

# ILO Conventions and framework for the extension of social security



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# Structure of the presentation



- ILO's mandate and conventions on social security
- The challenge of the extension
- The new paradigm: two dimensional extension strategy
- Possible recommendation on the Social Protection Floor

# The extension of social security is part of ILO's mandate since 1944

- **1944 – Declaration of Philadelphia** on the goals and the objectives of the ILO
- ILO's solemn obligation to pursue “the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care”
- **Social security is a basic human right (Universal Declaration of Human Rights 1948)**



# The ILO is a standard setting institution

- ILO pursues its mandate through conventions and recommendations
- ILO's flagship Convention 102 (1952)
- Other up-to-date conventions
  - Employment Injury Benefits Convention, 1964 (No. 121)
  - Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128)
  - Medical Care and Sickness Benefits Convention, 1969 (No. 130)
  - Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)
  - and Maternity Protection Convention, 2000 (No. 183)
  - In addition, the Equality of Treatment (Social Security) Convention, 1962 (No. 118), makes provision for the equality of treatment between national and non-national workers with regard to coverage by the branches of social security

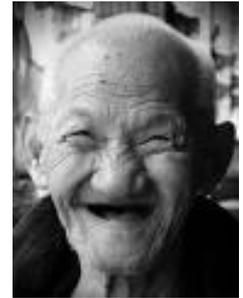
# The ILO is a standard setting institution

- ILO Convention 102 (1952) provides **guidance** for the design and implementation of social security
  - What is social security?
  - What are the minimum objectives in terms of level of protection and population covered?
  - What are the principles to be applied when designing and operating social security?
- Flexibility clauses to facilitate ratification

# What Convention 102 tells us?

- Social security is a set of public measures to provide protection against the financial consequences of 9 “risks” ...

**Old age**



**Ill health**



**Unemployment**

**Raising children**

**Work injury**

**Invalidity**

**Sickness**

**Maternity**

**Death of the breadwinner**



# What Convention 102 tells us?

- **Minimum standards** for each contingency

*Example:*

## **Unemployment benefits**

Periodical payment of 45% of previous earnings

50% of employees covered (or all residents of earnings below a limit)

Qualifying conditions to avoid abuse

Duration of at least 13 weeks within a period of 12 months

Minimum levels of benefits to be paid

Percentage of the population to be covered

Conditions for entitlement to benefits

Duration of benefits

# What Convention 102 tells us?

- **Seven guiding principles**

- 1 **The State is responsible** for the provision of benefits & proper functioning of the scheme
- 2 **Solidarity & pooling of risks**
  - Between men & women, rich & poor, generations
- 3 **Tripartite administration**
  - Representatives of covered persons must participate in the management or associated to the key decisions
- 4 **Collective financing of benefits**
  - Through contributions, taxation or both
  - Employees' contributions should not exceed 50% of the financial resources allocated (≠ Saving accounts)

# What Convention 102 tells us?

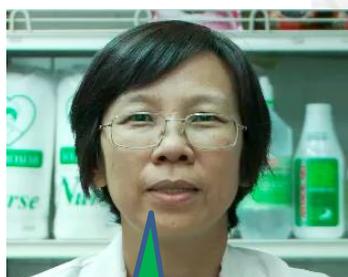
- **Seven guiding principles (continued)**
  - ⑤ **Adjustment of pensions** (to keep the purchasing power)
    - Following changes in the cost of living or general level of earnings
  - ⑥ **Right to appeal**
    - In case of the refusal of the benefit
    - Regarding the quality & quantity of benefits
  - ⑦ **Suspension of benefits**
    - If beneficiary absent from territory, receives other benefits, made a fraudulent claim ...

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# The challenge of the extension



50% of the children are living in poverty, many lack access to health and education

