International Labour Organization

100 years of social protection: The road to universal social protection systems and floors

Volume 2: 52 country cases

Edited by

Valérie Schmitt
Quynh Anh Nguyen
Sven Engels

100 years of social protection: The road to universal social protection systems and floors

Volume II: 52 country studies

Edited by:
Valérie Schmitt
Quynh Anh Nguyen
Sven Engels

International Labour Organization • Geneva

ISBN 978-92-2-039388-8 (print)
ISBN 978-92-2-039389-5 (web pdf)

Information on ILO publications and digital products can be found at: www.ilo.org/publns.

Printed in Switzerland

Photo credit
Front cover: © shutterstock.com

Produced by the Publications Production Unit (PRODOC) of the ILO.

Graphic and typographic design, layout and composition,
printing, electronic publishing and distribution.

The ILO endeavours to use paper sourced from forests managed
in an environmentally sustainable and socially responsible manner.

Code: JMB-REP

Table of contents

List of figures

List of tables

List of boxes

About the authors

Editors of the Compendium

Valérie Schmitt, Deputy Director, Social Protection Department, ILO.

Quynh Anh Nguyen, former Policy Officer, Social Protection Department, ILO.

Sven Engels, former Policy Officer, Social Protection Department, ILO.

Authors of the country cases

Aidi Hu, former senior social protection specialist, Social Protection Department, ILO.

Amina Kurbanova, former National Programme Officer, ILO, Kyrgyzstan.

Ana Carolina De Lima Vieira, Social Protection Officer, Social Protection Department, ILO.

André Costas Santos, Technical Officer, Social Protection Department, ILO.

Anh Tran, Doctoral Researcher, Social Protection and Gender, University of Bremen.

Artiom Sici, Social Protection Consultant, ILO.

Bart Verstraeten, Director General, WSM.

Betina Ramírez López, former Social Protection Technical Specialist, ILO, Cambodia.

Cecilia Mbaka, Head, National Social Protection Secretariat, HelpAge International, Kenya.

Clara van Panhuys, Social Protection Officer, Social Protection Department, ILO.

Cristina Lobo, International Relations Division of the Directorate General for Social Security, Portugal.

Denise Monteiro, Technical Officer, ILO, Angola.

Dung Thuy Doan, former National Project Coordinator, ILO, Viet Nam.

Fabio Durán-Valverde, Social Protection and Economic Development Specialist, ILO, Costa Rica.

Fernando Sousa Junior, Social Protection Technical Officer, ILO, Cabo Verde.

Florencia Calligaro, Professor of Public Finance at the University of Buenos Aires, Argentina.

Gabrielle Smith, Independent Consultant.

Gijs Justaert, former Programme Coordinator for Latin America and the Caribbean, WSM.

Gustavo Picado, Gerente Financiero, Caja Costarricense de Seguro Social, Costa Rica.

Hellen Magutu, National Project Coordinator, ILO, Kenya.

Helmut Schwarzer, Head, Public Finance, Actuarial and Statistics Unit, Social Protection Department, ILO.

Henrik Axelson, Consultant, Health Financing and Health Policy.

James Canonge, Social Protection Officer, Social Protection Department, ILO.

Jasmina Papa, Social Protection Specialist, ILO, Russian Federation.

Joana Borges Henriques, Social Protection Specialist, ILO, Trinidad and Tobago.

José Francisco Ortiz-Vindas, Social Protection Officer, ILO, Costa Rica.

Juan José Zermeño Córdova, former Chief of Communication, Centro Interamericano de Estudios de Seguridad Social.

Júlio Tango, former Intern, Social Protection Department, ILO.

Katrien Liebaut, Fundraising Officer, WSM.

Katharina Bollig, Social Policy Consultant.

Kirthi Vardhana, Head of Consulting, LabourNet.

Kroum Markov, Social Protection Policy Specialist, Social Protection Department, ILO.

Laura Kreft, PhD Candidate, Ruhr University Bochum.

Lou Tessier, Health Protection Specialist, Social Protection Department, ILO.

Loveleen De, Social Protection Specialist, ILO, Lao PDR.

Luana Goveia, Social Protection Consultant, ILO.

Luis Cotinguiba, Social Protection Technical Officer, ILO, Mozambique.

Luisa Fernanda Carmona, Legal Officer, Social Protection Department, ILO.

Marcela Aguilar, PhD Candidate, Rice University.

Maria Conceição Sousa, International Relations Division of the Directorate General for Social Security, Portugal.

Maria Giulia Gaede Senesi, former Intern, Social Protection Department, ILO.

Marielle Phe Goursat, Chief Technical Advisor on Social Health Protection, ILO, Thailand.

Marta Cebollada Gay, Coordinator, Social Policy Department, Instituto Tecnológico Autónomo de México.

Martín Gómez, Social Protection Consultant.

Mathilde Mailfert, Health Financing and Social Health Protection Technical Officer, Social Protection Department, ILO.

Maya Stern Plaza, Social Protection Legal and Standards Officer, Social Protection Department, ILO.

Mélisande Masson, former Intern, Social Protection Department, ILO.

Milkah Chebii, Social Protection Payments Specialist, Financial Sector Deepening Kenya.

Mónica Recalde, Director of the General Directorate of Social Security, Labor Ministry, Paraguay.

Nard Huijbregts, Lead Social Policy Advisor, Economic Policy Research Institute.

Natália Sátyro, Associate Professor, Federal University of Minas Gerais, Brazil.

Netnapis Suchonwanich, Senior Advisor, Health Intervention and Technology Assessment Program, Thailand.

Nuno Martins, former Social Protection Officer, Social Protection Department, ILO.

Olivier Louis dit Guérin, Social Protection Consultant.

Oscar Cetrángolo, Professor of Public Finance at the University of Buenos Aires, Argentina.

Phomelelo Makondo, National Project Coordinator, ILO, South Africa.

Quynh Anh Nguyen, Social Protection Technical Officer, ILO, Cambodia.

Ricardo Irra, Social Protection Technical Specialist, ILO, Egypt.

Richard Chirchir, Principal Digital Technology Specialist, Development Pathways.

Rolando Lobo Marroquín, former Executive Deputy Director, Secretaría de la Mujer, Gobierno de San Salvador, El Salvador.

Rosa Cheng Lo, Social Protection Consultant.

Rubén Vicente Andrés, Social Protection Technical Specialist, ILO, Mozambique.

Samuel Arellano, Social Protection Consultant.

Shashank Ayyar, Marketing for Social Impact Consultant.

Santiago Fischer, Fundraising officer, WSM.

Silky Sehdev, Social Development Consultant.

Simeon Bond, Communication and Outreach Officer, Social Protection Department, ILO.

Sinta Satriana, Senior Associate, Social Policy Reasearch Institute.

Stefan Urban, former Social Protection Officer, Social Protection Department, ILO.

Thea Westphal, Social Policy Consultant.

Thibault van Langenhove, Social Protection and Decent Work Specialist, Expertise France.

Tiago Preguiça, Director General, Direção-Geral da Segurança Social.

Victoria Giroud-Castiella, Social Protection Officer, Social Protection Department, ILO.

Yasmine Harras-Pelletier, Project Manager, Agence Française de Développement.

Acknowledgements

This volume would not have been possible without substantive contributions from colleagues worldwide.

The planning, editing and proof reading of this publication greatly benefitted from the experience and support of Victoria Giroud-Castiella. The big task of editing the individual country studies was performed by Michael Rose.

The editors are grateful to many authors of the country studies (mentioned in the list of authors) that also contributed to this volume by peer reviewing studies written by other experts. They also acknowledge the contributions of many other experts that have carefully reviewed information contained in the country studies or provided additional inputs. These include (in alphabetical order): Maryam Abdu, Andrew Allieu, Christina Behrendt, Lucilla Maria Bruni, James Canonge, Luisa Fernanda Carmona, Nuno Castro, Kidist Chala, Gary Conway, Luis Cotinguiba, Nuno Cunha, Christina Dankmeyer, Nguyen Hai Dat, Loveleen De, Ana Carolina de Lima Vieira, Fabio Durán Valverde, Aya Gabr, Martin Hirsch, Shana Hoehler, Aidi Hu, Ayako Iyama, Kagisanyo Kelobang, Jie Yu Koh, Jurriaan Linsen, María Lourdes Macapanpan, Hellen Magutu, Kroum Markov, Inês Mendes, Guillermo Montt, Valeria Nesterenko, Rim Nour, Ana Ocampo, Malika Ok, Isabel Ortiz, Karuna Pal, Christianus Panjaitan, Jasmina Papa, Sara Park, Khem Phaokhamkeo, André Picard, Mikhail Pouchkin, Betina Ramírez-López, Shahra Razavi, Sandra Rothboeck, Thaworn Sakunphanit, Helmut Schwarzer, Noushin Shah, Jittima Srisuknam, Maya Stern Plaza, Arif Syaefuddin, Lou Tessier, Ippei Tsuruga, Rubén Vicente, Alemseged Woldeyohannes, and Michael Woodman.

Sincere thanks to all those mentioned, and others involved in finalizing this publication. Any errors are entirely the responsibility of the editors, not the reviewers.

Abbreviations

ABND	assessment-based national dialogue
AFP	pension fund administrator (El Salvador)
ALGI	Association of the Lao Garment Industry
AMUSSOL	Mutual Association of Solidarity Services (Dominican Republic)
API	Single Parent Allowance (France)
ASEAN	Association of Southeast Asian Nations
ASS	Specific Solidarity Allowance (France)
ATM	automated teller machine
BLK	Vocational Training Center (Indonesia)
BMZ	Federal Ministry for Economic Cooperation and Development (Germany)
BPJS	Social Security Agency (Indonesia)
BWI	Better Work Indonesia
CASC	Dominican Trade Union Confederation
CBHI	community-based health insurance
CCSS	Costa Rican Social Insurance Fund
CCT	conditional cash transfer
CDC	Centre for Disease Control (Kenya)
CDG	Care Dependency Grant (South Africa)
CDMX	Mexico City (Mexico)
CEO	Chief Executive Officer
CFA/FFA	Cash for Assets/Food for Assets (Kenya)
CG	Core Group (Philippines)
CHE	current health expenditure
CMHI	Compulsory Migrant Health Insurance (Thailand)
CMSA	Social Agricultural Mutual Fund (France)
CNAF	National Fund for Family Benefits (France)

CNPS	National Centre of Social Pensions (Cabo Verde)
CONADESUCA	National Committee for the Sustainable Development of Sugarcane (Mexico)
CONEVAL	National Council for the Evaluation of Social Programmes (Mexico)
COTU	Central Organization of Trade Unions (Kenya)
COVAX	COVID-19 Vaccines Global Access
COVID-19	coronavirus disease
CPCDMX	Political Constitution of Mexico City
CSG	Child Support Grant (South Africa)
CSMBS	Civil Servant Medical Benefit Scheme (Thailand)
CSPS	Civil Service Pension Scheme (Kenya)
CSU	Single Social Registry (Cabo Verde)
CT-OVC	Cash Transfer for Orphans and Vulnerable Children (Kenya)
DCS	Department for Children's Services (Kenya)
DGEEC	Directorate General of Statistics, Surveys and Censuses (Paraguay)
DILG	Department of the Interior and Local Government (Philippines)
DOLE	Department of Labor and Employment (Philippines)
DSA	Directorate of Social Assistance (Kenya)
DSD	Department for Social Development (Kenya, South Africa)
DSSS	Social Security Scheme (Dominican Republic)
DSWD	Department of Social Welfare and Development (Philippines)
EBAIS	comprehensive healthcare teams (Costa Rica)
ECOP	Employers Confederation of the Philippines
ENOE	National Survey of Occupation and Employment (Mexico)
ENSSB	National Strategy for Basic Social Protection (Mozambique)
EPP	small companies (Brazil)
EI	employment insurance
FCDO	Foreign, Commonwealth and Development Office (United Kingdom)

FCG	Foster Care Grant (South Africa)
FCP	Forest Conversation Programme (China)
FGTS	Employee's Severance Guarantee Fund (Brazil)
FFW	Federation of Free Workers (Philippines)
FKE	Federation of Kenya Employers
FMNCH	Free Maternal, Neonatal and Child Health (Lao People's Democratic Republic)
GBM	Grid-Based Management (China)
GDP	gross domestic product
GFD	General Food Distribution (Kenya)
GOLSABS	Government of Lesotho Social Assistance Benefits System
GSIF	Government Social Insurance Fund (Egypt)
GSIS	Government Social Insurance System (Philippines)
HDPR	Human Development and Poverty Reduction (Philippines)
HEF	Health Equity Fund (Lao People's Democratic Republic)
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
HSNP	Hunger Safety Net Programme (Kenya)
ICROP	Integrated Community Registration Outreach Program (South Africa)
ICT	information and communications technology
ID	national identification
IDHRSS	Integrated Database on Human Resources and Social Security (China)
IESS	Ecuadorian Social Security Institute
IFC	International Finance Corporation
IFE	emergency family income (Argentina)
ILO	International Labour Organization
IMF	International Monetary Fund
IMSS	Mexican Social Security Institute
INAS	National Institute of Social Action (Mozambique)

INE	National Institute of Statistics (Paraguay)
INEGI	National Institute of Statistics and Geography (Mexico)
INPS	National Institute of Social Insurance (Mozambique)
INSEE	National Institute of Statistics and Economic Studies (France)
INS	National Insurance Institute (Costa Rica)
INSS	National Institute of Social Security (Brazil, Mozambique)
IPS	Social Security Institute (Paraguay)
IPSS	Private Institutions of Social Solidarity (Portugal)
ISSS	Salvadoran Social Security Institute
ITC/ILO	International Training Centre of the ILO
IWG	Inter-institutional Working Group (Mozambique)
JHT	Old Age Protection *(Jaminan Hari Tu)* (Indonesia)
JK	Survivors’ benefits *(Jaminan Kematian)* (Indonesia)
JKK	Employment injury insurance *(Jaminan Kecelakaan Kerja)* (Indonesia)
JKN	National health insurance scheme *(Jaminan Kesehatan Nasional)* (Indonesia)
JP	Pensions *(Jaminan Pensiun)* (Indonesia)
Kg	kilogram
LFTU	Lao Federation of Trade Unions
LGBTI	lesbian, gay, bisexual, transgender and intersex
LSSI	Labour and Social Security Inspection (China)
LSSO	Lao Social Security Organization
MC	Management Committee (Lao People’s Democratic Republic)
ME	micro companies (Brazil)
MECG	Mother and Early Childhood Grant (Lao People’s Democratic Republic)
MEF	Ministry of Economy and Finance (Mozambique)
MEI	individual micro-entrepreneurs (Brazil)
MGCAS	Ministry of Gender, Children and Social Action (Mozambique)

MIS	management information system
MITSS	Ministry of Labour and Social Security (Mozambique)
MOH	Ministry of Health (Costa Rica, Lao PDR, Rwanda, Viet Nam)
MOHSP	Ministry of Health and Social Protection of the Population (Tajikistan)
MOI	Ministry of Interior (Thailand)
MOLSW	Ministry of Labour and Social Welfare (Lao People's Democratic Republic)
MOM	Ministry of Manpower (Indonesia)
MOSD	Ministry of Social Development (Lesotho)
MOSS	Ministry of Social Solidarity (Egypt)
MOSVY	Ministry of Social Affairs, Veterans and Youth Rehabilitation (Cambodia)
MOU	memorandum of understanding
MPSIR	Master Plan on Social Insurance Reform (Viet Nam)
MSE	micro and small enterprise (Brazil)
MTESS	Ministry of Labour, Employment and Social Security (Paraguay)
NAPC	National Anti-Poverty Commission (Philippines)
NBM	Network-Based Management (China)
NCPwD	National Council for Persons with Disabilities (Kenya)
NDMA	National Drought Management Authority (Kenya)
NEDA	National Economic and Development Authority (Philippines)
NGO	non-governmental organization
NHI	National Health Insurance (Lao People's Democratic Republic)
NHIB	National Health Insurance Bureau (Lao People's Democratic Republic)
NHIF	National Health Insurance Fund (Kenya)
NHS	National Health Service (Portugal)
NHSO	National Health Security Office (Thailand)
NISSA	National Information System for Social Assistance (Lesotho)
NOSI	National Organization for Social Insurance (Egypt)

