with the Workers' group, and around 30 observers, reflecting considerable interest among ILO member States, the United Nations (UN) and other international organizations, and non-governmental organizations (NGOs).
2. The Campaign was launched in response to increasing concerns regarding the low levels of social security coverage prevailing particularly in Africa and the Asia-Pacific region, most acutely among workers in the informal economy. The indicative policy framework emerging from the Campaign and other activities envisages that countries which have not yet achieved universal or widespread coverage should first aim to put in place a basic set, or "package", of social security benefits for all. Such a "basic package" corresponds, in fact, to a large part of the social protection floor promoted by the UN System Chief Executives Board for Coordination as one of its nine joint crisis initiatives,² which is reflected in the Global Jobs Pact adopted by the Conference in 2009.³ It thus represents a direct follow-up to the Pact. The basic social security package would serve as a foundation

¹ GB.303/ESP/3.

² The "social protection floor" is conceived as a combination of relevant services (including education and health) and cash transfers, and is described in the papers of the UN System Chief Executives Board for Coordination following their meeting in April 2009.

³ The role and description of the basic social protection floor is set out in section 12 of the ILO Global Jobs Pact.

for the development of higher levels of protection when the fiscal space expands due to further economic development.

3. The Meeting was opened by the Director-General, who stressed the interdependent and mutually reinforcing nature of the four pillars of decent work. He surveyed the global social security environment, and the social protection deficit prevailing in many parts of the world, observing the importance of the subject in the aftermath of the economic crisis. Any idea of simply returning to “business as usual” in the future was unacceptable. He drew attention to a range of requirements – political will to change priorities, effective investment in social dialogue, a sense of urgency for building the social protection floor, maintaining and increasing levels of coverage as economies grow, and a global commitment, in the sense of solidarity between and within countries. Finally, he remarked on the importance of the role of the participants, not only as technical experts, but more broadly as agents of change.
4. The Executive Director of the Social Protection Sector outlined the objectives of the Meeting, key issues expected to inform the discussion and the anticipated outcomes. He drew attention to the impact of inadequate social protection on family and community life, which should lead to a focus on aspects such as minimum benefits and guarantees, in addition to the crucial issue of affordability.
5. The Meeting elected by acclamation the Government expert nominated by Brazil, Mr Carlos Eduardo Gabas, Executive Secretary of Social Security, as chairperson.

Thematic panel discussions

6. The Director of the Social Security Department introduced the technical report *Extending social security to all – A review of challenges, present practices and strategic options*, which had been prepared for the Meeting.⁴ The paper presented a broad examination of the issues, of both principle and practice, relevant to the extension of social security coverage in its “horizontal” and “vertical” dimensions (see paragraph 8 below), supported by a statistical survey and examples of country experience in recent years.
7. The Meeting was organized around thematic panel discussions. For each topic, a brief introductory presentation was made by an official of the Social Security Department, followed by presentations by two Government experts from countries where recent experience was particularly valuable. Each topic was then discussed, starting with prepared observations by the experts representing the Employers and Workers respectively.
8. The first thematic discussion addressed the question of how to give effect to the (acknowledged) human right to social security, within the scope of decent work and particularly in the light of recent developments including the ILO Declaration on Social Justice for a Fair Globalization (Social Justice Declaration)⁵ and the Global Jobs Pact,⁶ and the scope for assessing proposals against the notion of increasing coverage in two “dimensions” – horizontal (i.e. increasing numbers covered) and vertical (i.e. improving the quality of coverage and benefits). Country experiences were presented by Government experts from the Netherlands and Peru.

⁴ The technical report, the presentations made at the Meeting, and the Chairpersons’ summary can be found at www.ilo.org/gimi/gess/RessShowRessource.do?ressourceId=13065.

⁵ Adopted by the International Labour Conference in 2008.

⁶ Adopted by the International Labour Conference in 2009.