30% of the population do not have access to essential health care

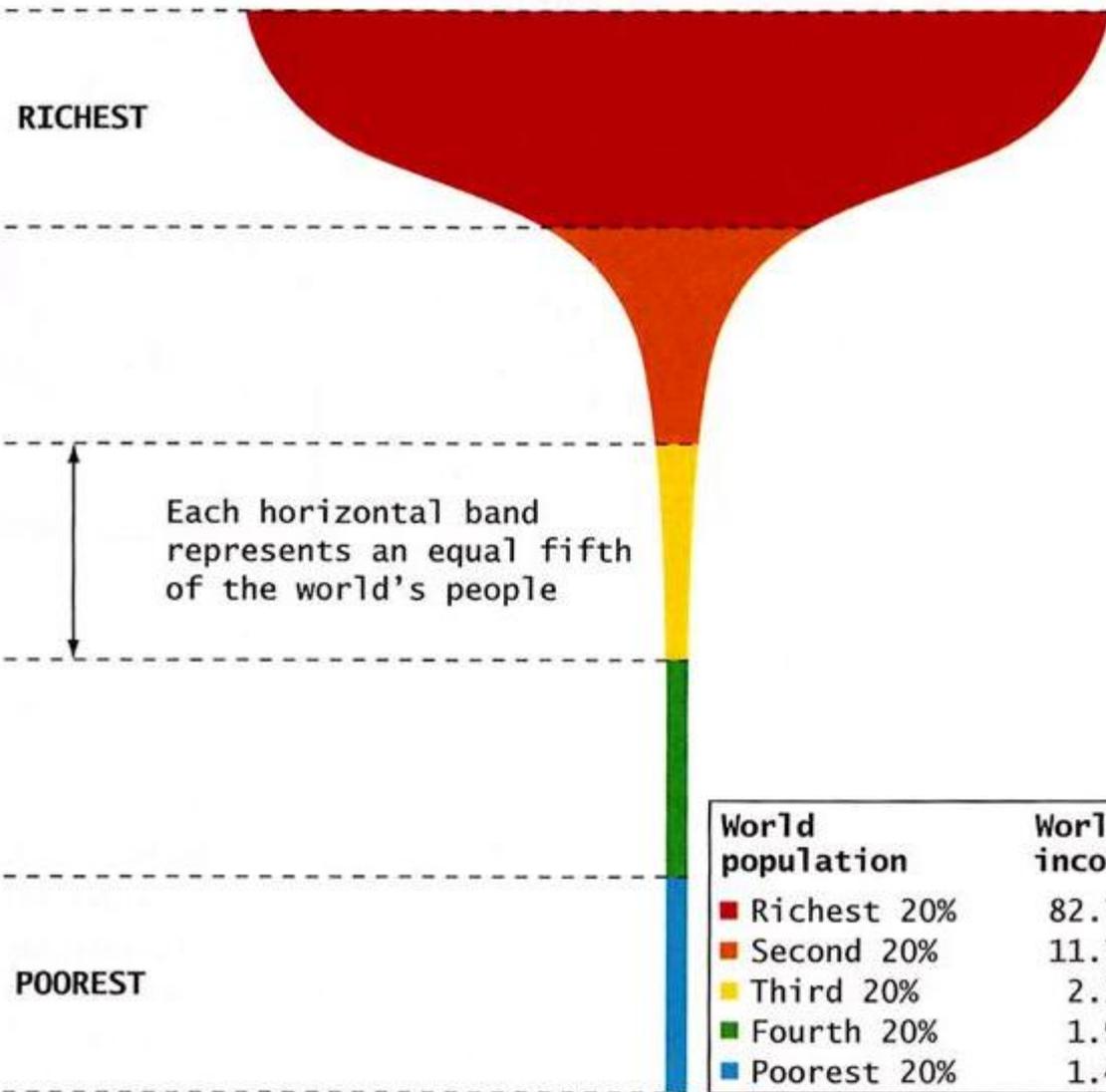
Only 15% of the working age population have access to unemployment benefits

60% of the elderly do not receive a pensions

>> Overall 80% of the World's population do not have access to comprehensive social security coverage

# An urgent need for social security

## Champagne-Glass Distribution



In a world challenged by

- Persistent inequality
- Social exclusion and increasing inequalities (polarization)
- Financial-economic crisis
- Natural disasters
- Growth based more and more on the domestic market
- Need for more productive and skilled workforce particularly in the aging societies