NSPC	National Social Protection Council (Cambodia)
NSPP	National Social Protection Policy (Kenya)
NSPPF	National Social Protection Policy Framework (Cambodia)
NSPS	National Social Protection Strategy (Lao People's Democratic Republic)
NSSF	National Social Security Fund (Cambodia, Kenya, Lao People's Democratic Republic)
OAA	old-age allowance (Thailand)
OAP	old-age pension (Lesotho)
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
OISS	Ibero-American Social Security Organization
OOP	out-of-pocket
OPCT	Older Persons Cash Transfer (Kenya)
OSH	occupational safety and health
PAHO	Pan American Health Organization
PALOP	Portuguese-speaking African countries
PASD-PE	Direct Social Support Programme–Post Emergency (Mozambique)
PBM	Maior Brazil Plan
PDR	People's Democratic Republic
PES	public employment services
PhilHealth	Philippine Health Insurance Corporation
PIN	personal identification number
POESSA	Private Organizations Employees' Social Security Agency (Ethiopia)
PNAE	National School Feeding Program (Brazil)
PPP	small companies (Brazil)
PROSPECTS	Partnership for improving prospects for forcibly displaced persons and host communities
PSA	Philippine Statistics Authority

PSCM-PS	Mozambican Civil Society Platform for Social Protection
PSIF	Public and Private Social Insurance Fund (Egypt)
PSPs	Payment Service Providers (Kenya)
PSSB	Basic Social Subsidy Programme (Mozambique)
PsWD-CT	Cash Transfer for Persons with Disabilities (Kenya)
RAMA	Rwandan Health Insurance scheme
RAP	rapid assessment protocol
RBA	Retirement Benefits Authority (Kenya)
REDESIM	National Network for the Simplification of Company and Business Registration and Legalization (Brazil)
RISE	Simplified Tax Regime (Ecuador)
RMI	Minimum Subsistence Income (France)
RPL	recognition of prior learning
RSA	Activity Solidarity Income (France)
RSI	Social Inclusion Income (Cabo Verde)
RSSB	Rwanda Social Security Board
SALEX	salvadoreños en el extranjero
SARS	severe acute respiratory syndrome
SASS	State Authority for Social Security (Lao People's Democratic Republic)
SASSA	South African Social Security Agency (South Africa)
SAU	Social Assistance Unit (Kenya)
SBU	Unified Basic Salary (Ecuador)
SC-IS	Subcommittee on the Informal Sector (Philippines)
SCJN	Supreme Court of Justice (Mexico)
SDC	Social Development Committee (Philippines)
SDG	Sustainable Development Goals
SDSMAS	District Health, Women and Social Action Services (Mozambique)
SDSS	Dominican Social Security System
SFA	State Forestry Administration (China)

SHP	social health protection
SICA	Central American Integration System
SINACTRAHO	National Union of Domestic Workers (Mexico)
SINTRADOMES	National Trade Union for Domestic Workers (Dominican Republic)
SIPA	Integrated Argentina Pension System
SISTAFE	State's financial information system network (Mozambique)
SLCP	Sloping Land Conversion Programme (China)
SMG	State Maintenance Grant (South Africa)
SNS	National Health Service (Cabo Verde)
SPAS	Provincial Social Affairs Services (Mozambique)
SPF	social protection floor
SPIAC-B	Social Protection Inter-Agency Cooperation Board
SPOF	Social Protection Operational Framework (Philippines)
SPS	Social Protection Secretariat (Kenya)
SSA	Social Security Administration (United States)
SSC	Farmers' Social Insurance (Seguro Social Campesino) (Ecuador)
SSS	Social Security Scheme (Thailand)
SSSMBS	Social Security System's Medical Benefit Scheme (Thailand)
STyFE	Ministry of Labour and Employment Promotion (Mexico City)
TGF	textile, garment and footwear
TNM	Twin Network Management (China)
UCS	Universal Health Care Coverage Scheme (Thailand)
UERPP	Urban Employment and Reemployment Promotion Programmes (China)
UFS-CT	Urban Food Subsidy Cash Transfer (Kenya)
UHC	universal health coverage
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme

UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
US$	United States Dollars
USP	universal social protection
USSR	Union of Soviet Socialist Republics
VSS	Vietnam Social Security
WFP	World Food Programme
WHO	World Health Organization
WSM	We Social Movements

Introduction

In addition to claiming millions of lives, the COVID-19 pandemic has caused an unprecedented loss of jobs and livelihoods and exacerbated income insecurity around the world, highlighting the crucial importance of realizing the right to social security for all. Social protection and the right to social security have been an integral element of the mandate of the International Labour Organization (ILO) since its creation in 1919. ILO Member States are committed to achieving universal social protection as a precondition for social justice and cohesion, and to ensure that all members of society are protected if and when needed. This is achieved through a system that is anchored in social solidarity, whereby those who currently have the capacity to contribute support those who are currently in need. In return, all members of society are assured that they will be supported during their time of need.

To support Member States in achieving universal social protection, the ILO has established an international normative framework spanning 16 up-to-date social security standards. One of them, the Social Security (Minimum Standards) Convention, 1952 (No. 102), constitutes a landmark in defining the core elements of national social security systems, and remains highly relevant to this day. It sets out minimum standards of protection for each of the nine branches that form the core of social security, supporting people throughout their life course, and establishes core principles for the financing, governance, and management of social protection systems. Since 1952, the International Labour Conference has adopted several other Conventions and Recommendations related to social security, growing the normative framework around the design and implementation of the social protection system. While these standards may set ambitious targets, they have all been established through consensus among governments and workers' and employers' organizations worldwide and are, therefore, achievable by all countries. The most recently adopted standard, the Social Protection Floors Recommendation, 2012 (No. 202), aims to close the persistent gaps in social security coverage and adequacy. It reaffirms the right to social security for all members of society, encouraging countries to set up universal guarantees that apply to workers both in the formal and informal economy, while also supporting the growth of formal employment and the reduction of informality.

With the *World Social Protection Report* and the *World Social Protection Database*, the ILO keeps track of progress towards universal social protection and identifies global and regional policy trends. As of 2020, 46.9 per cent of the global population was effectively covered by at least one social protection benefit, while the remaining 53.1 per cent of the world's population – that is as many as 4.1 billion people – were left entirely unprotected. This means that they must fend for themselves when faced with ill health, loss of income, or catastrophic events. Furthermore, there are significant inequalities across and within regions, with coverage rates in Europe and Central Asia and the Americas being above the global average, while Asia and the Pacific, the Arab States and Africa have far more marked coverage gaps. Further disparities remain between rural and urban areas, and between women and men.

In view of these protection gaps, social protection systems must be vigorously reinforced. Challenges are manifold, as social protection systems operate in a context of high and sometimes growing levels of informality as well as inequality, institutional fragmentation and competing priorities for limited public resources. At the same time, megatrends such as technological change, population ageing, growing youth unemployment, migration and, of course, the consequences of climate change also have implications for national employment and social protection policies and may further exacerbate informality and inequalities.

These challenges may seem daunting. Yet, historical evidence shows that no country is too poor to prioritize social protection and to progressively develop its social protection systems for all. In fact, today many developing countries have similar levels of gross domestic product per capita to those of high-income countries when the latter started to develop their social protection systems. And over the past couple of decades, we have seen that many low- and middle-income countries across the world have managed to bolster their social protection systems and significantly expanded coverage.

It is important to draw lessons from their experiences. While the ILO's social security standards and policy guidance provide a normative framework for the development of national social protection systems, there is no one-size-fits-all solution. Policymakers must carefully consider the pros and cons of different options when it comes to the design, financing, and implementation of their social protection system. Comparative lessons from some of the measures taken by policymakers around the world can provide concrete examples of how the guiding principles set out in international labour standards can be achieved in practice.

100 years of social protection: The road to universal social protection systems and floors is a compendium of country studies on the development of national social protection systems and floors. It includes studies about the historical development of social protection in countries, and how international social security standards and the development of comprehensive national legal frameworks contribute to creating coherent and inclusive social security systems. It shows how national ownership is key to developing sustainable social protection systems, and how social dialogue is crucial in this process. It also covers how countries have developed their social protection system to take on the big challenges of our time – growing informality, crisis response and recovery, and fiscal pressures. The country studies are not intended to provide a "gold standard" nor seek to give comprehensive descriptions of a country's national social protection system. Instead, they focus on specific policy and implementation challenges which policymakers around the world may face. By learning from efforts undertaken elsewhere, we hope to inspire good practices in shaping national policies in support of the realization of universal social protection.

This publication constitutes the second volume of the compendium. The first volume, containing 50 country studies, was published as part of the ILO's 100th anniversary in 2019. At that time, we already foresaw the publication of a second volume that would bring us to a total of 100 country studies. What we did not foresee, however, was the vastly different context in which discussions around social protection would take place. In 2020, as governments worldwide scrambled to respond to the impacts of the COVID-19 pandemic, we witnessed the largest mobilization of social protection measures ever seen. These measures not only helped to protect people's health, but also protected the jobs and incomes on which well-being equally depends. Without them, the impact of the crisis on national economies would undoubtedly have been much worse. This experience has also shown that with strong political will, many of the bottlenecks that countries face in achieving universal social protection systems can indeed be overcome. Some of the country studies included in this publication provide concrete examples of national social protection measures enacted during the COVID-19 crisis. Others provide interesting examples of how countries have linked social protection to other policy measures to support just energy transition or to initiate a smooth transition to formal employment while increasing the fiscal space for social protection. These experiences are particularly relevant for the design and implementation of United Nations Secretary General's Global Accelerator on Jobs and Social Protection for Just Transitions launched in the aftermath of the crisis.

It is our hope that this compendium will be useful to social protection experts, policy-makers and advocates who wish to make a significant contribution to the 2030 Agenda by building social protection systems with a view to achieving universal social protection. Many of the authors of the country studies included are policymakers and technical experts who have participated in the development of such national systems and social protection floors. All of them were driven by the same vision – that of a world where the right to social protection is a reality for all – and a sense of duty to build a better world for future generations, a world with universal social protection.

Chapter 1: Building national social protection systems

▶ 1. Cabo Verde: Extending social protection by anchoring rights in law

Nuno Martins, Joana Borges Henriques and Fernando Sousa Jr.

Summary

Drawing on a legal framework that is in line with international social security standards, Cabo Verde has achieved a significant extension of legal and effective social protection coverage. The Constitution and additional legislation play an important role in promoting the development of a social security national legal framework and its implementation. The system is organized into three pillars: social assistance, compulsory social insurance and complementary voluntary insurance. The combination of contributory and non-contributory schemes forms a system that stands out as one of the most comprehensive and inclusive in sub-Saharan Africa.

Cabo Verde's experience is aligned with the guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202). More specifically, the present study explains how some of its principles have been applied, notably "universality of protection, based on social solidarity" (Para. 2(a)) and "entitlement to benefits prescribed by national law" (Para. 2(b)).

Main lessons learned

- Placing social security in the Constitution and the further promotion of the right to social security through a strong legal framework led to the establishment of a comprehensive social protection system that is in line with international social security standards and human rights principles.
- A rights-based approach allows citizens to fulfil their obligations and claim their rights to social security by requiring the state to protect, fulfil and promote social protection guarantees, independently of the government in office.
- Cabo Verde's experience shows that establishing a solid legal framework is an efficient move towards the extension of social protection legal and effective coverage.

1. The right to social security in the Cabo Verdean Constitution

The Constitution of 1992 laid down the foundations of the social protection legal framework of Cabo Verde, by recognizing social security as a fundamental right (art. 70). It guarantees that all citizens have the right to social security in the event of unemployment, sickness, disability, old age, survivorship and in all situations of lack or reduction of the means of subsistence or capacity to work. The Constitution also establishes the State's responsibility for the functioning of the system, its promotion, regulation and supervision, and its participative administration, with a view to achieving social solidarity, as enshrined in the Constitution.

In article 177, the Constitution of Cabo Verde also confers exclusive legal competence on the Parliament for the regulation of social security, establishing rights-based protection for social security rights and providing stability to the system.

The value and protection provided by the Constitution is the foundation of the rights-based approach taken by Cabo Verde regarding social protection and the nation's commitment to these rights. Based on this strong framework, the country has progressively moved towards universal social protection in recent decades.

The system itself is created and regulated by Law No. 131/V/2001, the Basic Social Security Law, which encompasses both non-contributory and contributory policies and schemes, bringing them all under the auspices of social protection.

2. Legal architecture of the Cabo Verdean social protection system

The social insurance law includes workers in all forms of employment and provides the same type of package, the main difference being with respect to unemployment insurance and family benefits, which are not available for the self-employed. Both employers and workers (including domestic workers) contribute to the system (15 and 8 per cent, respectively). However, with the inclusion of the unemployment benefit, contribution rates were adjusted to 14 and 8.5 per cent, respectively. For self-employed, the rate is 19 per cent.

In addition to contributory and non-contributory benefits, the country is also building a care system, also embedded in law, which provides different care services to the population.

Access to healthcare

The Constitution specifically guarantees universal access to health, irrespective of a person's economic circumstance, in article 71.

The Basic Health Law (Law No. 41/VI/2004) regulates the National Health Service (SNS), the body that brings together all the entities involved in the provision of health services. It is under the supervision of the Ministry of Health, which is responsible for formulating health policies, as well as regulating and controlling the provision of health services, with the assistance of advisory councils.

Decree-Law No. 10/2007 establishes the services provided by the SNS, including inpatient and outpatient, generalized and specialized care hospitalization and maternity care, as well as fees and co-payment rates. Decree-Law No. 10/2007 also defines the Essential

Primary Care Package, which is provided to all citizens free of charge or at a reduced cost and includes the detection and treatment of communicable and chronic diseases, as well as childhood healthcare and reproductive health.

The Social Assistance Pensioners Mutual Fund, created by Decree-Law No. 2/2006, provides additional benefits to pensioners covered by the non-contributory social pension scheme, including subsidies for the purchase of essential drugs not available in public pharmacies, limited to 3,750 Cape Verdean escudos (US$35) per year, as well as a funeral subsidy in the amount of 7,000 escudos (US$79). Decree-Law No. 2/2006 also foresees for the future, under conditions of improved financial reserves, the provision of preventive, curative and rehabilitative healthcare. Social pensioners can access these health benefits after a period of six months of contributions, set at a rate of 2 per cent of their social pension. The benefits are paid by the National Centre of Social Pensions (CNPS), created by Resolution No. 6/2006 and expanded by Decree-Law No. 46/2020, which is an autonomous public institution responsible for the integrated management of Cabo Verde's non-contributory social benefits.

Access to healthcare for employees in the public and private sectors, self-employed and domestic workers, is regulated by the Basic Social Security Law (Law No. 131/V/2001), the main legal text underpinning the social protection system of the country. Together with Decree-Law No. 5/200, it regulates the implementation of the contributory social insurance scheme, whereby active and retired insured persons and their dependants have access to medical care (general and specialist), hospitalization, medicine, physiotherapy treatments, prosthetics and orthopaedic appliances, as well as transportation and other medical care under the SNS but financed through the National Institute of Social Security. In order to benefit from medical care, workers need to be affiliated to the scheme for a minimum of four months and to have worked at least 30 days in the three months preceding the month of the occurrence of the contingency. Benefits are offered without limit of duration during the entire period of treatment. Services are provided through public hospitals and other structures, as well as private clinics and practitioners. All these non-pecuniary benefits are available to insured workers and their families.

This legal framework, which combines contributory and non-contributory mechanisms, together with the SNS health service provision, has allowed for a significant expansion of the country's legal health coverage, including to self-employed and domestic workers. Effective coverage remains at the centre of recent debates, particularly because of the differences in the services available in the various islands of Cabo Verde. However, it should be noted that a health evacuation service exists both within and outside Cabo Verde, which includes a monetary benefit and is anchored in law.

Social protection for children and families

Workers employed in the formal economy and their family members, in addition to retirees and dependants, receive family benefits from the mandatory contributory social security scheme, based on Basic Social Security Law No. 131/V/2001 (art. 27) and Decree-Law No. 5/2004 (arts 23 and 30).