9. The topic of the second thematic discussion was the need for social security. The analytical approach suggested was one which referred to respectively: individuals' needs, as a key to managing vulnerability and risk and thus unlocking economic activity; and societies' needs, as a component of economic efficiency and social cohesion. These needs were contrasted with the differing nature of the "coverage gap": while a wide and deep gap is observed in many lower income countries, in a number of high-income countries there are still groups excluded from coverage. Contrasting experiences were presented by Government experts from Sweden and Zambia. While in Sweden social security had played a major role in the economic and social development of the country over the last century, in Zambia current debates concentrated on how to reach the uncovered majority and thus utilize social security as a development factor.
10. The third thematic discussion covered the topic of how to achieve universal coverage and adequate benefit levels in health care. The discussion included the fact that universal coverage is even more difficult to define in regard to health, because of the complexity of service and financing arrangements, than provision in the other branches of social security, and the problems that may be experienced in implementing effective schemes. The approaches adopted in Senegal and Thailand were illustrated showing alternative policies and strategies.
11. The fourth thematic discussion addressed the question of how to achieve universal coverage and adequate benefit levels for the protection of children, poor workers and the unemployed. This rather diverse and complex set of issues relates particularly strongly to the problem of effective outreach to those in the informal economy, and presentations had been invited from Brazil ⁷ and India ⁸ because of their innovative cash transfer programmes.
12. The fifth thematic discussion dealt with how to achieve universal coverage and adequate benefit levels for persons in old age, persons with disabilities and survivors. Discussions focused on pensions, which in the past had been discussed almost exclusively in terms of financial sustainability, whereas now a focus on outcomes was needed. Different country experiences in successfully providing income security in old age were presented by the Government experts from South Africa and the United States.
13. Following the thematic discussions participants discussed the major issues of finance, delivery and governance in social security schemes and systems. The issues of fiscal space availability, optimizing the efficiency of social security systems, and cutting wasteful expenditure came to the fore. The need to pay attention to the needs of both urban and rural residents, and for appropriate institution building, were raised in country presentations by the Government experts from China and Romania.
14. As reflected in the "Chairperson's summary", attached as an appendix (compiled on the basis of each day's discussions, in consultation with Employer, Worker and Government representatives) the discussions reflected a large measure of agreement concerning the importance of social security and its role not only in individual welfare, but also with regard to broad economic growth and development. There was consensus on the universal right to, and need for, social security; and a reminder from all sides on the importance of social dialogue. Employer and Worker participants naturally placed somewhat different levels of emphasis on certain aspects. The Employers for example stressed the view that

⁷ The Chairperson delegated to his expert adviser the task of presenting Brazil's experience in terms of cash transfer programmes, including *Bolsa Família*.

⁸ The Government expert from India presented in particular the National Rural Employment Guarantee Scheme.

employment and employability were important elements for the development of social protection, together with the issue of its governance.

15. The Workers, while noting the “business case” for social protection, placed stronger emphasis on the development of the concept of the “social protection floor”, commenting on the need to “put people at the centre”.
16. The views among Government participants covered a wider spectrum. There was virtually unanimous support for the concept of the social protection floor and the two-dimensional strategy to extend social security in countries where coverage is deficient. Some participants stressed the value of a possible new instrument to guide work on the social security component of the social protection floor. That view was shared by the Workers but not by the Employers, who expressed preference for consideration of a non-binding mechanism.
17. The closing session was chaired by the Executive Director of the Social Protection Sector while the Secretary-General of the International Social Security Association (ISSA) and a representative of the European Commission Directorate-General for Employment, Social Affairs and Equal Opportunities pronounced highly supportive closing statements. The ISSA Secretary-General noted the relationship of ISSA with the ILO since 1927 and the potential for the social security institutions, which form ISSA’s membership, to support the objective of extending social security coverage. The representative of the European Commission highlighted the relevance of social security to poverty alleviation and its potential role as an “automatic stabilizer” in the present times of instability, particularly in relation to the ageing societies of the European Union.
18. All speakers agreed that the discussions were well reflected in the Chairperson’s summary and provided valuable guidance to the Office for follow-up action, particularly in the light of the proposals to work towards a social protection floor; and the two-dimension strategy to extend and deepen the coverage of social security in parallel.
19. The closing session of the Meeting was followed by the launch of the book *Building Decent Societies*, edited by Professor Peter Townsend and brought to a successful completion shortly before his recent death.

Next steps

20. The outcome of the Meeting will be taken into account in the context of the Office’s technical advisory service, the execution of the Programme and Budget for 2010–11 and the formulation of the Programme and Budget proposals for 2012–13. It will also feature prominently in the knowledge generation and dissemination activities concerning social security and provide a basis for drafting the recurrent discussion report on social security for the 2011 session of the Conference. This report will also include further reflection on the nature of a possible mechanism to support the formulation of comprehensive social security extension strategies.

Geneva, 9 October 2009.

Submitted for debate and guidance.