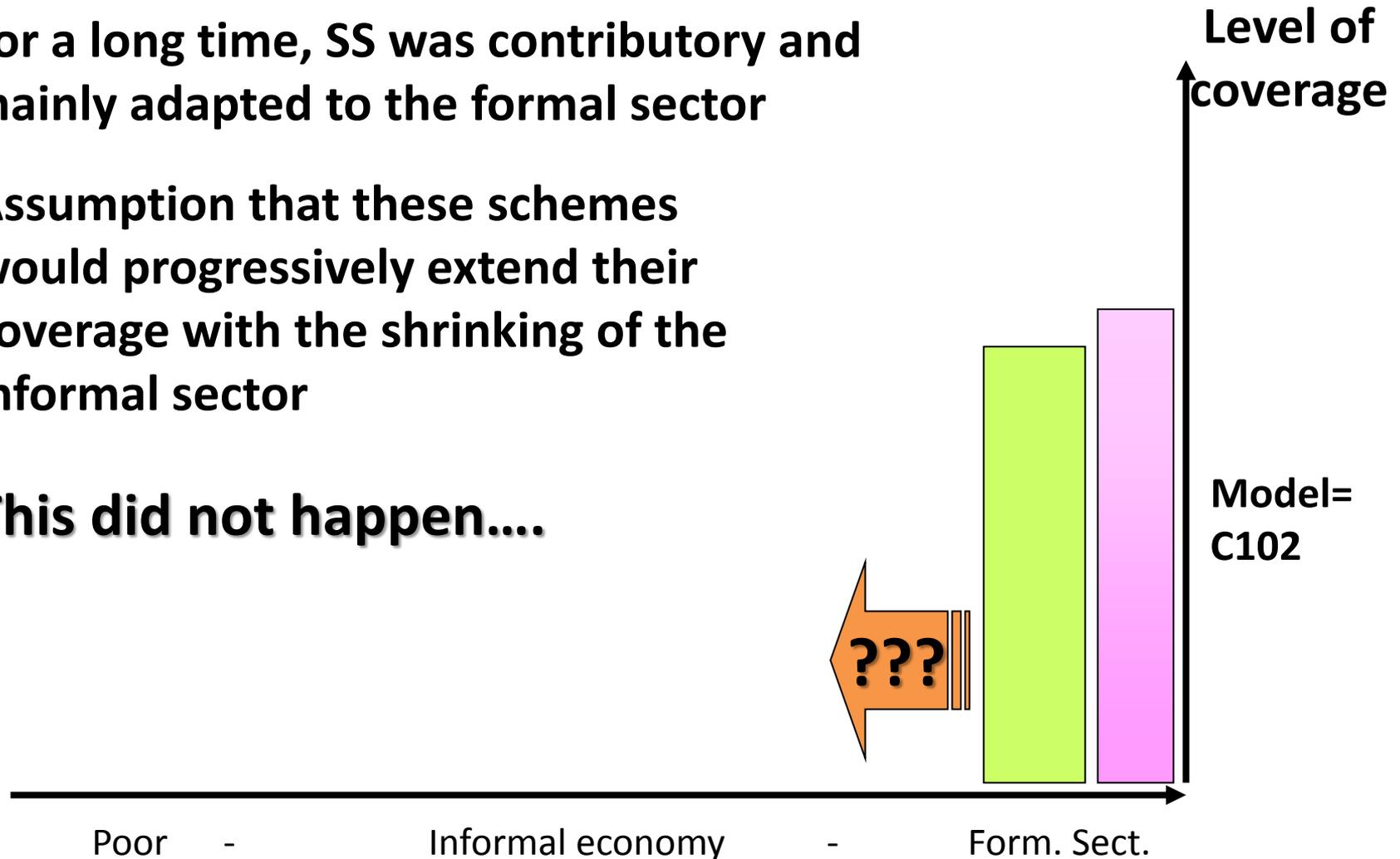
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