The law guarantees family allowance benefits in the case of families with children under the age of 15 or children continuing their formal education until the age of 25, or for an indefinite period in the case of incapacity to work (Decree-Law No. 5/2004, arts 23 and 30). In addition, parents of the insured who do not have their own means of subsistence may also receive benefits. Benefits are allocated monthly and continuously as long as the requirements for receiving them are met. Benefits are limited to four dependants. The law does not provide a minimum period of affiliation for the receipt of the family benefit (Decree-Law No. 5/2004, art. 32).

Law No. 38/VIII/2013 for the non-contributory part of the social protection system also stipulates the coverage of children living in vulnerable and poor families and with disabilities by the social pension (with all the other health benefits provided through the mutual fund, as already mentioned in section A above). There is also “social assistance” in education, which allows the provision of hot meals in schools and the support of kits with the academic material needed for the year. It is important to mention that school education is mandatory up to the eighth grade and is provided free of charge.

Recently, through Decree-Law No. 41/2020, a cash transfer was institutionalized – the Social Inclusion Income (RSI) – with the objective of ensuring that the poorer and more vulnerable families have resources that contribute to satisfying their minimum needs and fostering their progressive social and labour inclusion. This cash transfer specifically targets women with children up to 15 years old. In addition to the cash benefit, it includes a family follow-up programme and a productivity inclusion programme to enhance employability and labour market integration. The RSI was established to fill the large gap that previously existed regarding children and families’ benefits. In 2017, there were 1,355 RSI beneficiaries. But after a drop by almost one quarter of that number the following year, in 2019 it rose again to 1,446. In 2020, there were 28,297 qualified beneficiaries.

Social protection for women and men of working age

The Basic Social Security Law (Law No. 131/V/2001), Decree-Law No. 5/2004 provide the main legal foundation for the social protection of the working-age population in Cabo Verde and Decree-Law No. 49/2009.

According to this law (art. 40), maternity benefit is paid during the 60 days in which female workers are legally away from their activities, in accordance with the Labour Code (Law No. 5/2007 and Decree-Law No. 5/2010).[1] Legal protection also extends to insured

1 This would fall below the minimum requirement set out in Convention No. 102, which requires that maternity benefits be paid for a minimum of 12 weeks.

self-employed and domestic workers, but not to informal economy workers. In addition to the maternity benefit, the law grants a nursing allowance during the six months after birth. Cabo Verde provides medical benefits in the case of maternity for antenatal and postnatal care, as well as for hospitalization under the Basic Social Security scheme for contributing women or spouses of employed men and otherwise under the SNS.

Cabo Verde's statutory social security system provides for cash benefits in cases of temporary incapacity for work not arising from an occupational accident or disease (Decree No. 5/2004, art. 46). The personal scope of application includes workers in the formal economy, public employees, domestic workers and the self-employed. The sickness benefit, which corresponds to 70 per cent of pre-contingency earnings, is paid for a maximum of 1,095 days, or 90 days for active retirees, after a waiting period of three days, in line with the Social Security (Minimum Standards) Convention, 1952 (No. 102). In order to receive sickness benefits, at least four months of enrolment and a minimum of 30 days of effective contribution are required in the three months preceding the contingency.

The Basic Social Security Law (Law No. 131/V/2001) also covers employees against the risks of disability and loss of the breadwinner. In the case of permanent invalidity with a loss of capacity for work equivalent to two thirds and five years of contributions, a disability benefit is paid in conformity with Convention No. 102 (Decree No. 5/2004, Article 69). Decree No. 5/2004 also provides the dependants of a deceased insured person with a survivor's pension and a funeral grant (arts 83 and 36). Children under 18 years of age (or up to 25 if studying or without age limit for children with disabilities) are eligible, in addition to the widow or widower.

Under Decree-Law No. 24/2006, superseded by Law No. 38/VIII/2013, people with disabilities aged 18–60 with a family income below the extreme poverty line are entitled to a social pension. The decree also grants survivors' pensions to the dependants of a deceased person who was in receipt of a social pension. The dependants, including the spouse or partner and dependent disabled heirs, are entitled to receive the fixed amount of 6,000 escudos (US$55) for 12 months if they are younger than 45 years and for life if older.

As of 1978, Decree-Law No. 84 and the more recently updated Decree-Law No. 58/2020 makes employment injury insurance compulsory for employed workers and self-employed, members of cooperatives, apprentices and trainees, as well as volunteer workers. Insured workers can benefit from temporary incapacity and permanent disability benefits, as well as a survivor's pension and funeral grant. However, employment injury insurance is managed by private insurance companies.

Decree-Law No. 15/2016 introduced a contributory unemployment insurance scheme in Cabo Verde for formal sector workers only. In the case of involuntary unemployment, insured workers receive 65 per cent of their average salary in the six months before unemployment (up to a maximum of 2.5 times the national minimum wage) for a duration of two or three months if the insured contributed more than 24 months of

Table 1. Overview of Cabo Verde's legal framework for social protection

	Health		Children and families	Working age	Old age
Workers in the informal economy		Law 131/V/2001 Decree No. 5/2004	Law 131/V/2001 Decree No. 5/2004	Law 131/V/2001 Decree No. 5/2004 Decree-law No. 84/78 Decree-law No. 15/15	Law 131/V/2001 Decree No. 5/2004 Decree-law No. 24/2006
Domestic workers, self-employed workers				Decree-law No. 48/2008 Decree-law 49/2009	
Workers in the informal economy	Law 41/IV/2004				
Poor and vulnerable		Decree-law No. 2/2006[1] Decree-law No. 23/2021 Resolution No. 23/2021	Law No. 32/VIII/2013 Resolution no. 143/207 Implementing Decree No. 7/2018 Decree-law No. 41/2020 Resolution No. 81/2020 Decree-law No. 54/2020	Decree-law No. 2/2006[2] Implementing Decree No. 7/2018 Decree-law No. 41/2020 Resolution No. 81/2020	Law 131/V/2001 Decree-law 2/2006 Law 38/VIII/2013 Resolution No. 143/2017 Implementing Decree No. 7/2018 Decree-law No. 54/2020

[1] Paid only for pensioners in the non-contributory scheme. [2] Disability benefit.

Source: Author's elaboration.

contributions. The benefit is paid for an additional month for unemployed persons older than 35 and an additional two months for those older than 50.

While Cabo Verde has made significant progress with regard to strengthening its social protection legal framework covering many kinds of workers – formal sector workers (private and public), self-employed and domestic workers, although not informal economy workers – effective coverage remains a challenge under both contributory and non-contributory schemes (see Table 1).

Social protection for older women and men

Cabo Verde has made great strides in recent years towards a system of universal pension coverage, establishing a legal framework, in line with Convention No. 102 and Recommendation No. 202, for various old-age coverage approaches.

- Social pensions are granted to persons aged 60 or older who do not participate in the contributory scheme and live below the poverty line. Provided by the CNPS, these pensions guarantee basic income security and are fully financed by the national State budget. Decree-Law No. 24/2006[2] implementing and regulating social pensions was a milestone towards achieving universal pension coverage.
- Compulsory social insurance (Law No. 131/V/2001) was established for insured persons aged 60 for women and 65 for men, with at least 12 years of contributions (15 years of contributions as of 2023).
- A complementary voluntary pension insurance scheme is under development.

Access to old-age pensions/income guarantees for survivors was extended to Cabo Verdeans living outside the country through Decree-Law No. 54/2020. In 2021, this pension would cover about 1,300 pensioners living outside Cabo Verde, particularly in five African countries.

While the three schemes jointly provide legal coverage to 84.8 per cent of all older persons above retirement age, there remain concerns about the adequacy of the pensions to provide income security to older persons (ILO 2021).

3. Towards a comprehensive social protection legal framework based on international social security standards

The legal framework of Cabo Verde is based on essential principles that guide the State's social protection-related policies and schemes and echo those entrenched in international social protection standards. These are embedded in the provisions of the law and elaborated in article 6 of the Basic Social Security Law, in particular the principles of universality, adequacy, equality, solidarity and State responsibility. To fulfil

2 Superseded by Law No. 38/VIII/2013.

these principles, the legal framework has developed the social protection system both in the horizontal dimension (providing basic social protection to the full population) and the vertical dimension (providing comprehensive and adapted benefits).

Cabo Verde has demonstrated that with political will and a balanced combination of contributory and non-contributory benefits anchored in law and its institutionalization, it is possible to take remarkable steps towards the achievement of universal social protection. The 2009 Decrees-Laws Nos. 48 and 49 were fundamental in this process as they included self-employed and domestic workers under the general compulsory social insurance regime, instead of creating parallel mechanisms of social protection. In addition, a simplified system of tax and social security contribution payment was created through Law No. 70/VIII/2014 in order to increase micro and small enterprises' incentives to contribute.

At the international level, Cabo Verde ratified the Equality of Treatment (Social Security) Convention, 1962 (No. 118) in 1987 and Convention No. 102 in 2020, becoming the first African Lusophone country to take this important step to protect and develop social protection rights. This will also be critical in guiding the country in the progressive achievement of universal social protection, in line with internationally agreed benchmarks.

4. Impact

In the last decade, in order to implement the legal framework described above, Cabo Verde has invested in its social protection system through more effective and efficient allocation of domestic resources. As a result, social protection has become increasingly important on the political agenda and in the way it is viewed in the context of economic growth. More and better investments in social protection have yielded positive results in national socio-economic indicators, such as increasing the effective social security coverage of the population of Cabo Verde from 35.1 per cent in 2016 to 42.9 per cent in 2020.

The robust legal framework has also translated into improvements at operational levels. A relevant example of this is the Single Social Registry (CSU), which was established to identify, register and maintain up-to-date information, especially related to current and potential social assistance beneficiaries. In addition, the establishment of the CSU has also led to improved coordination between the social protection system and other institutions by linking the management information systems of social insurance, social assistance and healthcare providers, among others (water and electricity access to social tariffs, housing and so on).

5. Way forward

Despite the progress made, Cabo Verde faces many challenges. First, the COVID-19 crisis had a very substantial impact on the national economy and its capacity to mobilize domestic resources for the extension of social protection.

When the COVID-19 crisis hit, the robust legal framework was a key factor that allowed the Government to provide a timely and adequate response. For instance, the creation of the Emergency Social Inclusion Income was based on reinforcement of the pre-existing RSI, which was initially established in Decree-Law No. 41/2020.

In addition, the inclusion of self-employed workers under the general regime allowed the Government to quickly identify beneficiaries for the emergency Solidarity Income Benefit who had previously had no access to the unemployment or basic lay-off benefits.

In the future, the Government needs to ensure that improvements in legal coverage will translate into higher effective coverage. In addition, there is also a need to ensure the inclusion of workers in the informal economy into the country's contributory schemes. Financial sustainability will also be a challenge, considering that the most recent extension of coverage of cash transfers (targeting up to 29,000 poor households) is being made through loans from international financial institutions and that the social insurance system faces increased expenses due to the COVID-19 pandemic.

6. References

Durán-Valverde, Fabio, Jorge Flores Aguilar, José Francisco Ortiz Vindas, Daniel Muñot Corea, Ana Carolina de Lima Vieira, and Lou Tessier. 2013. "Innovations in Extending Social Insurance Coverage to Independent Workers: Experiences from Brazil, Cape Verde, Colombia, Costa Rica, Ecuador, Philippines, France and Uruguay". Extension of Social Security Working Paper No. 42. ILO.

Ferreira, Orlando. 2003. "Extending Social Security: Challenges for Cape Verde". Extension of Social Security Working Paper No. 15. ILO.

ILO. N.d. "Cabo Verde". World Social Protection Data Dashboards. Accessed 19 April 2023

———. 2011. *General Survey concerning Social Security Instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization: Social Security and the Rule of Law*. ILC.100/III/1B.

———. 2012. *A proteção social em Cabo verde: situações e desafios*.

———. 2013. *A Extensão da Cobertura do Seguro Social aos Trabalhadores Independentes: Boas Práticas Internacionais*.

———. 2015. "Universal Pensions for Older Persons: Cabo Verde", Social Protection in Action: Building Social Protection Floors

———. 2017. *World Social Protection Report 2017–19: Universal Social Protection to Achieve the Sustainable Development Goals*.

ISSA (International Social Security Association) and SSA (Social Security Administration, United States). 2019. "Cabo Verde", Social Security Programs Throughout the World: Africa, 2019.

Pacheco Jiménez, José. 2013. *Estratégias de Financiamento do Setor Saúde Caboverdiano*. ILO and WHO.

Pena, Hernán, Fabio Durán Valverde, and Jacqueline Castillo Rivas. 2012. *A cobertura contributiva do INPS de Cabo Verde: Análise e recomendações*. ILO.

WHO (World Health Organization). 2008. *Governação do Sistema de Saúde em Cabo Verde*.

2. Portugal: Translating constitutional rights into legislative protections

Tiago Preguiça, Cristina Lobo, Maria Conceição Sousa, Mélisande Masson, Maya Stern Plaza, and Luisa Fernanda Carmona

Summary

In contrast to other countries that enshrine only a general acknowledgement of social rights in their Constitution, the Constitution of Portugal dedicates an entire chapter to social rights and duties, including the right to social security, health protection, and adequate housing. It defines the main social risks that shall be covered by the different components of the social security system and establishes a set of fundamental principles for guaranteeing the right to social security, such as the principle of universality, unity and complementary of protection, general responsibility of the State, and participation. This right to social security is further reinforced in national legislation, which defines the contingencies covered, the person protected, and guiding principles on eligibility as well as the level and duration of benefits.

As a result, Portugal has effectively constructed a comprehensive social protection system founded on a sound legal framework. The system's progress is rooted in its continual evolution, whereby strategies and solutions are developed to overcome new challenges, supporting the progressive implementation of nationally appropriate social protection for all.

Portugal's efforts to translate constitutional rights into legislative protections are in line with the core principles set out in the Social Protection Floors Recommendation, 2012 (No. 202), including the universality of protection based on social solidarity, the provision of high-quality public services that enhance the delivery of social security systems, and the accessibility of efficient complaint and appeal procedures.

Main lessons learned

- Legal frameworks are key to materialize the right to social security, and even more so when the Constitution lays down this right providing a basis for its implementation.
- Having a strong constitutional and legal framework limits the risk of drastic reductions in social spending during times of austerity and promotes the progressive realization of the human right to social security.
- The international legal architecture with respect to the right to social security, including human rights instruments and the standards developed by ILO's tripartite constituents,

provide a useful reference framework for developing rights based social protection systems.

- The ratification and application of ILO social security standards provide a guiding framework to ensure universal access to comprehensive, adequate, and sustainable social protection.
- Comprehensive legal frameworks help ensure the coherence and coordination across the contributory and non-contributory schemes and programmes that make up the national social protection systems.
- Legal frameworks should continuously be adapted with a view to progressively ensuring Universal Social Protection.

1. Context

The Portuguese social security system has greatly evolved since it was first created in 1935. Late industrialization, urbanization, high emigration levels, and the country's democratization since 1974 led to substantial changes in the structure and administration of social security to ensure universal coverage. More recently, the ageing population combined with the impact of the global financial crisis has led to additional changes in the national legal framework to ensure both the sustainability of the social protection system and its compliance with fundamental rights enshrined in the national Constitution.

In line with international social security standards (see box 1), and with a view of achieving comprehensive and adequate protection for all throughout the course of life, the Portuguese national legal framework outlines a combination of contributory and non-contributory schemes providing in cash and in-kind benefits, resulting in a comprehensive normative framework that guarantees the practical realization of the right to social security.

Notably, the Social Security Framework Law (No. 4/2007), in coordination with the Framework Law on Health (No. 95/2019), sets the legal foundations for a comprehensive social protection system that embodies the general principles and safeguards found throughout ILO social security standards, including the landmark Social Security (Minimum Standards) Convention, 1952 (No. 102), which Portugal ratified in 1994. As such, Portugal's legal framework reflects many constitutional principles and rights, such as the principle of universality and equality, effectively guaranteeing universal coverage of all residents and children, irrespective of nationality and professional status and sets out the general structure of the Portuguese social security system. It can be noted that this framework model has been applied in most Lusophone countries in the African region (Cabo Verde, Angola, and so on) and beyond (Timor-Leste).