Appendix

Tripartite Meeting of Experts on Strategies for the Extension of Social Security Coverage (Geneva, 2–4 September 2009)

Chairperson's summary

1. There is a fundamental right to social security embodied in several core documents developed throughout the twentieth and twenty-first centuries, among which the following are of particular importance:
 - (a) the Universal Declaration of Human Rights (1948);
 - (b) the International Covenant on Economic, Social and Cultural Rights (1966).
2. The ILO mandate on social security is embodied in:
 - (a) the ILO Constitution and the Declaration of Philadelphia (1944) annexed thereto;
 - (b) the resolution and conclusions of the 89th Session of the International Labour Conference on Social Security (2001);
 - (c) the ILO Declaration on Social Justice for a Fair Globalization (2008);
 - (d) *Recovering from the crisis: A Global Jobs Pact* (2009).
3. There is a clear need for social security in the world. Individuals and societies benefit from the existence of social protection. On the one hand, social security mitigates individual risk and uncertainty, enabling citizens to take new economic risk and unfold development. On the other hand, from the point of view of societies, the existence of social security generates stability, which promotes growth. Economic development reinforces social security. Social security is most effective when integrated in a wider framework of economic development, education, employment, decent work and social policies. Several country examples vividly document the fact that social security actually emerged when the respective societies were comparatively poor, and the schemes fostered development and growth throughout the decades after their implementation.
4. Despite the virtually universal existence of at least one social security scheme in every country, there are significant gaps in coverage, be it in developing or be it in developed countries. While in developing countries lack of resources and informality in labour markets are the main obstacles, in developed countries certain vulnerable groups still need protection. There are distinct, clearly defined and complementary roles for contributory social insurance schemes, tax-financed universal schemes and means-tested social assistance programmes. There is agreement on the idea that a combination of contributory and non-contributory elements in the benefit design of social protection schemes delivers the most efficient alternatives. The design and governance of social security schemes should support the formalization of the economy. Unemployment and disability schemes should provide incentives for the reintegration of beneficiaries in the labour market whenever possible.
5. There are important lessons to be learnt from the recent international crisis. One lesson is that social protection schemes should not be seen as a luxury or as a burden on society, but that they have performed an extremely important role in alleviating the consequences of crises functioning as stabilizing mechanisms. Another lesson is that the notion of a “social safety net” even in moments of crisis does not represent the whole range of functions social security should perform. It should rather be seen as a mechanism to strengthen social cohesion and provide a basis for human, social and economic development.

6. The ILO has a strong mandate with regard to the social protection of all in need and the extension of coverage. Its foremost tool has been the development and implementation of international labour standards, taking the form of Conventions and Recommendations, particularly the Income Security Recommendation, 1944 (No. 67), which defines the roles of social insurance and social assistance in providing income security to all in need and the Social Security (Minimum Standards) Convention, 1952 (No. 102). In addition, the ILO has developed a broad range of technical assistance services to countries willing to expand social protection schemes.
7. There are six up to date Conventions focused on social security and income security, among which the flagship is Convention No. 102. The fact that Brazil, Bulgaria and Romania have recently decided to ratify Convention No. 102, and that several further countries are considering its ratification shows its continuing relevance. The ILO should intensify its efforts in promoting ratification and implementation of the main social security related Conventions in its work agenda for the forthcoming years.
8. There is a consensus on the universal right to and need of social security. There is a number of ways on how specifically this universal right and moral obligation to social security could be achieved. The decision to implement is taken within the political sphere, and the concrete steps are made by States, reflecting local culture and means, as well as a fair sharing of responsibilities between individuals and society. Hence the realization of this universal right has to be designed locally. Social dialogue among the social partners is a crucial instrument in this regard. Taking into account the gender dimension is also of utmost relevance, as women are particularly affected by poverty and would especially benefit from a social protection floor.
9. The proposal for a two-dimensional strategy has found large acceptance among the audience. The conceptual idea would be to develop an extension strategy for social security coverage in a horizontal and a vertical dimension.
10. Horizontal coverage extension means increasing quantitatively the number of persons covered by social protection schemes, including those in the informal economy, through the implementation and expansion of a set of basic public policies, aimed at delivering basic income security for the working-age population, basic health-care services for everyone, children-focused income benefits coordinated within a policy package with education/health/labour market and family policies, and basic pensions for the aged and disabled.
11. Such a set of basic public policies represents a part of the social protection floor and should be seen as a first step on a “stairway” towards universalization and deepening of coverage. This set is meant to define a minimum core content, as described in paragraph 10 above, of the human right in relation to the universality of social protection.
12. How and in what sequence to achieve the four elements of the social protection floor must be designed locally, according to each country’s needs and capabilities. The fiscal space has to be built through national policies. Experience from different continents has shown that such policies can be affordable and that different combinations of instruments might suit better each country’s particular situation.
13. A second part of the strategy would be vertical coverage extension, which is very much related to the implementation of social insurance coverage standards as defined by the current Conventions and Recommendations.
14. Both parts of a strategy – horizontal and vertical coverage extension – can be pursued in parallel and synergy. Several countries have recently shown that coverage extension of formal insurance schemes can occur in parallel with the implementation of programmes representing the social protection floor.
15. Proper health coverage is one of the major concerns in relation to the catastrophic social risks eventually faced by workers in the case of illness, the equity of expenditure and the

fiscal stability of social security in the long run due to the rising cost trend. Country experience shows that the usual situation is the existence of parallel systems which evolved historically and, from a pragmatic point of view, need to be coordinated and improved. The capacity of the State to coordinate and regulate the different actors involved in health-care provision needs to be developed.