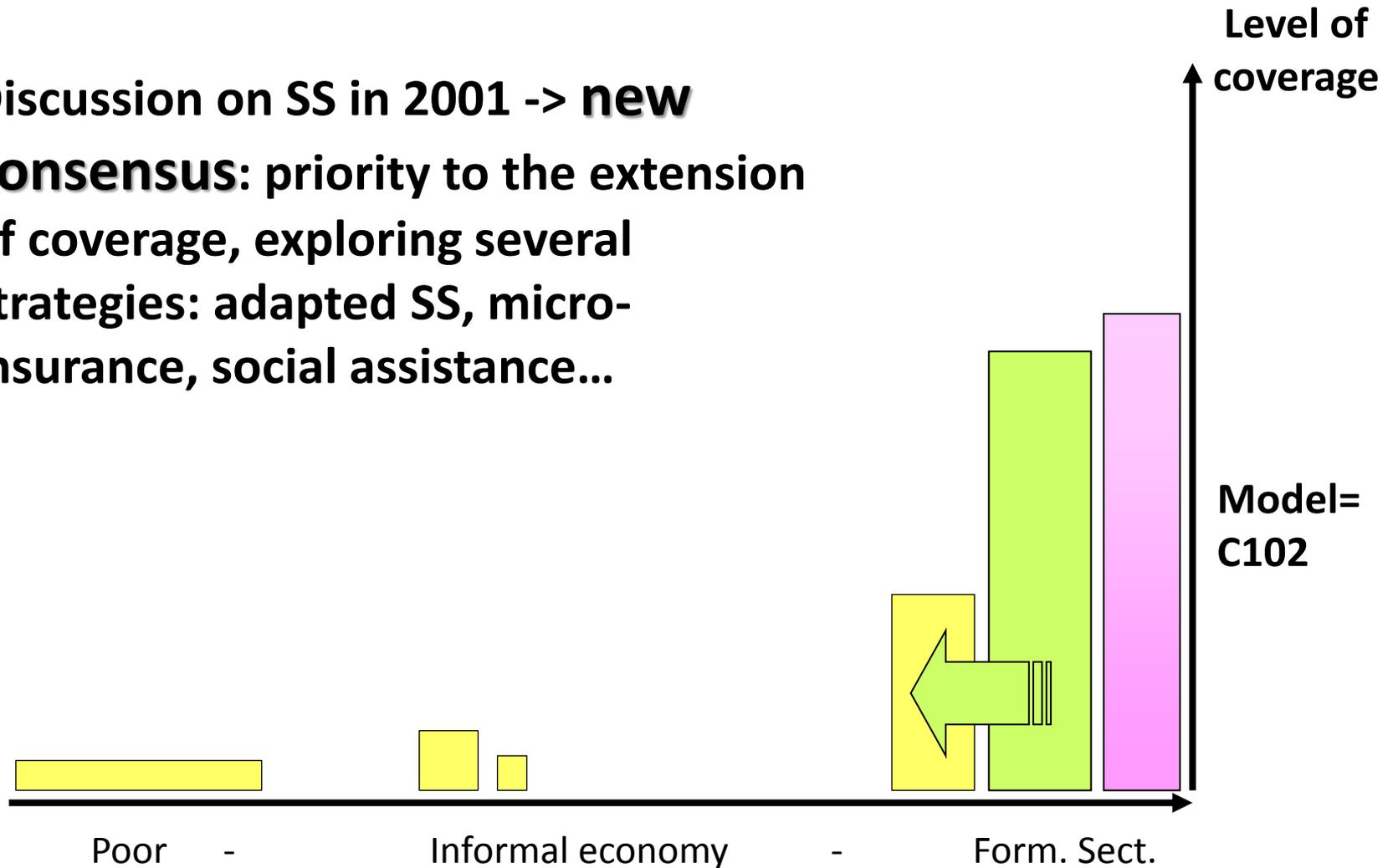
# But how to extend social security?