The Portuguese social security system lies on three pillars: the "Citizenship" social protection pillar (non-contributory pillar), the "Previdential" pillar (contributory), and

▶ Box 1. ILO social security standards

ILO social security standards represent a unique set of legal instruments that give a concrete meaning to the human right to social security enshrined in the Universal Declaration on Human Rights (1948) and the International Covenant of Economic, Social and Cultural Rights (1966). As such they guide the development and implementation of comprehensive social security systems and contribute to attaining the 2030 Agenda for Sustainable Development, in particular the goals of eradicating poverty, ensuring good health and well-being, gender equality, decent work, and reducing inequalities.

The ILO's normative framework, and notably the landmark Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Social Protection Floors Recommendation, 2012 (No. 202), are globally recognized as a key reference for the design of rights-based, sound and sustainable social protection systems, including floors. Both standards are also grounded in a set of core financing, governance and administration principles.

Recommendation No. 202 calls on member States to establish, as a priority, social protection floors for all in need, and to progressively ensure higher levels of social security to as many people as possible, as soon as possible (ILO 2019). In particular, the Recommendation provides that social protection floors should be comprised of basic social security guarantees, which should ensure at a minimum that, over the life cycle, all in need have access to essential health care and to basic income security (paragraph 4). It also builds on the principles set out in Convention No.102, including universality of protection, progressive realization, social inclusion, solidarity in financing, regular monitoring and evaluation and coherence across economic, social and employment policies.

the "Supplementary" pillar (additional voluntary protection). This structure reflects Portugal's comprehensive, coordinated, and dynamic approach to social protection rooted in its constitutional commitment to the welfare State, successfully safeguarding the human right to social security over time and throughout political and financial cycles.

Under the overall supervision of the Ministry of Labour, Solidarity and Social Security, the Social Security Institute is responsible for the administration and management of the social protection system, which includes cooperation with and tutelage of other stakeholders, such as Instituições Particulares de Solidariedade Social (IPSS) – private non-profit institutions that provide relevant social services to the most vulnerable.

2. The right to social security in the Constitution of Portugal

Legal frameworks constitute the formal expression of fundamental rights proclaimed by human rights instruments due to their binding and stable nature. They set down the specific details and parameters for the practical realization of rights. This is especially true when rights are enshrined in national Constitutions. In Portugal, access to essential health care and basic income security over the life cycle is rooted in an extensive national constitution, first adopted in 1976.

In contrast to other countries that enshrine a general acknowledgement of social rights, Portugal dedicates an entire chapter to social rights and duties, including the right to social security, health protection, and adequate housing. The Portuguese provisions include specific definitions on the content of social security rights, the organization of welfare institutions, and imperative social policy considerations to establish a comprehensive and coordinated social protection system (Magalhães, 2010; Brito Vieira and Carreira da Silva 2013).

The Constitution enshrines the right to protection against main social risks through multiple detailed provisions:

- Workers' rights (article 59) – The right to material assistance when they involuntarily find themselves unemployed, as well as assistance and fair reparation in case of work-related accidents or occupational diseases.
- Social security and solidarity (article 63) – The right to protection in case of illness, old age, disability, survivorship, unemployment and any other situation that entails a lack of or reduction in means of subsistence or ability to work.
- Health (article 64) – The right to health protection.
- Family (article 67) – The family's right to protection through the provision of family benefits, among others.
- Fatherhood and motherhood (article 68) – The protection of fatherhood and motherhood through the provision of adequate periods of leave from work without loss of remuneration or privileges, particularly for mothers during and following pregnancy.

The Constitution also reflects multiple fundamental principles established by Convention No. 102 and Recommendation No. 202. These are further upheld by the Social Security Framework Law and the Framework Law on Health. Among others, articles 63 and 64 of the Constitution prescribe the universality of protection and the public nature of the system, establishing the State's duty in organising and coordinating the social security and national health systems. The Constitution also guarantees the right to health protection through a national, universal and general health service that takes into account the economic and social conditions of the persons protected. It equally imposes additional protection and policy considerations for vulnerable groups such as children, youth, older persons, and persons with disabilities (articles 69 to 72).

The accountability mechanisms, set out also in the Constitution, accompany the State's responsibility in the provision of essential healthcare and basic income security. As such, on more than one occasion, austerity measures have been successfully challenged and declared partially or wholly inoperable by the Constitutional Court of Portugal. The Constitution also establishes a set of fundamental rights that underscore efficient and accessible complaint and appeal procedures, such as the right to complain (article 52), the right to an independent judiciary (article 203), and the liability of civil servants in the execution of their functions (article 271).

3. Legal architecture of the Portuguese social protection system

The right to social security as laid out in the Constitution is further reinforced in national legislation, notably the Framework Law on Health and the Social Security Framework Law. Notably, with regards to contributory and non-contributory benefits in cash, the Social Security Framework Law defines the contingencies covered, the persons protected as well as guiding principles pertaining to the level of benefits, eligibility conditions, and benefit duration.

Access to health care

The right to universal and comprehensive health care is recognized in the Constitution (article 64). Accordingly, the National Health Service (NHS) design, and reforms, have reflected these constitutional priorities over the years. In line with the principles of responsibility of the State and equality of treatment enshrined in Convention No. 102, the Framework Law on Health entrusts the Ministry of Health with the supervision of the NHS, which provides health care services for the promotion, prevention, treatment and rehabilitation of health, as well as long-term and palliative care to all residents, including illegal immigrants. Concretely, general and specialist care, maternity care, domiciliary visiting, hospitalization, essential surgery, certain prescribed medications, and transportation are all benefits in kind offered by the NHS. As such, the NHS provides all the types of medical care required by Convention No. 102 in case of a morbid condition, pregnancy and confinement and their consequences (Article 10(1)). In addition to the health care provided under the NHS, certain categories of persons may be entitled, based on means-testing,[3] to supplementary cash transfers for health care services such as dental, optical, and pharmaceutical care.[4] The robust national legal framework pertaining to health protection guarantees access to a nationally defined set of goods and services in line with ILO standards.

The global financial crisis in 2008/09 and subsequent adoption of the Economic Adjustment Programme led to significant health sector reforms throughout the past decade. Although primarily tax-financed, out-of-pocket spending for medical care expanded to include additional user fees for national health services. Nonetheless, in 2011, the regulation on the co-payment of NHS benefits (No. 113/2011, as amended) introduced several legislative protections. These include a maximum percentage of costs

3 The means tests are established in coordination with the Ministry of Labour, Solidarity and Social Security.

4 These benefits are provided through the NHS's National Programme for Oral Health Promotion and the regulation on Additional Health Benefits (No. 252/2007, as amended).

to be shared by users, annual review mechanisms for medicine prices, and exemptions of fees for certain persons such as pregnant women, children, persons with disabilities, persons in situations of economic precariousness, and asylum seekers and refugees, which aimed at safeguarding the constitutionally enshrined right to healthcare regardless of social, economic or legal background. Although these reforms sought to ensure the affordability of medical services and individual's financial protection, according to the Organisation for Economic Co-operation and Development (OECD), out-of-pocket expenditures as a share of total health expenditure in Portugal remain almost twice as high as the European Union average, adversely affecting and undermining access to health care for households in the poorest income quintile (OECD 2019). In this light, through Law No. 2/2020, the Government introduced a phased-in process for the removal of co-payments, which started with the elimination of fees for primary healthcare consultations, complementary treatments in primary healthcare facilities, and for complementary diagnostic and therapeutic examinations prescribed within the NHS but carried out outside its network. However, the extent to which these measures will effectively reduce out-of-pocket spending remains to be seen, as cost-sharing is only one of the drivers of households' expenditure on health.[5]

Social protection for children and families

The Constitution sets out a multi-sectorial approach to protecting the family, based on inter alia, the right to education, adequate housing, and quality of life (article 67). These guarantees are reflected in the diversity of programmes enshrined in social security legislation that establish a comprehensive set of benefits to ensure basic income security for children and families, providing access to nutrition, education, care, and other necessary goods and services, as advocated for in Recommendation No. 202.

Support to persons with family responsibilities is mostly provided through the non-contributory pillar (Citizenship social protection pillar), specifically through the Family protection and Social action schemes.

The Family protection scheme covers costs related to general family expenses and specific costs arising from disabilities and long-term dependency situations. These cash benefits are principally regulated by the Regulation on Family Benefits (No. 176/2003, amended), the Regulatory Decree on Special Education Subsidies (No. 3/2016), and the Regulation on Social Benefit for Inclusion (No. 126-A/2017, amended). With regards to general family expenses, the scheme comprises several means-tested social transfers including a pre-natal allowance, a family allowance and an education allowance, which amounts vary according to the age and number of children, the household's composition and its income. Families with children with disabilities receive an additional family benefit, a social inclusion benefit and subsidies for special education programmes. Single-parent

5 The definition of out-of-pocket spending used by the OECD comprises user fees, the cost of self-medication, and other expenditures paid directly by private households.

families and large families also benefit from an increased allowance. In cases where a family member requires constant care, a dependency benefit may also be granted. Additional social services, such as day care and family leisure centres, are provided under the Social action scheme, complementing the periodical cash benefits and promoting the overall well-being and protection of children and families. This is in line with Convention No. 102, which permits the provision of benefits either in cash and/or in kind, including food, clothing, housing, holidays, or domestic help.

Despite the numerous benefits and services available, the combination of austerity measures and low employment rates following the global financial crisis in 2008/09 led to an increase in national child poverty levels (ILO 2017). Notwithstanding, since then, key policy measures have gradually increased access to family benefits while improving their adequacy. The National Statistics Institute of Portugal has indicated a slight decrease in the at-risk-of-poverty rate of children over the last few years, reflecting the economic recovery, the fall in unemployment rates and the welfare recalibration.[6]

Social protection for women and men of working age

The principles of unity and complementarity of protection, articulated in the Social Security Framework Law (articles 15 and 16), have guided the design and coordination of the Portuguese system with a view of providing basic income security for persons in active age who are unable to earn sufficient income. Although social protection for women and men of working age is primarily provided by the contributory pillar, all three pillars (non-contributory, contributory, and supplementary) of the Portuguese social security system work in tandem to ensure protection in the case of sickness, maternity, paternity, unemployment, employment injury,[7] disability, and survivorship.

By anchoring social security rights and obligations in its national legislation, including for the non-contributory pillar, Portugal has followed the human rights-based approach. In particular, the solidarity scheme aims to ensure the practical realization of fundamental social security rights to prevent and eradicate situations of poverty and social exclusion. This pillar comprises several means-tested benefits that provide basic income protection to persons of working age not covered, or insufficiently covered, by contributory schemes against the aforementioned contingencies.

Affiliation to the general social security scheme ("Previdential" pillar) is mandatory and generally covers all workers, including independent workers and economically dependent self-employed persons. The Social Security Framework Law dictates the principles that outline eligibility conditions, contribution rules (including ceilings and floors), and level

6 For more information, consult: *https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=354099803&DESTAQUESmodo=2*.

7 Unlike occupational diseases, protection against accidents at work is part of a private programme. It is mandatory and transferred to insurance companies.

of benefits. The Code of Contributory Schemes in Social Insurance (Law No. 110/2009, amended) supplements the Social Security Framework Law. It establishes concrete administrative parameters such as eligibility requirements, definition of insurable earnings and contribution rates for protected persons, according to their employment category. The specificities regarding the benefit amounts, qualifying conditions and the cumulation of benefits are regulated by contingency in implementing regulations.

Regarding maternity protection, it can be noted that Portugal is a party to Convention No. 102 (Part VIII) and the Maternity Protection Convention, 2000 (No. 183), ratified in 2012. In this line, the contributory scheme provides cash maternity benefits for 120 consecutive days at a rate equal to 100 per cent of previous earnings to all women that meet the prescribed qualifying period -six months of contributions-. Furthermore, in line with Article 6(6) of Convention No. 183, the Portuguese social security system provides periodic non-contributory cash maternity benefits for 120 days to women who do not meet the qualifying period and whose means do not exceed prescribed limits. Both, the contributory and non-contributory schemes promote a more equitable sharing of care responsibilities by increasing the duration of benefits to 150 or 180 days in case protected persons opt for parental leave or shared leave, respectively. Access to free maternity medical care is guaranteed to all residents through the NHS, which provides prenatal, childbirth and postnatal care, including hospitalization when necessary.

High levels of unemployment have been particularly challenging. Echoing constitutional obligations (article 58), the Social Security Framework Law stipulates that social security financing must fund cash benefits, as well as initiatives related to employment and vocational training policies (article 89). In line with this provision, Portugal has deployed key policy measures supported by regulations to create vocational internships, trainings, and incentives for employers to hire young and long-term unemployed persons.[8] Although unemployment has generally decreased since its peak in 2013, efforts must continue to effectively protect certain categories of workers, such as the underemployed and persons with short-term contracts (ILO 2018). Extending income support mechanisms to workers in all forms of employment and expanding the policies noted above is of particular importance to secure a swift recovery after the Covid-19 pandemic, which resulted in a 22.1 per cent increase in registered unemployment between April 2019 and April 2020 (ILO 2020).

Furthermore, the Portuguese social security system also includes specific policy actions to promote the autonomy and participation of persons with disabilities in the labour market. These measures embody the objectives and protections set out in both the national Constitution (article 71) and the non-contributory pillar through a combination of cash and in-kind benefits. Most recently, cash benefits were revamped and united

8 For an example of this, see the regulations on the new rules for incentives to hire young persons, the long-term unemployed and the very long-term unemployed (No. 72/2017) and the Order on the creation of vocational internships for the young and unemployed (No. 131/2017).

under the regulations regarding social benefits for inclusion. These non-contributory benefits cover disability-related expenses (the base amount), ensure a minimum level of financial resources (supplements), and provide for additional specific expenditures (top-ups). They can be combined with other benefits, such as those granted in case of unemployment or employment injury, thus ensuring a truly multi-dimensional protection. Additionally, the Independent Living Support Program regulations (No. 129/2017) further complements this protection by providing persons with disabilities with personalized assistance services to help support daily life activities, including job searches. By linking income support to activation measures, Portugal facilitates work and life transitions for working-age women and men.

Social protection for older women and men

The provision of basic income security and services to ensure the active participation of older persons is constitutionally protected (article 72) and secured in practice through a combination of contributory and non-contributory benefits. The right of protected persons to receive an old-age pension is established in the Social Security Framework Law and accompanied regulations.

Under the general social insurance scheme (Previdential pillar), old-age pensions are regulated by the Old Age and Disability Protection regulation (No. 187/2007, amended). Once individuals reach the statutory retirement age and complete the contributory period, they are entitled to a monthly pension calculated based on their previous contribution records, which cannot be less than €275.30 a month. The statutory retirement age is the same across the three pillars and is periodically revised following an automatic mechanism that takes into consideration the evolution of life expectancy as of age 65. Accordingly, the latest regulation (Portaria No. 30/2020) determined that individuals are entitled to old-age benefits as of the age of 66 years and 6 months. In this regard, it is worth mentioning that Convention No. 102 allows for an increase of pensionable age beyond 65 years only with due regard to the working ability of older persons in the country concerned (Article 26(2)). Linking the retirement age with changes in life expectancy is a measure aimed at enhancing the financial sustainability of pension systems; however, the Committee of Experts on the Application of Conventions and Recommendations has emphasised that such adjustments would be justified only if elderly workers conserve not only their physical ability but also a fair chance to stay in the labour market and maintain their employability (ILO 2017a).

Furthermore, complementary protection at retirement is provided through the third pillar (the Supplementary pillar), consisting of public, voluntary individual accounts, and individual or collective initiative schemes ruled by regulation on Supplementary Pensions (No. 26/2008).

The non-contributory old-age social pension, regulated by Social Pensions regulations (No. 464/80, amended), provides a monthly benefit to individuals who have reached the statutory retirement age but are not entitled to benefits provided under any existing compulsory social security scheme and who have gross monthly income equal to or less than €175.52. The old-age social pension ranges from approximately €230 to €250 depending on the beneficiary's age.[9]

Older persons with a gross monthly income higher than the threshold established for accessing the old-age social pension but lower than the annual minimum threshold (approximately €5 258.63) qualify as at-risk-of-poverty and might be eligible for a solidarity supplement grant. The Solidarity Supplement for the Elderly (regulation no. 232/2005, amended) provides monthly cash benefits to low-income pensioners. In coordination with the Ministry of Health, individuals entitled to this supplement are equally eligible to receive aid under the regulation on Additional Health Benefits (No. 252/2007, amended), which provides reimbursement of certain expenses related to the purchase of medicine, glasses, and dental prosthetics. The increasing share of older persons in the total population has also led health and social policies to address this demographic challenge by expanding community-based and institutional services such as home help services, residential structures, social and night-care centres (European Commission 2018b).