16. In the field of health care the approach is very similar to the other branches of social security already referred to: probably the best approach to ensuring benefit entitlements for all is a mix of contributory and non-contributory mechanisms.
17. Additionally, technical support, research and advocacy are required for the development of social health-care protection and its quality. To that end, the ILO is encouraged to sustain its existing cooperation on health care with other UN and non-UN agencies specialized in the field of health policies and provision.
18. The recent international crisis has once again proved the importance of unemployment insurance schemes. Since several countries still lack schemes to protect the unemployed, such policies need to be introduced and strengthened. The experience of India shows that non-traditional responses to unemployment in the informal economy can be successfully implemented. Additionally, within the countries which already operate unemployment benefit schemes, the main concerns are to extend coverage, as well as to build a link of unemployment protection systems with activation policies.
19. In recent years, family benefits have been an important mechanism to avoid poverty among families with children, a group which still suffers from high poverty rates. Hence, their inclusion in a basic policy package aimed at establishing the social protection floor becomes more relevant. Special attention should be given to the linkage of family benefits to the delivery of quality social services such as education and health.
20. The evidence from the implementation and operation of cash transfer programmes – conditional or not – in several countries has proved them to be an important instrument in alleviating poverty, encouraging access to social services (e.g. education) and broadening the long-term development opportunities for the poorest population. The possibility of tying cash transfer programmes to other policy packages helps people to break the intergenerational transmission of poverty and possibly gain access to formal schemes of social protection.
21. The effective operation of such cash transfer programmes as *Bolsa Família* in Brazil and *Oportunidades* in Mexico requires institutional capacity, which needs investments in knowledge and building administrative channels, at national and local levels. Country experience shows that their costs, under mature large-scale operation, at around 0.5 per cent of GDP, seem to be in the affordable range.
22. Pension debate had become focused on important technical issues, such as financing methods or administration structures. Different methods of financing pension schemes were discussed. However, from a pragmatic point of view, the outcomes are actually the most important, e.g. coverage of workers, coverage of potential beneficiaries, and the appropriate level of benefits. The extension of coverage in this regard might be done by means of social assistance or basic pensions, means tested or universal, which are tax-financed. These schemes are particularly beneficial for the disabled and the aged poor, who are not able to maintain a record of contributions to social insurance. Country examples also show that there is a potential to increase the coverage of contributory schemes in parallel with the introduction of social assistance and universal basic schemes.
23. Worldwide figures and experience shows that basic social security benefits are affordable in most countries, even if their introduction may have to be phased in progressively over a number of years. There is a political discretion range for decision as to the proportion of fiscal spending which is allocated to social protection programmes. Besides that, several other options to create financial space for social programmes are available, among them

fiscal reform, increasing progressiveness in tax structures and administrative steps to fight tax evasion and waste.

24. As schemes mature and populations age within the demographic transition, special attention should be given to the long term stability and the mix of financing methods of more developed social security benefit systems, so as not to undermine the prospects for employment of future generations and economic development.
25. Employers have stated that employment and employability are important elements for the development of social protection and their financing. Government speakers pointed out that a basic social protection floor contributes to a sustainable economic development, and should be seen as social investment and as a positive factor for competitiveness. The Workers concluded that, based on the rich experience shown during the Meeting, a social protection floor is feasible and can strongly enhance economic and social development.
26. Workers and a number of governments made the case for the creation of an international labour standard on the social protection floor, since current existing instruments have been developed within a specific historical context of the Second World War and its aftermath. They are focused on standards relating to social insurance schemes, and an instrument on social assistance programmes is still lacking. The Employers expressed a preference for a non-binding mechanism given that for them a pragmatic approach based on best practices would be the most efficient mechanism to achieve the goal of extending coverage of social security.

I express my personal conviction that these conclusions will contribute to the implementation of the Global Jobs Pact, the Declaration on Social Justice for a Fair Globalization, and the advancement of the Decent Work Agenda.

Carlos Eduardo Gabas
Geneva, 4 September 2009