- For a long time, SS was contributory and mainly adapted to the formal sector
- Assumption that these schemes would progressively extend their coverage with the shrinking of the informal sector
- **This did not happen....**



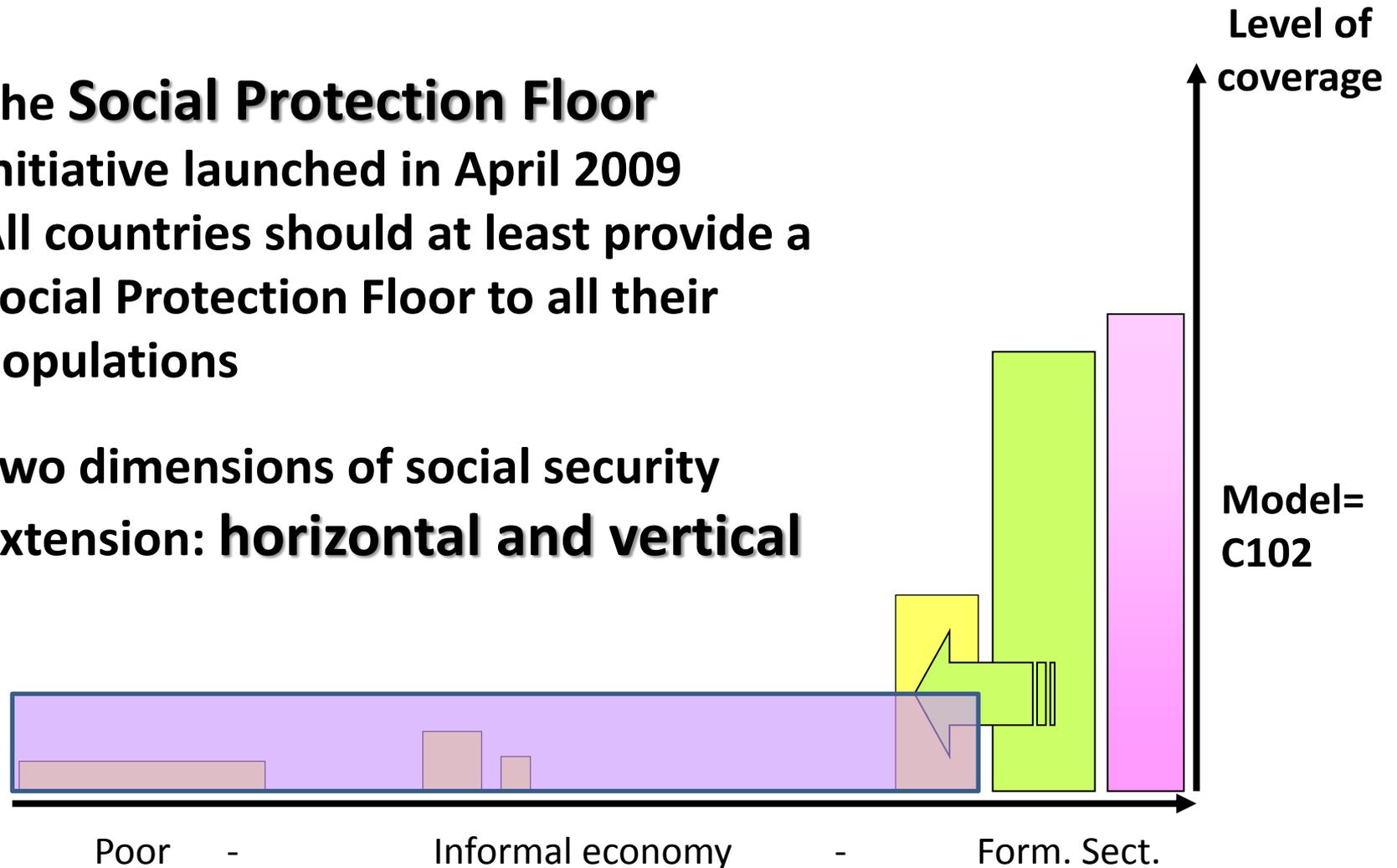
# But how to extend social security?

- Discussion on SS in 2001 -> **new consensus: priority to the extension of coverage, exploring several strategies: adapted SS, micro-insurance, social assistance...**



# Towards the two dimensional social security extension strategy

- **The Social Protection Floor** initiative launched in April 2009
- All countries should at least provide a **Social Protection Floor** to all their populations
- **Two dimensions of social security extension: horizontal and vertical**



# In a country with the Social protection floor



All residents have access to **essential health care**



All **children** enjoy **income security** through transfers in cash or kind → access to nutrition, education and care



All those in **active age groups** who cannot earn sufficient income enjoy a **minimum income security** (transfer in cash or in kind & employment guarantee schemes)



All **residents in old age** and with disabilities have **income security** through pensions or transfers in kind