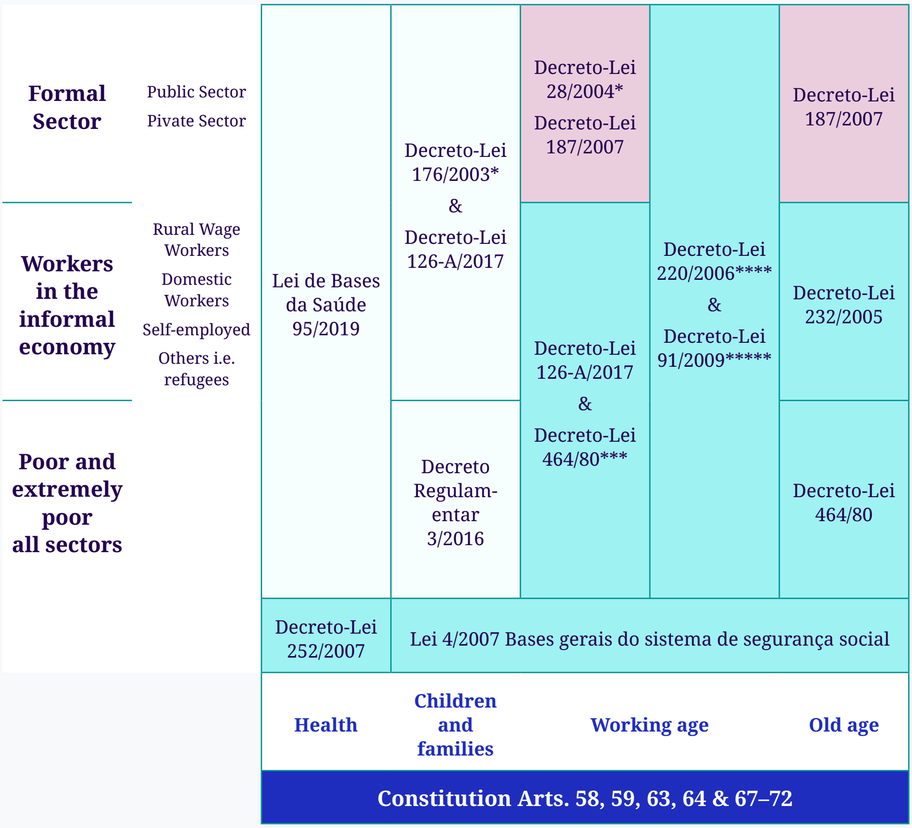
Firmly rooted in a robust and comprehensive legal framework, the statutory provisions that guarantee a minimum standard of living for older persons have led to positive improvements over time. Concretely, statistics indicate that in 2016 the risk-of-poverty or social exclusion rate for persons over the age of 65 had decreased by approximately 6 per cent since the initial social security reforms of 2007 (European Commission 2018a).

4. Towards a comprehensive social protection legal framework based on international social security standards

Portugal has effectively constructed a comprehensive social protection system founded on a sound legal framework (see figure 1). Bound by constitutionally enshrined parameters and principles, the Social Security Framework Law and the Framework Law on Health set out the fundamental structure for the practical realisation of the right to social security. Accompanying regulations provide the necessary details of the array of cash and in-kind benefits provided under the three pillars of the social protection system and that altogether serve to ensure access to health care and income security for children and families, persons of active working age, and older persons.

9 In addition to the flat-rate social pension (€211.79), an extraordinary solidarity supplemented of €18.44 or €36.86 a month is paid to beneficiaries younger than age 70, and those aged 70 or older, respectively.

Figure 1. Overview of the Portuguese Social Protection Legal Framework



Note: * Family Benefits (means -tested) ** Sickness Benefits *** Disability Benefits **** Unemployment Benefits ***** Maternity Benefits

A member State of the ILO since its foundation in 1919, Portugal has ratified a total of eighty-five Conventions and one Protocol, seven of which pertain to social security.[10] In 1994, dedicated to providing comprehensive protection, Portugal is one of the eight countries that have accepted all nine parts of Convention No. 102. Furthermore, Portugal

10 Workmen's Compensation (Agriculture) Convention, 1921 (No. 12); Workmen's Compensation (Accidents) Convention, 1925 (No.17); Workmen's Compensation (Occupational Diseases) Convention, 1925 (No.18); Equality of Treatment (Accident Compensation) Convention, 1925 (No.19); Social Security (Minimum Standards) Convention, 1952 (No. 102), Parts II to X; Maternity Protection Convention, 2000 (No. 183); and Domestic Workers Convention, 2011 (No. 189).

is a party to the European Code of Social Security and Protocol, which in addition to enshrining key principles found in ILO social security standards, also imposes annual reporting obligations to ensure the periodic supervision of compliance.

Throughout the years, the Portuguese social security system has consistently sought out solutions and strategies to overcome evolving challenges. Among others, it has successfully implemented a modernization strategy, "Social security with you", which includes key transparency and simplification measures aimed at fostering user's trust, addressing fraud and contribution evasion while increasing the system's overall efficiency.[11] For example, users may visit their district centres to obtain additional information on their rights and obligations and receive assistance on filing a complaint or appeal. Likewise, Portugal has set out to address high levels of child poverty and long-term unemployment[12] through a combination of measures, including progressively higher levels of family benefits, expanded parental protection, and access to employment and vocational training programmes (ILO 2017b).

5. Conclusion

Portugal has anchored its social protection system in a sound legal framework that considers the guidance of international social security standards and reflects all the essential elements necessary for a human rights-based approach to the right to social security. The body of national legislation dictates fundamental principles that underlie the effective realisation of social security rights and structures the non-contributory, contributory, and supplementary pillars to interact in a complementary manner with a view of attaining universal coverage and providing comprehensive and adequate protection.

Overall, the Portuguese social security system has progressively implemented nationally appropriate social protection for all and is well in line with contributing to end poverty in all its forms as per the Sustainable Development Goals.

11 For more details, consult "Social Security with you": The Portuguese social security modernization strategy (ISSA 2019) and art. 8(2a) of Portaria No. 135/2012.

12 ILO, 2017b. World Social Protection Report 2017–2019.

6. References

Brito Vieira, M., and F. Carreira da Silva. 2013. "Getting rights right: Explaining social rights constitutionalization in revolutionary Portugal". International Journal of Constitutional Law, Vol. 11, Issue 4: 898–922.

Direção-Geral da Segurança Social. 2020a. *Proteção Social – Pessoas Idosas*.

———. 2020b. *Proteção Social – Crianças e Jovens*.

———. 2020c. *Proteção Social – Pessoas com Deficiência*.

European Commission. 2018a. *Pension Adequacy Report 2018: Current and Future Income Adequacy in Old Age in the EU*. Volume 2.

———. 2018b. *European Social Policy Network Thematic Report on Challenges in long-term care: Portugal.*

ILO . 2016. *The right to social security in the constitutions of the world: Broadening the moral and legal space for social justice*. ILO Global Study, Volume 1: Europe.

———. 2017a. *Observation (CEACR) on Social Security (Minimum Standards) Convention, 1952 (No. 102) – Netherlands*.

———. 2017b. *World Social Protection Report 2017–2019: Universal social protection to achieve the Sustainable Development Goals*.

———. 2018. *Decent Work in Portugal 2008–2018. From Crisis to Recovery*.

———. 2019. *Universal Social Protection for Human Dignity, Social Justice and Sustainable Development: General Survey Concerning the Social Protection Floors Recommendation, 2012 (No. 202)*. ILC.108/III/B.

———. 2020. *Portugal: Rapid assessment of the impact of COVID-19 on the economy and labour market*.

ISSA (International Social Security Association). 2018. Portugal. *Social Security Schemes – Country Profiles*.

———. 2019. *Social security with you: The Portuguese social security modernization strategy*.

Magalhães, P. C. 2010. "Explaining the Constitutionalisation of Social Rights: Portuguese Hypotheses and a Crossnational Test". In *Social and Political Foundations of Constitutions, edited by Denis Gallingan and Mila Versteeg*. Cambridge University Press.

OECD (Organisation for Economic Co-operation and Development) and European Observatory on Health Systems and Policies. 2019. *State of Health in the EU. Portugal: Country Health Profile 2019*. Paris and Brussels.

Pires, M. L. 2013. *Private Versus Public or State Versus Europe? A Portuguese Constitutional Tale*. Michigan: MJIL Emerging Scholarship Project.

Sepúlveda M., and C. Nyst. 2012. *The Human Rights Approach to Social Protection*. Finland: Ministry of Foreign Affairs.

3. Cambodia: Building a culture of social security

Betina Ramírez López and Victoria Giroud-Castiella

Summary

In Cambodia, the ILO is supporting the National Social Security Fund (NSSF) to create awareness of social security benefits and foster a culture of participation in social protection.

After decades of instability, Cambodia embarked on a path of economic growth towards the end of the 1990s, achieving a significant rise in living standards, albeit from a very low base. A vibrant but fragile development of social and labour market institutions has accompanied this growth, but social protection still reaches only a small portion of the population.

Since the establishment of the NSSF in 2007, the ILO has actively promoted policies and provided technical assistance to support the Government in the extension of social protection. In 2017, the two institutions partnered again to do something new: charting members' journeys through the NSSF system. The objective was to pinpoint critical junctures for communication and service delivery to ensure that more people understand the role of NSSF, claim their social security rights and access their benefits.

Cambodia's efforts in improving the beneficiary experience of the NSSF are in line with the key principles of improving the transparency and accountability of the administration and respecting the rights and dignity of those covered by social security guarantees as set forth in the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- Before designing a communication strategy, it is important to carry out an assessment of the level of knowledge and understanding of social protection among potential beneficiaries and social security staff.
- It is important to involve all parties (representatives of beneficiaries, government, workers and employers' representatives, and development partners) in designing the strategy through a participatory and human-centred approach.

- Raising awareness is a long-term and resource-intensive process. It is important to have an idea of the resources available at the beginning of the process to ensure that the strategy, once designed, can be implemented.
- Awareness-raising will generate increased demand for social security benefits and health-care services. It is important to simultaneously invest in the social protection delivery capacities and health-care systems to absorb the new demand.
- To increase their impact, communication messages should be concrete and demonstrate the value of social protection in people's lives.

1. Context

The NSSF's first communication strategy was developed through a participatory and human centred process in which beneficiaries are at the centre. In addition, the process of developing the strategy required a focus on building the capacity of the NSSF staff. The communication strategy represents a significant shift in the NSSF approach to the extension of coverage, from a focus solely on policies to a better understanding of how people interact with the system.

2. Why is a communication strategy needed?

All 4.1 million wage workers in Cambodia are eligible to participate in the NSSF. However, in 2019 coverage stood at just 1.6 million workers (equivalent to 21.7 per cent of the employed population) with the NSSF struggling to expand further. An ILO survey held in 2017 (Kinh 2017) found that although the NSSF has been active for nearly a decade, awareness about it is very limited, even among existing members. The survey found that nine out of ten workers were familiar with the name NSSF but almost all of them were unfamiliar with its specific benefits.

Most workers reported that they had learned about the NSSF from their employers (82 per cent) and friends (36 per cent). However, very few of the employers surveyed were familiar with all the benefits and services they were contributing towards (38 per cent), especially in small enterprises (29 per cent). This is a real challenge as workers cannot register under NSSF directly but only through their employer. This highlights the importance of ensuring that employers themselves are knowledgeable, as well as the need to make alternative channels of information available.

The survey also showed that workers found that the information delivered by employers was unreliable and inconsistent. In addition, the inspectors who trained employers had no tailored materials, while the website and social media accounts were not particularly user-friendly. The lack of an easy and trusted way to access information have ultimately undermined the credibility of the institution.

Medical benefits are the best known by far (95 per cent) compared to income replacement benefits such as sickness (34 per cent) and long-term allowances such as survivorship

(19 per cent) and invalidity (14 per cent). The survey also revealed that people have found NSSF processes to be time-consuming and complicated, which acts as a key barrier to registration, payment of contributions, and submission of claims. Moreover, there is a general negative perception of the health-care services available through NSSF. Combined with people's lack of experience with social insurance, this means that workers and employers tend not to see the value of NSSF services (see box 2).

▶ Box 2. Workers' and employers' concerns about Cambodia's NSSF

Before designing the communication strategy, a survey was carried out among workers and employers to assess their understanding and motivation to participate in the NSSF.

Meet Kosal – Business Owner


Credit: © ILO

Kosal is a 42-year-old restaurant owner with a wife and two young children. He has completed high school and speaks Khmer and English. He employs ten full-time workers and is currently the sole manager of his business operations. He does have an administrative assistant, but she only looks after daily office duties. Kosal registered his company and workers when an NSSF inspector unexpectedly visited the restaurant. He wants to find out more about the benefits and claims process but does not have time to attend the NSSF training course. It is already a burden and takes very long (sometimes two hours) to pay the monthly contributions at the bank and then queue to drop off the payslip at the NSSF offices.

He is not sure how his employees access the benefits or even what all the benefits include. He is not too worried about his workers having an accident as he can usually pay directly for the medical expenses, as it is faster.

Meet Bopha – Factory Worker


Credit: © ILO/Tiffany Tsang

At just 22 years old, Bopha works full-time in a garment factory in the outskirts of Phnom Penh, earning about US$200 a month. She is single. She can read Khmer but has received an education only as far as grade 6. Bopha has heard about the NSSF from her employer, who has informed her that she can make free visits to the doctor, but she is not convinced. A friend was treated badly by doctors at a public health centre, where they asked her to pay US$4 for the visit. She trusts both her employer and her friends, but she is confused and does not know what to believe. If you have to pay anyway, what is the point of having an NSSF card?

While commonplace in many countries, social insurance is a relatively new concept for the people of Cambodia. The NSSF was launched only in 2007 and policymakers and administrators have focused their efforts on developing the policies and the administrative aspects. Therefore, fewer efforts have been dedicated to explaining to the public how the system works and its benefits. Indeed, before working on awareness-raising and information, the social insurance system needs to be up and running. There is little sense in raising awareness if the system is not prepared to respond to beneficiaries' needs.

The first phase of the process followed in Cambodia aimed to build awareness. It also helped to identify bottlenecks in accessing the services and ways to improve services in the future.

3. Driving awareness and educating to increase registration and foster demand

The NSSF's first communication objective was to motivate people to register and access benefits by improving the quality and flow of communication throughout the customer's journey. With financial support from the Weave our Future Foundation, the ILO and the NSSF set out in late 2017 to design a three-year communication strategy. The goal was to help the NSSF to be recognized as a trusted and reliable institution by fostering a sense of pride in the security it affords to workers and employers. The communication strategy used two channels: the internet (with the creation of a digital information pack (Digital Info Pack) and radio and social media campaigns. It also provided an opportunity to develop real-life examples, illustrating the value of NSSF health and employment injury schemes in people's daily lives.

Creation of a digital information pack

A media audit of the NSSF's online platform and social networks revealed that they were not fulfilling their potential. For example, although the official website is packed with information, navigation is challenging and critical documents such as registration forms are hard to find. The language used is very technical and it is not clear what information is for employers and what is for workers. On the other hand, Facebook is increasingly used to share information, yet the majority of posts relate to workshops and meeting announcements rather than practical information for workers and employers on how to register or avail benefits.

The analysis concluded that a key deterrent to participation in the system was simply a lack of understanding of how it works. The first action was therefore to upgrade, unify and simplify the NSSF online content. The resulting NSSF Digital Info Pack contains critical information on benefits, registration and making a successful claim. Workers, employers and even NSSF staff members can now access an official source of information directly through their phones at any time.