# Four guarantees it can mean more than four contingencies

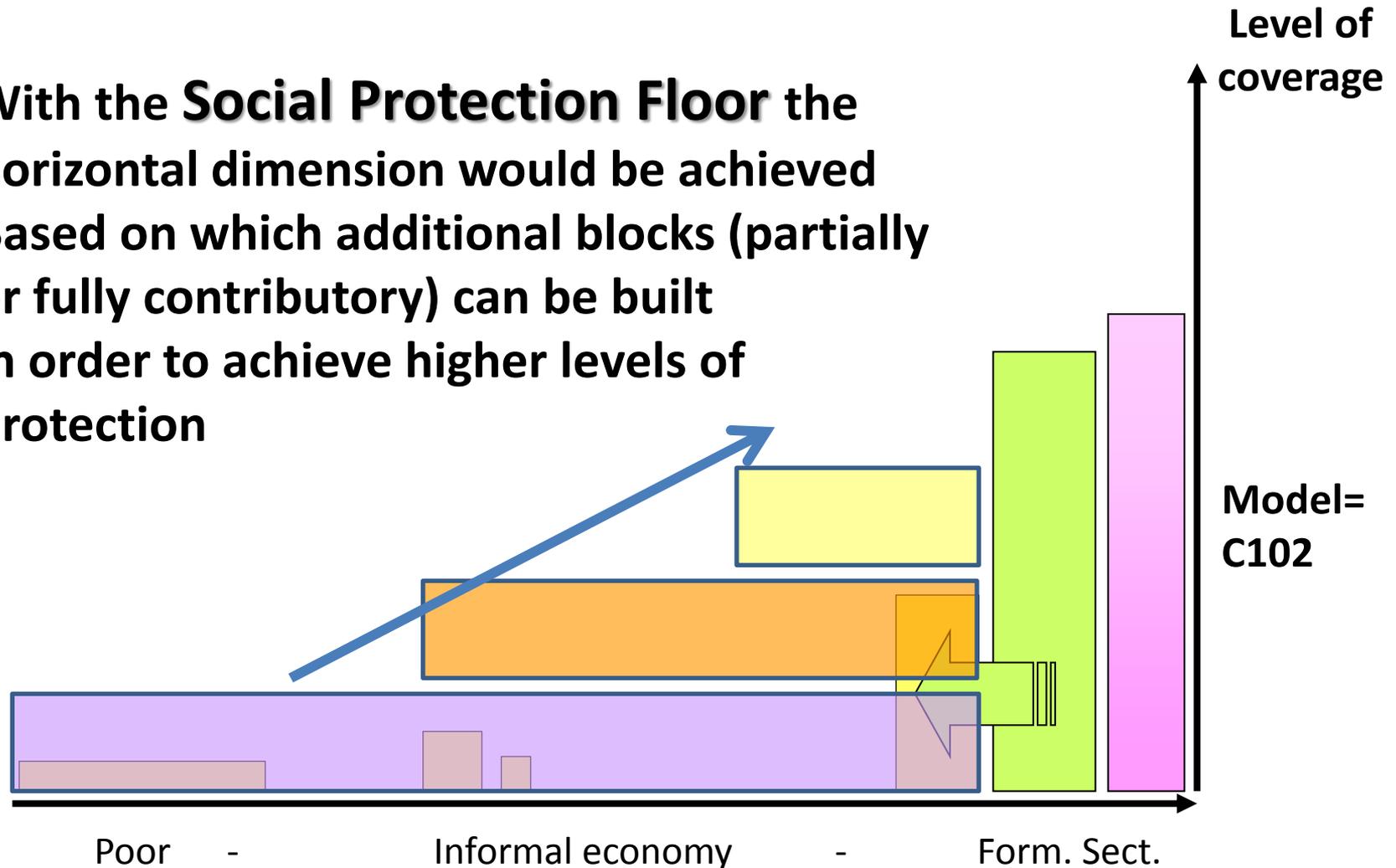
**Four guarantees it can mean many risks covered!**

*But the levels of protection (in % poverty line, minimum wage) will be usually lower than those under contributory schemes*

	Possible benefits under SPF	
Income security for the working age	Universal Coverage Scheme	
	Child allowance (% of the poverty line)	
	Universal disability pension (% of poverty line)	
	Sickness benefit (% of minimum wage)	Sickness
	Maternity benefit (% of the poverty line)	Maternity
	Skills development & allowance for the working poor	Unemployment
Income security for the elderly	Minimum pension (% of the poverty line with dependency factor)	Old age pension

# Towards the two dimensional social security extension strategy

- With the **Social Protection Floor** the horizontal dimension would be achieved
- Based on which additional blocks (partially or fully contributory) can be built
- In order to achieve higher levels of protection