Radio and social media campaigns

The second objective of the strategy was to educate people on the value of social insurance by promoting the most relevant benefits to stakeholders. This was done through targeted radio and social media campaigns, focusing on key benefits to ensure that the audience received a clear message. The first campaigns focused on employment injury insurance and social health insurance, as the NSSF's two biggest schemes. This work was fully funded and led by the NSSF, with technical support from the ILO.

Building concrete examples for the communication campaigns

As indicated above, it was determined that the messages of the communication campaigns should be as concrete as possible and provide examples of the value of the health and employment injury insurance schemes in people's daily lives. Illustrated below are real-life stories about the benefits of the NSSF (see box 3).

▶ Box 3. Stories from a photo exhibition – Value of Cambodia's NSSF in people's lives


Credit: © ILO/Sophal Yin

Ms. Nhon Thea, aged 27 and mother of a 4-year-old son, lost a leg due to an accident while commuting from her home to the garment factory where she works. She received employment injury insurance benefits, including free medical treatment, a prosthetic leg, rehabilitation services and a pension of 70 per cent of her wages from NSSF. Soon, she returned to work in the same factory. "I am so grateful to the NSSF, we would have had to sell the house if I didn't receive the income support from them", said Thea.


Credit: © ILO/Livingston Armytage

When Veth Sam, aged 32, had her first child six years ago, she spent more than US$5,000 for health-care expenditures, five years of family savings. Complications from eclampsia required her to be transferred to a provincial hospital for specialist care. At that time, she was not covered by NSSF. Recently, Sam had a second child, a daughter. This time, she did not have to spend a cent on the birth and is happy with the service she received.

4. Building trust and increasing participation through improved service and human-centred design

The process of developing a communication strategy was an opportunity for the NSSF management to evaluate the system based on the feedback provided by the beneficiaries. Based on a visual mapping of the registration and claims journey, NSSF management and staff came to better understand how the NSSF operates and engages internally with its own staff and externally with its beneficiaries – workers and employers. Not surprisingly, several of the issues identified relate to the nature of administrative procedures.

In 2017, the ILO conducted an operational review of the NSSF that provided a systemic view of the organizational challenges faced by the NSSF in ensuring effective service delivery.

Building on the results of the communication strategy and the operational review, the ILO and the NSSF have partnered with the United Nations Department of Economic and Social Affairs, through a project funded by the UN Peace and Development Trust Fund, to implement a modernization project, which was launched in early 2019 with a business process review of the NSSF's key systems. Over the course of the year, it elaborated a proposal for the modernization of NSSF operations and management to incorporate a client-centred approach.

Redesign does not necessarily entail large additional expenses or elaborate technological solutions. It may simply involve identifying how a particular aspect of a service may be limiting overall effectiveness and can be easily modified. Simplifying registration and contribution payment processes would also support NSSF's efforts towards extending coverage.

5. Conclusion and way forward

Investing in demand-side communications is the first step. Awareness of rights and obligations vis-à-vis the social security system plays a key role in fostering a culture of social security and compliance. For the NSSF to be recognized as a trusted and reliable public institution, a sense of pride needs to be fostered in the social security benefits that it provides to workers. Ensuring that there is a reliable, simple and comprehensive source of information will go a long way and will build the credibility of the system.

Investment in the supply side is also needed, along with strategic and innovative benefit design. The best way to build this trust is through accessible service design and demonstrating value. A culture of compliance must include efficient and compassionate administration of schemes, as well as benefits that are relevant to people's circumstances. Ultimately, the best way to build trust in social protection benefits is through accessible service design and "social proof" of its utility to members. The way in which social security benefits are designed and implemented is crucial to ensuring the development of a sustainable system which is owned by its members. A rights-based and human-centred approach to design and implementation needs to be explored further.

With the support of the ILO, the NSSF will continue working on the development and implementation of the communication strategy and action plan for each social security scheme to ensure it effectively communicates information to the target audiences, existing and potential members, and the general public in a more regular, tailored and effective way. Activities planned for the future include the design and implementation of a thematic communication campaign, research on specific barriers that prevent vulnerable groups from registering with social security schemes and accessing benefits, and training of front office staff in social security institutions.

As the NSSF looks towards the launch of its pension branch, it has embraced the idea that education needs to be a continuous and integral part of its work. Thus, it has not only increased its budget for communication campaigns but has also established a permanent communication team in its policy department. In addition, it plans to continue to build credibility and trust with workers and employers by proactively communicating positive stories about its services and engaging brand ambassadors.

6. References

Behavioural Insights Team. 2014. *EAST: Four simple ways to apply behavioural insights*. London.

Both, N., M. Evans, S. Thewissen, and B. Ramírez López. 2018. *Practical options for the extension of social protection to workers in the informal economy in Cambodia*. ILO and NSSF.

European Union. 2019. *Extending Social Protection to all Workers in Cambodia*.

HelpAge International. 2013. "Pension coverage in China and the expansion of the New Rural Social Pension". *Pension watch. Briefings on social protection in older age*.

ILO. 2017. *Operational Review of the Cambodian National Social Security Fund: Recommendations for Institutional Reforms*. Phnom Penh.

———. 2018. *NSSF Communication Campaign Strategy 2018*. Phnom Penh.

Kinh, P. 2017. *Gauging Experience with the Employment Injury Scheme of the National Social Security Fund in Cambodia*. Phnom Penh.

4. Mozambique: Advocacy for social protection through the annual social protection week

Rubén Vicente Andrés and Denise Monteiro

Summary

Making the ILO Social Protection Floors Recommendation, 2012 (No. 202) a reality in low-income and middle-income countries is a challenging goal that requires the development of a nation-wide culture of social protection. This can in turn support government efforts to expand fiscal space dedicated to social protection programmes and help to extend coverage.

Active, regular and evidence-based advocacy activities targeting key decision makers and stakeholders play a central role in ensuring an adequate level of political commitment and social support for social protection.

ILO has been supporting the organization and institutionalization of an annual, government-led Social Protection Week in Mozambique since 2012. The Week is a coordinated effort to increase the importance of social protection policies and interventions and enhance the debate around challenges and constraints. This aims to ensure the progressive consolidation of a nationally defined social protection floor in Mozambique.

The week contributes to ensuring coherence across the institutions responsible for the delivery of social protection and provides a platform for the regular monitoring and periodic evaluation of the system's implementation, both core principles of Recommendation No. 202.

Main lessons learned

- The Social Protection Week can serve as an effective platform to share national and international good practices, to respond to specific challenges in the country.
- Leadership of the Government in the planning and implementation of the Social Protection Week is essential for its success and continuity.
- The events during the Week must be linked to the political and technical dialogue in the country.

- The organization of advocacy events such as the Week and Social Action Fairs requires coordination among ministries as well as between the Government, development partners and civil society.
- The Social Protection Week is an opportunity for social partners and civil society to provide evidence-based feedback on implementation of social protection and impact on people as well as a space to identify challenges and explore solutions.
- The Social Protection Week has supported the different phases of development of a nationally defined social protection floor in Mozambique, by convincing stakeholders of the need for progressively increasing public investment in social protection.

1. Why a Social Protection Week?

The ILO office in Maputo has been supporting the Social Protection Week since its institutionalisation by the Ministry of Gender, Children and Social Action (MGCAS) in 2012. After the approval of the first National Strategy for Basic[13] Social Protection in Mozambique (2010–2014), designed with ILO support, the debate around social protection in Mozambique gained momentum. There was appetite to organize an International Conference on Social Protection that could serve as a knowledge-sharing platform. Such a platform could exchange and bring to Mozambique experiences on best practices and implementation mechanisms for basic social protection programmes. With financial and technical support from the UN system (ILO, UNICEF and World Food Programme), development partners (European Union, Sweden, United Kingdom's Foreign, Commonwealth and Development Office (FCDO), Netherlands, Ireland), World Bank and International Monetary Fund, the first Social Protection Week took place in Maputo during 18–22 June 2012, with a 2-day International Conference on Social Protection as the main event within the week. The International Conference brought to Maputo African and international practitioners and experts on social protection.

Seeing the positive results achieved in the first edition, MGCAS decided to institutionalize and celebrate an annual "Social Protection Week" as the main advocacy instrument for the sector throughout the year. "Investing in social protection is an investment in human capital" become the official slogan of the Social Protection Week in Mozambique. It was decided that it would take place every year around the International Day for the Eradication of Poverty (17 October). Between 21 and 27 November 2022, MGCAS organized the 11th consecutive annual Social Protection Week under the theme "Investing in social protection is investing in human capital".

13 Non-contributory.

2. Debate around Fiscal Space

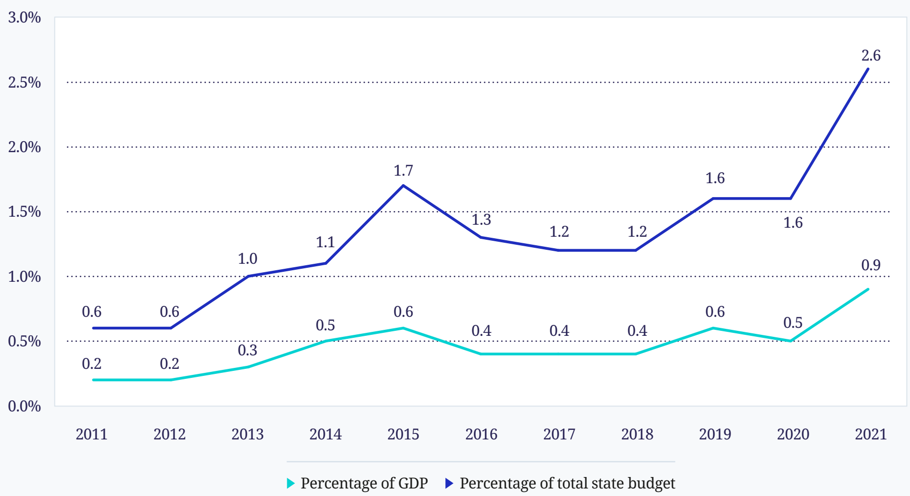
Mozambique has increased fiscal space for social protection from 0.2 per cent of GDP in 2012 to 0.9 per cent of GDP in 2021 (see figure 2). The Social Protection Weeks were an opportune moment to publicise this. Debate around fiscal space dedicated to social protection in Mozambique became a central activity supported by ILO during Social Protection Weeks.

With the ultimate goal of enhancing domestic resources dedicated to basic (non-contributory) social protection programmes, the ILO embarked on the organization of several strategic, tailor-made activities during the Social Protection Weeks held between 2012 and 2021 focussing on various key target groups.

Journalists – strategic allies for social protection

As social debate is greatly shaped by media, ILO, jointly with the Mozambican Civil Society Platform for Social Protection (PSCM-PS), supports yearly attendance of a group of journalists (two per province), who have been receiving continuous training in social protection from ILO since 2015, allowing them to participate in all events during the Social Protection Week and therefore increasing their knowledge and promote an ideal platform for media coverage and enhanced debate about social protection topics. Field visits to beneficiaries with journalists as a means to sensitize their work and raise

Figure 2. Expenditure on social protection in Mozambique



Source: ILO, 2021.

awareness on beneficiaries' situations is also a regular activity organized by ILO during Social Protection Weeks.

Parliamentarians, decision makers and political parties – how to get them on board

To increase support to social protection reforms among policy makers, parliamentarians, and political parties, it is important to expand their knowledge on social protection, and also convince them that social protection is a sound investment. For the last seven years, ILO and UNICEF have supported the development of a Social Protection Budget Brief.[14] These briefs provide a succinct analysis of the sector budget to provide access to budgetary information and increase transparency of existing public instruments used for budgeting, planning and social policy, feeding the debate around fiscal space dedicated to social protection and the need for an additional effort to increase coverage. The Social Protection Budget Brief is launched by ILO during the Social Protection Week in an event attended by various political parties, unions, journalists, Ministry of Finance, development partners, and Parliamentarians from the National Parliament. During this event, the State Budget Law is approved, followed by a field visit to interact directly with beneficiaries enrolled in social protection programmes.

Engaging with Parliamentarians is key to ensuring political support for social protection aiming at having the Budget Law approved with adequate allocations for social protection programmes. As referred in the Social Action Budget Brief for 2021,[15] allocations for basic social protection in Mozambique increased from 0.6 per cent of the State Budget in 2010 to 2.6 per cent in 2021. It should however be noted that the significant increase in resource allocation for social protection that was observed in 2021 is due to a boost in external funding allocated to the emergency response programme designed to address the socio-economic impacts of the COVID-19 pandemic.[16]

Right moment to launch key documents

As the peak moment of the year in terms of debate, visibility and advocacy around social protection, the Social Protection Week has been the perfect moment for the official launch of several documents in past years, providing space for debate. As examples, ILO organized the launch of the Trade Unions' Position Paper on a Social Protection Floor in Mozambique (2014), the report "The Development of a Social Protection Floor in Mozambique: Capitalisation of the UN Experience"[17] (2015), and the "Communication and Advocacy Strategy for Basic Social Security" (2016). With ILO support, Mozambique

14 Available at: *www.social-protection.org/gimi/ShowRessource.action?id=54897*.

15 Available at: *www.social-protection.org/gimi/ShowRessource.action?id=57563*.

16 Direct Social Support Programme – Post Emergency COVID-19.

17 Available at: *www.social-protection.org/gimi/ShowRessource.action?id=51137*.

also published its annual "National Statistical Bulletin on Social Protection" for the fourth consecutive year in 2022.

Journalist Gala

Considering the important role media plays in disseminating information and raising awareness about social protection, ILO in partnership with PSCM-PS, has supported an event to reward those journalists that have produced the best piece of information (written press, radio or television) about social protection in Mozambique. The Journalist Gala aims to motivate the production of more and better pieces of information on social protection to feed the debate among society, raise awareness, disseminate information about rights and draw attention to unfairness and inequality, and also keep the society informed in a timely manner on social protection developments in the country.

Social protection and citizens

There is still a challenge of broadening the debate around social protection to the whole society, as social protection policies are usually discussed at high-level forums. As an attempt to make social protection more visible in Mozambican society, ILO in partnership with PSCM-PS and MGCAS organized a cycling tour in Maputo under the motto "Cycling for inclusive and fair social protection" within the Social Protection Week 2017. The objective was to raise awareness for improved quality of social services in the country.

Inspired by the attendance and success of the initiative, ILO and PSCM-PS organized a Beach Football tournament for social inclusion in Maputo during the Social Protection Week 2018.

3. Official Launch of ILO's documentary films

An audio-visual narrative based on actual lives and experiences can create a powerful and lasting message. Over the last few years, ILO Maputo has produced five documentary films, namely "Working Mother" (2014), "Grandma Regina" (2015), "Being Someone" (2016), "On your Own" (2017), and "Linda" (2021). They were officially launched during the Social Protection Week with participation of civil society, government, donors, development partners, UN and journalists, among others.

During the design phase of the second National Strategy for Basic Social Protection (ENSSB 2016–2024), and to advocate for the approval of a new child grant programme targeting children aged 0–2 years, ILO launched an animated film on Child Grants,[18] in an advocacy event jointly organized with UNICEF during the Social Protection Week 2015. The Child Grant programme was later included in the new National Strategy for Basic Social Protection 2016–2024.

18 View the film at: *www.youtube.com/watch?v=uaAvYiTH7_8*

4. Social Action Fair – getting closer to beneficiaries

The Social Action Fair was suggested to MGCAS by ILO and PSCM-PS in 2016 – now completely institutionalized and organized by the Government – as an initiative aimed at bringing social services closer to beneficiaries of a certain area, normally excluded from basic social services due to their remote and isolated locations and lack of financial resources to access those services. During the Social Action Fair, everyone can have free access to information on basic social services and government programmes, with emphasis on social assistance, health and education programmes; counselling and legal advice; financial inclusion through the attribution of a tax identification number; birth registration and civil identification; and primary health care and social health services. The Social Action Fair of 2022 was organized in the district of Mecuburi, Nampula Province. This province was chosen to host the fair because of the significant population of internally displaced persons (IDPs) who relocated there due to the humanitarian crisis in the neighboring province of Cabo Delgado. The Government used it as an opportunity to raise awareness at provincial level on the role of social protection as well as to provide social services during the event.