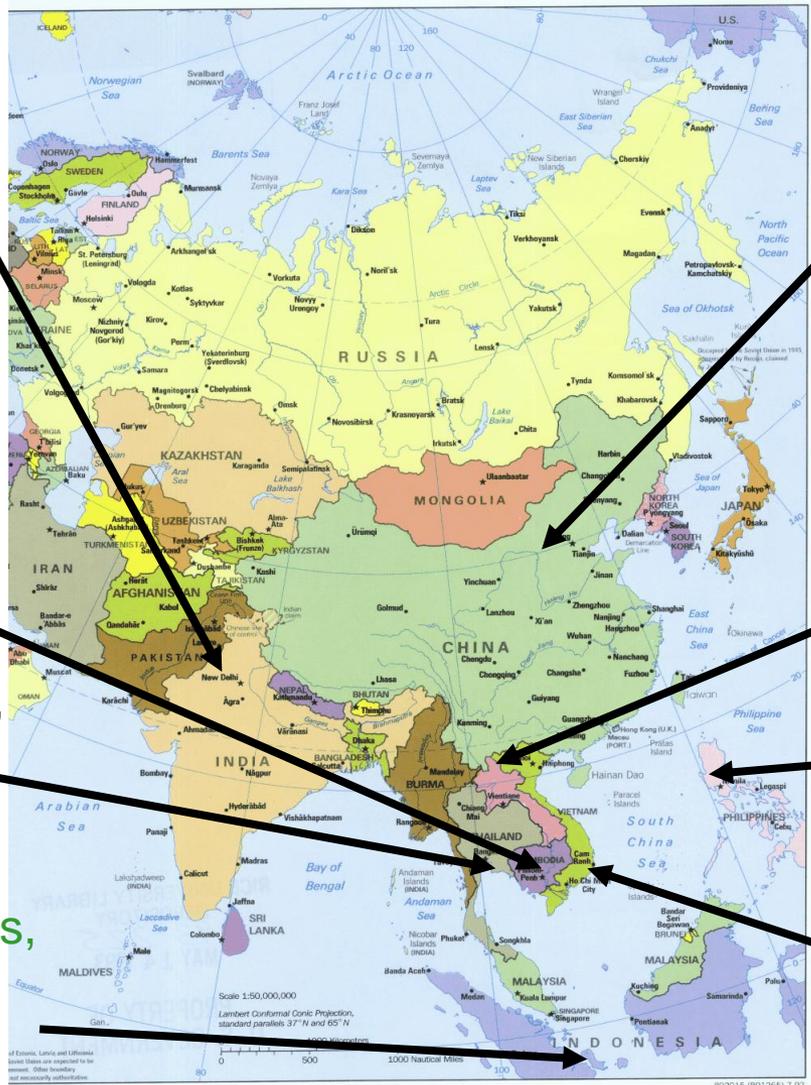
# Many elements of the SPF are already here in Asia → Relevance, South-South

**India:** RSBY, NREGA

**Cambodia:** CARD's NSPS with clear reference to the SPF ... including HEFs, CBHIs, Food distribution, PWP,...

**Thailand:** UC scheme, minimum pension scheme (500 THB)

**Indonesia:** Jamkesmas, Jampersal, PKH, Rice for the poor, PNPM



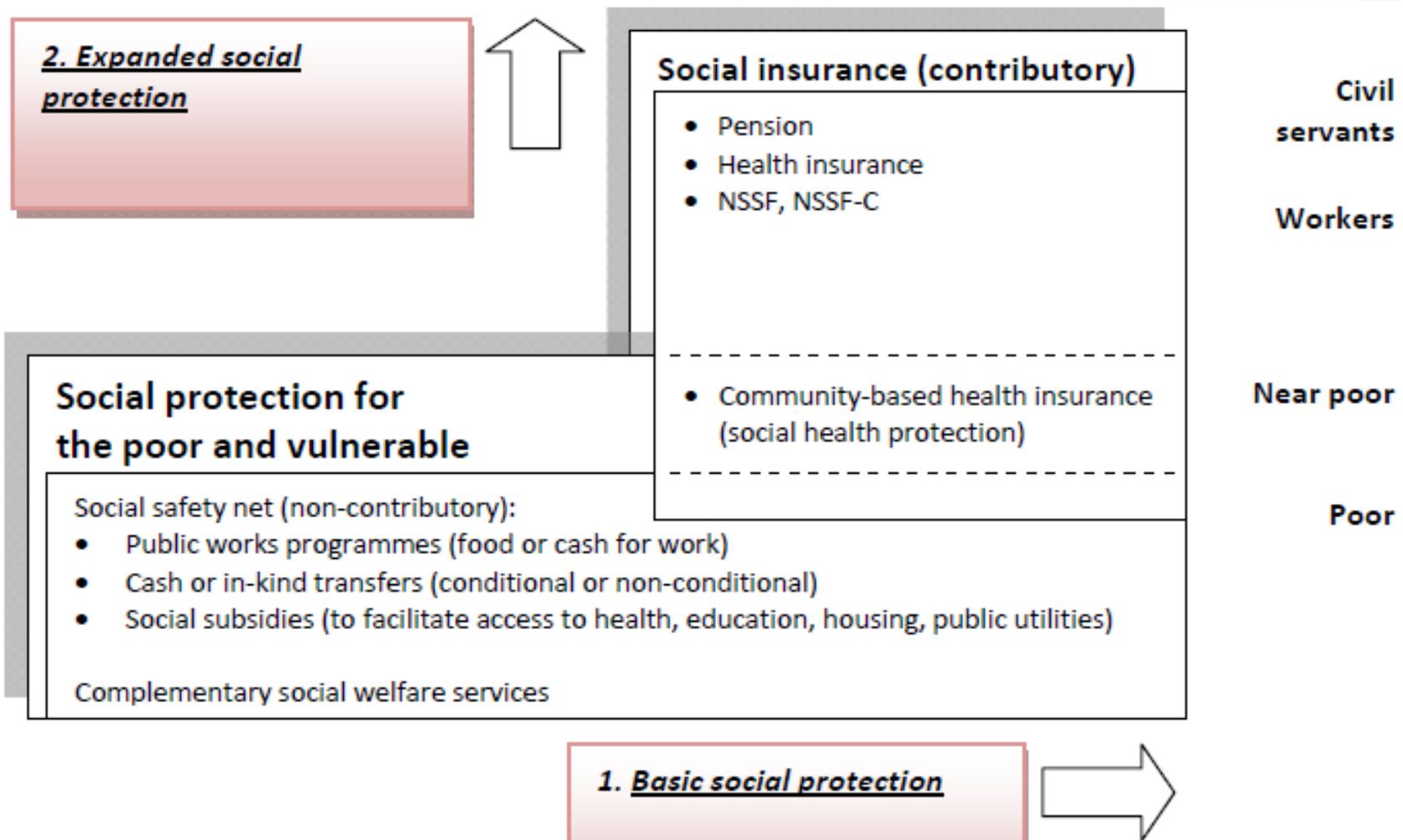
**China:** minimum living standard guarantee program; new rural corporative medical care (NRCMC); health insurance for urban uninsured residents (HIUR); rural old-age pension

**Lao:** extension of SHP for all

**Philippines:** 4Ps

**Vietnam:** 10 years Social security strategy

# The two dimensions in National Social Protection Strategies





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# Possible recommendation (R202)

June 2011

ILC Recurrent Discussion on social protection (social security)

- Resolution and conclusions concerning the recurrent discussion on social protection
- Decision on standard-setting item (single discussion) at ILC 2012 (GB)



August 2011

Law and practice report (white report)

- Summary of law and practice in member States
- Questionnaire on possible Recommendation on social protection floors (deadline: 1 November 2011)



March 2012

Final report (blue report)

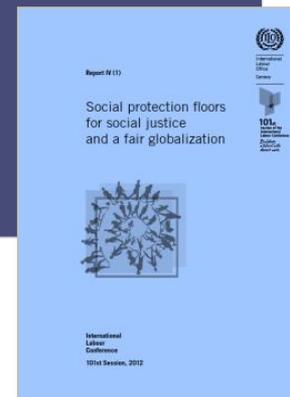
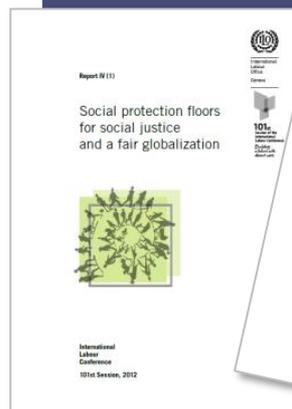
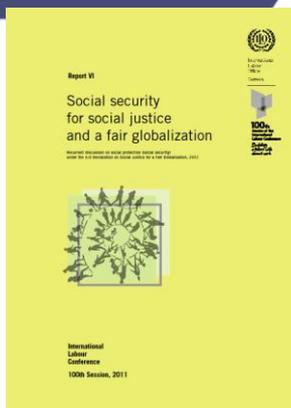
- Summary of Member responses to questionnaire
- Office draft of possible Recommendation



June 2012

ILC standard-setting item (single discussion)

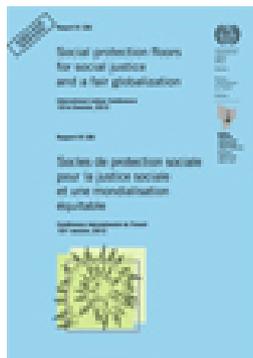
- Discussion of amendments
- Possible adoption of Recommendation on Social Protection Floors



# Possible recommendation (R202)

Text of the proposed Recommendation Report IV (2B) which will be discussed at the 101st International Labour Conference in June 2012 **is now available on line!!**

[http://www.ilo.org/ilc/ILCSessions/101stSession/reports/reports-submitted/WCMS\\_174637/lang--en/index.htm](http://www.ilo.org/ilc/ILCSessions/101stSession/reports/reports-submitted/WCMS_174637/lang--en/index.htm)



## Report IV(2B): Social protection floors for social justice and a fair globalization

28 February 2012

Volume 2(B) of this Report IV contains the French and English versions of the proposed text which, if the Conference so decides, will be the basis for discussion of the standard-setting item on the elaboration of an autonomous Recommendation on the social protection floor at its 101st Session (2012).