5. National Conference on Social Protection – decentralizing the debate

In 2014, the Ministry of Gender, Children and Social Action organized the first National Conference on Basic Social Protection in Mozambique. This conference was seen as a forum for public dialogue between different stakeholders in the area of basic social protection and advocacy for the growing recognition of social protection as an important tool to fight poverty, to promote an inclusive society and as a mechanism that enables poor and vulnerable people to enjoy the benefits of development and wealth creation.

This event brings together more than 300 participants (civil servants working on social protection, different line ministries, provincial directors and delegates, civil society organizations from all provinces, international organizations working in Mozambique, and so on) to discuss issues related to the implementation of social protection policies and strategies, ways to improve coordination in health and education, ways to increase efficiencies, overcoming bottlenecks, seizing new opportunities and to listen to the voices of those implementing social protection projects on the ground.

ILO has supported MGCAS in the organization of the three National Conferences on Social Protection (2014, 2016 and 2018). In 2020 the Conference was organized by the Mozambican Civil Society Platform for Social Protection (PSCM-PS) with support from the ILO in the city of Beira, which had been hardly hit by cyclone Idai in the previous year. In 2021 the Conference – organized once again by PSCM-PS with ILO support – focused on the implementation of the social protection response to COVID-19.

6. Highlights from the Social Protection Weeks

- The Social Protection Week serves as a knowledge sharing platform on good practices in the country and international experiences both in design and implementation, that can help respond to specific challenges faced by Mozambique.
- The involvement of political and financial decision-makers, such as parliamentarians, is essential to ensure political support for social protection, with regard to the adoption of the State Budget Law with adequate allocations for social protection.
- The Week must be linked to the political and technical dialogue in the sector, which feeds other actions.
- The leadership role assumed by the Government in the planning and implementation of the Social Protection Week is a condition for the initiative to be successful and ensure its continuity. Even with strong external support, the Government must be able to take responsibility and ensure its continuous implementation.
- The presence of civil society in the planning process, implementation and funding of Social Protection Weeks is essential.
- The organization of Social Action Fairs requires central coordination among all ministries involved in order to ensure harmonization of the services provided and of the manner in which these services will be made available in all provinces.
- Coordination between the Government, development partners and civil society is a key element in ensuring the success of advocacy interventions such as the Social Protection Week.
- This experience has inspired other countries that are conducting similar Social Protection Weeks and investing in the creation of a social protection culture.

7. References

ILO. 2015a. *Mozambique: Working Mothers and Maternity Leave*.

———. 2015b. *Basic Social Protection in Mozambique – Grandma Regina*.

———. 2015c. *Mozambique: Apoiando as nossas crianças*.

———. 2016. *Being someone – Basic social protection in Mozambique*.

———. 2017. *Mozambique – On your own*.

———. 2021. *The Mozambican Statistical Bulletin: a best practice in monitoring the progress of the extension of social protection coverage*.

———. 2022a. *Investing more in universal social protection. Filling the financing gap through domestic resource mobilization and international support and coordination*.

———. 2022b. *Social Protection Week takes place in Mozambique with ILO support*.

——— and UNICEF. 2017. *Budget Brief 2017: Social Action – Mozambique*.

——— and ———. 2018. *Budget Brief 2018: Social Action – Mozambique*.

——— and ———. 2021. S*ocial Action Budget Brief 2021 – Mozambique*.

———, ———, and World Food Programme. 2015. *Development of a Social Protection Floor in Mozambique: Capitalisation of the Un Experience*.

5. Russian Federation: Historical development of social protection

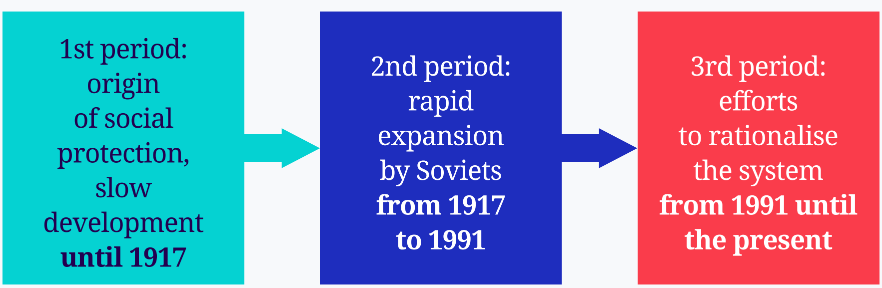
Artiom Sici and Loveleen De

Summary

Over the past four centuries, the Russian Federation has experienced a wide diversity of political, social and economic environments, with the national social protection system changing and adapting to the concurrent ideologies and circumstances constantly. This came to a headway in the last century with the expansion to universal social protection coverage of the population during the Union of Soviet Socialist Republics (USSR) period.

The development of social protection in the Russian Federation can be divided into three periods. The first period (1598–1917) saw the origins of the earliest social protection schemes, in the form of scattered interventions by the State and mainly provided to State officials, the military and workers in large factories. The second period (1917–1991) existed during the erstwhile Soviet Union and saw the expansion of universal social protection coverage throughout the USSR. Following a comprehensive reform in 1956, all employees and members of collective farms[19] were covered. The third period (1991–present) shows how the social protection system changed following the Russian Federation's transition from a centrally controlled to a market economy (see figure 3).

Figure 3. Historical development of social protection in the Russian Federation



Source: Authors' elaboration.

19 In the USSR, a collective farm referred to one or many farms organized as an economic unit operated by members of a community under the supervision of the State.

The developments undertaken in building the Russian Federation's social protection systems underline the importance of how such systems should be realized progressively, including by the setting of targets and time frames, as listed in the principles of the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- Expansion of coverage to all employees and members of collective farms in a short period of time was made possible by the strong will and commitment of the State to implement the Soviet socialist ideology and provide protection to all workers and their families.
- This was aided by strong centralised governance and powerful public institutions.
- During the Soviet period, all enterprises were State-owned which made it relatively easy for the State to collect contributions efficiently without evasion by employers and thereby mobilize sufficient resources to provide a wide range of benefits to the population. However, the nature of the system necessarily meant that social dialogue mechanisms and tripartite structures were relatively weak.
- Following the dissolution of the Soviet Union and transition to a market economy, the system faced new challenges such as poverty, unemployment, informality, and so on, and is still undergoing reforms to tackle them.

1. First period (1598–1917): Origins of social protection in the Russian Federation and "pre-socialist" period

The Russian Empire had a population of 125.6 million registered by the 1897 census, the third highest in the world after China and India. The empire comprised diverse ethnic and religious groups of peoples living in regions at significantly different levels of economic development.

The period of the Russian empire saw scattered interventions by the State to provide social protection to the population. The first recorded implementation of a social protection intervention dates back to 1598. The Code of Law of Tsar Ivan IV of Russia mentions, among other provisions, that a widow having no children after the death of her husband had the right to receive a pension.

The 1649 Council Code of Tsar Alexis[20] contained a larger number of articles devoted to the rights of people to social security. The Code enshrined the right to a benefit, after the death of a landowner, for the maintenance of his widow, children and elderly parents.

20 The Council Code was a legal code promulgated in 1649 under Tsar Alexis of Russia as a replacement for the "Sudebnik" of 1550 introduced by Ivan IV of Russia. The code survived well into the 19th century (up to 1849), when its articles were revised under the direction of Mikhail Speransky.

The amount of the benefit depended on the previous salary of the breadwinner and the cause of death. For example, benefits varied for those landowners who were called upon to perform military duties and died in the course of execution of those duties and landowners who died outside civil service. The Code also enshrined the right of nobles to receive a minimum allowance in case of resignation from duty or during education and training.

All the social protection provisions thus far had been for nobles and landowners alone. There were no social benefits for the common people such as peasants who constituted the large majority of the population. Only during the reign of Empress Elizabeth from 1741 to 1762 did parishes become commonplace. They provided shelter, food, clothes and care for orphans, elderly people and people with disabilities belonging to peasant families. The parishes were financed through a special tax collected in favour of the poor people.

In 1827, a new decree on the payment of lump-sum pensions was adopted, covering high-level government officials only. The size of the lump-sum benefit was established by the Emperor's sole decision.

At the end of the nineteenth century, with the Industrial Revolution taking root in Europe, large thermal power plants, textile mills and steel production factories started to grow. Workers, both adults and children, operated in large factories and mines in extremely unsafe conditions and without adequate protection, thus necessitating the introduction of basic social protection measures. The factories began to put in place some elements of social insurance for their workers mainly in the form of sickness and work injury benefits. However, the benefits were scattered, ad-hoc and varied from factory to factory without any systemic approach. On 15 May 1901, the "Provisional pension regulations for mine workers who have lost the ability to work" were adopted, marking the beginning of rights-based insurance for industrial workers.

In 1912, four laws on social insurance were adopted, which expanded social security to workers in large factories, mines and transportation companies.[21] The first kinds of social insurance to be provided in the Russian Federation were sickness and accident insurance for employees. Later, old-age, disability and maternity insurance were introduced.

Therefore, until 1917, social security schemes in the Russian Federation only covered State officials, the military and workers in large factories. In 1917, the Russian revolution dissolved the empire and paved the way for the creation of the USSR. Following this, the development of social protection gained new momentum.

21 The laws only applied to enterprises with more than 20 workers and which used mechanical power in their industrial processes, thus aiming to ensure continued national economic growth brought about by the Industrial Revolution.

2. Second period (1917–1991): Social protection in the USSR

The principal feature of communism, according to Marxist-Leninist ideology, was public ownership of the means of production, in an effort to end the exploitation of workers by landowners and large employers. Right from 1917, the Soviet Socialist Government actively promoted the principles of solidarity and social justice and proclaimed workers' rights as the central element of policy. The Government assumed the central role in guaranteeing and implementing social protection for people. To address the increased demand for security during and after the First World War, a few days after the revolution of October 1917, the establishment of a new social protection system covering people for contingencies through a more systemic approach was announced.

The system protected people in the event of temporary inability to work due to sickness, pregnancy, childbirth, childcare or caring for sick relatives. It provided old-age, invalidity and survivor pensions. Free medical care and treatment in hospitals and sanatoria were also provided, including vacation and recreational facilities. Children received free education as well as pre-school facilities. These measures were still covering only government officials, the military and workers in large factories. Workers in small enterprises and farmers were mostly excluded from effective access to social protection.

The Second World War put strains on the social protection system as the regular economic activities were disrupted when people had to go to fight in the war and existing factories and production activities were diverted to meet the needs arising from the war. After the war, the new Government initiated a series of political, social and economic reforms in the USSR.

In 1956, the Soviet Government carried out a comprehensive reform of the social protection system, mainly focused on pensions. This resulted in a significant expansion of social protection along the vertical dimension (increase in benefits) and the horizontal dimension (increase in coverage). Social protection programmes now covered all workers, including workers in small enterprises and members of collective farms, and provided higher old-age, disability and survivor pensions; sickness and maternity benefits; family allowances and compensation for work-related injuries. A minimum pension was introduced and guaranteed to all workers. Medical and maternity care were provided separately under the public health system. No provisions were made for unemployment insurance.[22]

The social protection system of the former USSR can be considered as comprehensive in the provision of benefits and services and effective in its outreach. The system was implemented and managed by a highly centralised governance system and powerful public institutions. During Soviet times, there was no private sector and the State was the only employer. Social contributions were made solely by the State-owned enterprises,

22 Official documents of the USSR hold that there was no unemployment in the Soviet Union, thus creating no necessity for an unemployment protection scheme.

that is employers made the full contribution and workers did not have to make any contributions. The funds were effectively disbursed, collected and managed by the State.

This structure helped the fund collection and benefit distribution mechanisms to run very efficiently and resulted in a social protection budget that was large enough for the income levels of all people to reach the minimum subsistence level.[23] The system therefore provided insurance-based benefits to all workers, with a minimum stipulated level.

It is important to highlight that during Soviet times, there were no private enterprises, and only State-owned enterprises existed. The centralised governance model of the Soviet system was not fully conducive for genuine tripartite governance of social security.

3. Third period (1991–present): Dissolution of the Soviet Union and transition to a market economy

Prior to the dissolution of the Soviet Union in 1991, the socio-economic circumstances were such that everyone was guaranteed to receive the minimum subsistence level of benefits. Put simply, the social protection system worked in a practical sense meaning that most people had a place to live and food to eat. Although living standards were below those in other European countries particularly in the area of housing, daily life was predictable.

After the dissolution of the Soviet Union, the newly formed Russian Federation had to grapple with huge challenges arising from the switch from a centrally controlled economy to a market economy. The Russian Government has been making significant changes to the social protection system to align it with the principles and needs of a market economy system. These have included re-calculation and adjustment of pensions, identification of new financing sources, introduction of new institutional arrangements, inclusion of newly formed private sector enterprises and identification of ways to reach a growing informal economy. This period was difficult for the population as the State was not equipped to carry out the transition in a smooth and efficient way.

From 1992 to 2000, there were socio-economic shocks causing high instability, turmoil and impoverishment reaching critical levels. The Russian Federation's social protection system had to develop spontaneously, adapting to the emerging needs and challenges in a new socio-economic environment. According to official estimates, more than a third of people in the Russian Federation were living in poverty in 1992, one year after the dissolution of the Soviet Union. As a result, priority was given to the most vulnerable people through emergency assistance to alleviate poverty.

23 In countries of the former USSR, the minimum subsistence level is a measure used by the State to define the minimum level of income of any individual required to meet the daily requirements at an adequate living standard.

One of the most pressing things to be done was the introduction of new institutions and institutional mechanisms. Between 1991 and 1995, several new ministries and funds were created including the Ministry of Labour and Social Protection, Pension Fund, Social Insurance Fund, Medical Fund and Employment Fund. Around 25 laws on social policy were adopted.

From 1995, in accordance with its transition to a market economy, the Russian Federation started to implement social assistance schemes targeted at poor and vulnerable groups of people as well as conditional cash transfers and vocational training. Starting in 2000, the need to reform and improve the system was recognised. Significant reforms have taken place such as the introduction of mandatory individual savings accounts in 2002, the introduction of a unified social tax[24] in 2001 and its rescission in 2010 accompanied by the introduction of social insurance contributions in 2010, and the increase of the retirement age from 60 to 65 years for men and from 55 to 60 years for women in 2018.

4. What's next?

The revision of legislation intended to improve the national pension system is underway in the Russian Federation. The administration of social insurance payments for certain categories of workers and entrepreneurs has been simplified with the objective of expanding social security coverage. Social services and long-term care in the context of an ageing population as well as improvement of the healthcare system are high on the government's agenda. The Government is also developing new schemes to ensure sustainable poverty reduction.

The Russian Federation ratified the Social Security (Minimum Standards) Convention, 1952 (No. 102) on 26 February 2019, accepting the obligations for seven out of nine branches mentioned in the Convention. These branches are medical care, sickness benefit, old-age benefit, employment injury benefit, maternity benefit, invalidity benefit and survivors' benefit. The branches related to unemployment and family benefits have not been included yet, giving time and opportunity for the Government to design schemes based on national legislation.

5. References

Dorena Caroli. 2012. "The Soviet Union: A Shaky Welfare State", in *Histoire de la protection sociale en Union soviétique* (1917–1939). Paris: L'Harmattan.

Fleming, R. 1989. "Lenin's Conception of Socialism: Learning from the early experiences of the world's first socialist revolution", in *Encyclopedia of Anti-Revisionism*.

24 A unified social tax was collected by the Tax Agency at a rate that was lower by 6 per cent than the rate of social insurance contributions. The social tax was introduced in an effort to reach people in informal employment. However, this did not work, and the social tax was rescinded.

Petroff, P. 1937. “Social Insurance in the USSR”, in *Labour*, p. 82.

Pudovkin, A. 2015. *Analyzing the pension system of the USSR*. Moscow State Institute of International Relations.

U.S. Department of Commerce Economics and Statistics Administration. 1998. Census Brief, CENBR/98-5. Bureau of the Census.

«Эволюция системы социальной защиты населения в России (Сравнение со странами Европы)” В.В. Кижикина.

6. Russian Federation: Ratification of ILO's Social Security (Minimum Standards) Convention, 1952 (No. 102)

Artiom Sici and Kroum Markov

Summary

On 3 October 2018, following approval by the Committee on Labour, Social Policy and Veterans' Affairs, the Federal Assembly of the Russian Federation (State Duma) adopted Law No. 349 on the ratification of the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102). It accepted the obligations for seven of the nine branches systematized by this flagship ILO social security Convention, that is those related to medical care, sickness benefit, old-age benefit, employment injury benefit, maternity benefit, invalidity benefit and survivors' benefit.

The formal ratification was registered by the ILO Director General on 26 February 2019, the date on which the instrument of ratification was deposited with the Legal Advisor of the ILO. Thereafter, the Russian Federation became the 56th ILO member State to ratify Convention No. 102.

Due to its unique features, Convention No. 102 is the main international treaty setting out the core principles and minimum standards for the design, establishment, and governance of comprehensive social security systems, providing adequate protection against the entire range of social risks that people face throughout their lives.

The ratification of Convention No. 102 demonstrates the strong commitment of the Russian Federation to maintain a sustainable and adequate social protection system and strengthen access of the population to social rights. It further ensures that entitlements to benefits are prescribed in national law and that these benefits are adequate and predictable, contributing to the guiding principles set out in the Social Protection Floors Recommendation, 2012 (No. 202).

1. Context

Since the 1990s, based on a long history of ensuring universal social security coverage, the Russian Federation has developed a social protection system providing protection for all nine social security branches stated in Convention No. 102, namely medical care, sickness, unemployment, old-age, employment injury, family allowances, maternity, invalidity and survivorship.

Near universal pension coverage is achieved through the combination of non-contributory schemes and social insurance, covering approximately two-thirds of the working-age population. More than 90 per cent of elderly people above statutory retirement age receive an old-age pension (ILO 2017). Close to 70 per cent of women giving birth are receiving a periodic maternity cash benefit and more than 95 per cent of people with severe disabilities receive a disability benefit (see figure 4).

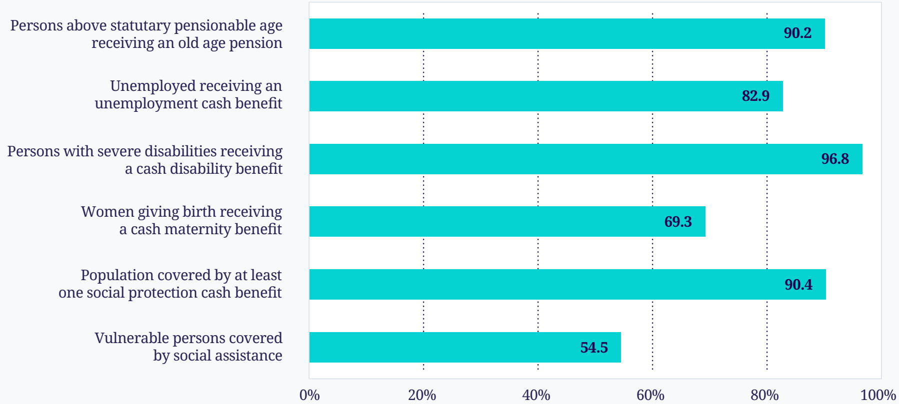
This document is important for us, its discussion in Russia took time and involved substantial discussions.

Mr. Iaroslav Nilov, Chairman of the Committee on Labor, Social Policy and Veterans' Affairs

Convention No. 102 is both a comprehensive and flexible instrument. While it establishes the principles forming the backbone of social security systems, it may be ratified upon acceptance of at least three of the nine social security branches specified therein. Countries may however subsequently extend their commitments to a greater number of branches. Nonetheless, with a view to creating a level playing field among the ratifying States, it requires the acceptance upon ratification of at least one of the following benefits: old age, employment injury, disability or survivors' benefit.

By ratifying Convention No. 102 for all branches except unemployment and family benefits, the Russian Federation joins the group of countries which have accepted the obligations of the Convention for the highest number of branches.

Figure 4. Beneficiaries of social protection cash benefits in the Russian Federation, by groups of population, 2015 (SDG 1.3.1)



Source: ILO, 2021

2. Russian social protection system

The Russian Federation attempted to maintain the legacy of universal social protection following the dissolution of the Soviet Union. Since 1991, the Russian social protection system has been reformed several times in the context of the new market economy in the 1990s, the global financial crises in 1998 and 2008 and in response to demographic challenges. The most recent pension reform in 2017–18 re-invigorated earlier debates about demographic changes and the need to ensure the sustainability of the pension system. The result of the parametric reform was to increase the retirement age for women from 55 to 60 years and for men from 60 to 65 years.

The Russian Federation's current social protection system consists of: (a) social insurance, (b) social assistance and (c) social services.

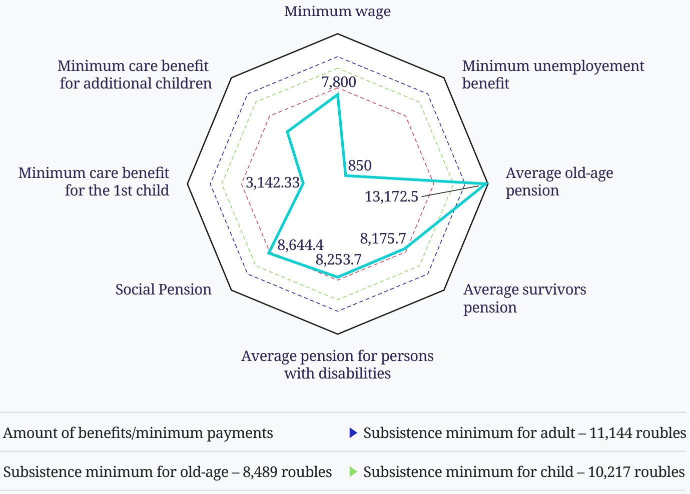
The contributory social insurance scheme comprises pension, medical, sickness and employment injury benefits for eligible workers contributing to social insurance funds as well as students and elderly people whose benefits are financed from the general budget. Non-contributory social assistance schemes are intended for vulnerable groups of the population, such as individuals and families living on incomes below the minimum subsistence level and the elderly with insufficient social and pension insurance contributions. A range of social care services is organized for different groups of the population, such as children without adequate parental care, persons with disabilities and the elderly. In recent years, the focus has been on the development of community-based social services, including long-term care, in the context of population ageing.

The minimum subsistence level is a nationally recognized minimum income level such that a person with income below this level is considered to be poor. In 2017, 19.3 million people or 13.2 per cent of the total population were living on incomes below the minimum subsistence level (Federal State Statistics Service 2018). Figure 5 presents the benefit levels in the Russian Federation in comparison with the minimum subsistence level.

Public social protection expenditure in the Russian Federation reaches 13.4 per cent of GDP, slightly higher than the world average of 12.9 per cent (see figure 6). Sweden has one of the most mature social protection systems worldwide and is investing 19.5 per cent of its GDP. Together with Brazil, the Russian Federation is leading among BRICS[25] countries in investment in social protection. Healthcare is an area where investments worldwide, in South Africa, and in Brazil are slightly higher than in the Russian Federation. This has been acknowledged by the Government which is prioritizing improvement of the health sector and access to health services.

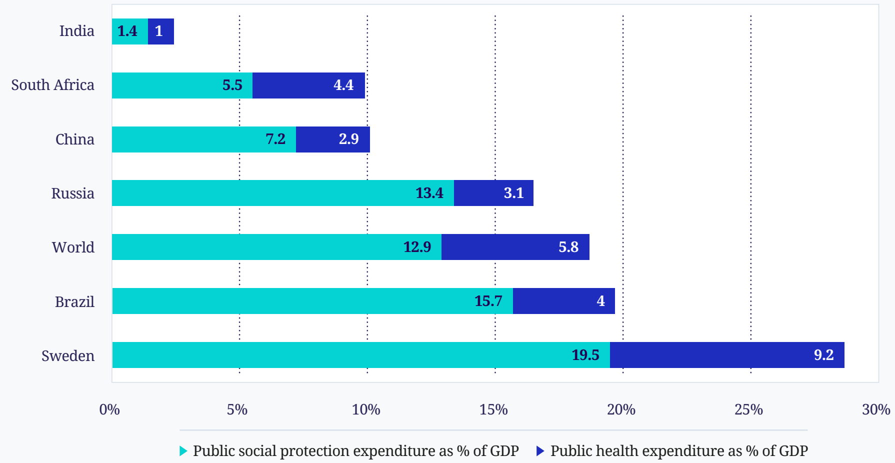
25 The BRICS consists of five major emerging economies: Brazil, the Russian Federation, India, China and South Africa.

Figure 5. Benefit levels in the Russian Federation in comparison with the minimum subsistence level (Russian roubles), 2017



Source: Federal State Statistics Service, 2018

Figure 6. Public social protection and health expenditure in the Russian Federation as a percentage of GDP, 2016



Source: ILO, 2021

3. Significance of ratifying Convention No. 102

Ratifying Convention No. 102 contributes to making the human right to social security a reality. Although the Russian Federation has used ILO social security standards as a reference for the development of its social protection system, the ratification of this landmark Convention is the first amongst ILO's up-to-date social security instruments. By ratifying Convention No. 102, the Russian Federation commits to ensure further alignment and compliance of its legal system with the instrument that is at the centre of the international legal social security architecture, and which serves as a global reference point in the field of social security. The implementation of the Convention's principles and benchmarks will allow progressive expansion of social protection coverage and improvement of the adequacy of benefits.

> **Ratification of the Convention No. 102 means that Russia will undertake the relevant international obligations, including the most important one, the guarantee that a person shall receive a pension equal to at least 40 per cent of previous earnings.**
>
> ▶ **Andrey Isaev**, Member of the Committee on Budget and Taxes

The ratification of Convention No. 102 shows the Russian Federation's commitment to further develop its social protection system and observe at least internationally agreed minimum levels of protection in the context of a globalized economy. In a broader context, the ratification of the Convention is also conducive to achieving the Sustainable Development Goals, including SDG 1.3 on social protection as well as SDG 3 (good health and well-being), SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 10 (reduced inequalities) and SDG 16 (peace, justice and strong institutions).

Ratifying Convention No. 102 constitutes a sound baseline and reference framework for national legislation. As mentioned above, based on the relevant federal and regional legal frameworks as well as national practice, the Russian Federation ratified Convention No. 102 accepting obligations under all branches except those related to unemployment and family benefits.

Actual benefit levels in the Russian Federation for the accepted branches often meet and exceed the Convention's minimum standards and qualifying conditions. For example, there are no eligibility criteria for maternity benefits; rather all working women as well as women studying in vocational schools are eligible for maternity benefits. Furthermore, according to the Convention, the duration of payment may be limited to 12 weeks, while in the Russian Federation, maternity benefits are paid in full for the entire period of 20 weeks of maternity leave. The maternity benefit amounts to 100 per cent of previous earnings, which is more than twice the minimum 45 per cent prescribed by ILO Convention No. 102. Another example where the national legal framework exceeds the minimum standard prescribed in Convention No. 102 is the provision of a benefit for the care of a sick family member, which is not treated as a contingency by the Convention. Such a guarantee has a long tradition in the Russian Federation and contributes to the prevention of loss of income in case of sickness in the family.

Furthermore, in the process leading to the ratification of Convention No. 102, the Russian Trilateral Commission on the Regulation of Social and Labour Relations approved in September 2015 a methodology for the calculation of replacement rates in the case of old age, disability or loss of breadwinner benefits that is based on the legal obligations stemming from the Convention (Government of the Russian Federation 2018b). This methodology will be followed by the Government for demonstrating compliance with the quantitative benchmarks set by the Convention in order to secure adequate levels of benefits.

Ratifying Convention No. 102 will also contribute to protecting the social protection system in times of crisis. When ratified, translated into and protected by national legislation, Convention No. 102 allows for the provision of adequate levels of social protection benefits that should be resistant to erosion in times of financial crises or economic downturns as well as the necessary reforms in the context of ageing and other structural transformations of the world of work. The ratification acts as a powerful tool for the maintenance of minimum standards of social security and ensures international, national and public supervision over the process of reforms. By so doing, it provides a guarantee that the country's social security system will continue to rest on sound governance principles and ensure effective access to adequate social security.

4. References

Federal State Statistics Service. 2018. Data on Population with Monetary Incomes. 30 April.

Government of the Russian Federation. 2018a. Подписан закон о ратификации Конвенции о минимальных нормах социального обеспечения *(Law ratifying the Minimum Standards of Social Security)*. 3 October.

———. 2018b. *Submitting to the State Duma a Draft Law on Ratification of the International Labour Organization Convention No. 102 Social Security (Minimum Standards)*. 16 June.

ILO. 1952. *Social Security (Minimum Standards) Convention, 1952 (No. 102)*.

———. 2021. *World Social Protection Report 2020–22: Social Protection at the Crossroads – In Pursuit of a Better Future*.

———. 2022. Toolkit on ILO Social Security Standards.

Myers, R. 1952. *Minimum Standards of Social Security: New International Convention*. US Social Security Agency.

State Duma. 2018. *The Members of the State Duma Supported the Ratification of the International Convention on Social Security in the second reading*. 26 September.

7. Tajikistan: Assessment-based national dialogue – a process to define a national social protection floor

Artiom Sici and Loveleen De

Summary

From February 2017 to May 2018, the President's Office of Tajikistan engaged ministries and government agencies, employer and worker organizations, civil society organizations and development agencies in a national dialogue on social protection. The objective was to agree on recommendations for a national social protection floor. These recommendations were used to inform the Government's actions to improve social protection programmes, its Action Plan for transition from informal to formal employment and its Concept for Productive Employment until 2045. Their relevance resonates with recent attempts to draft a National Social Protection Strategy 2030.

The national dialogue process was conducted using the Assessment-based National Dialogue (ABND) methodology. The ABND assessed the social protection system in Tajikistan, built a consensus around recommendations to complete the national social protection floor (SPF), estimated its cost and presented the findings to policymakers for endorsement. The process was led by the President's Office and the Ministry of Health and Social Protection of the Population of Tajikistan (MOHSP), while the ILO provided technical assistance.

The ABND conducted in Tajikistan is a clear example of ensuring tripartite representation and consulting with other representative organizations of persons concerned, as set forth in the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- The ABND process was mandated by the Government Decree No. 378 dated 16 May 2017 on "Creation of the Working Group for a Social Protection Floor in Tajikistan". This Decree helped to ensure the continuous participation of all relevant stakeholders throughout the dialogue process. The Working Group had a two-level structure; the Technical Working Group provided recommendations on social protection while the High-level Group endorsed them politically.
- The ABND helped to strengthen collaboration between the Government, civil society and international organizations and to provide a platform for workers', employers' and civil society voices to be better reflected in national social policy.

- ABND working group members participated in regular training workshops between February 2017 and April 2018. In this way, the ABND served as a mechanism to build capacities and help national stakeholders to provide relevant inputs to the dialogue process.
- Civil society organizations, workers and employers' representatives and academia were engaged in various activities such as collation of statistical data, comparison of national legislation with international standards, organization of workshops, and so on. This contributed to capacity building and helped to make the process participatory.

1. Background of the ABND process

Tajikistan is a lower-middle income country in Central Asia. It had a relatively comprehensive social security system as part of the Soviet Union until 1991. After the subsequent civil war and national reconstruction efforts, the Government of Tajikistan now aims to provide a decent life for all its citizens with adequate social protection. This includes protection in case of old age, maternity, disability, and other social risks faced during people's lives.

The right to social protection is established by the Constitution and national laws regulating social protection and health care. The National Development Strategy of Tajikistan for the period up to 2030 identifies social protection, health, and employment among key elements to contribute to its overarching goal: improved living standards of the population. The ABND exercise was an effort of the stakeholders of Tajikistan towards establishing a nationally defined social protection floor for all people in the country, with a focus on the poor and vulnerable.

The ABND in Tajikistan assessed the social protection system and elaborated nationally agreed recommendations to expand an SPF, that is basic social security guarantees, to every person. It consisted of three steps:

1. preparing an assessment matrix on the social protection system of Tajikistan, which entailed identifying gaps and challenges, recommendations to address them and selecting priorities among the recommendations;
2. converting policy recommendations into policy scenarios, with a focus on the national priorities, and projecting the costs of the scenarios;
3. finalizing the findings and submitting the report to policymakers.

2. A participatory approach involving several political and technical social protection stakeholders

The national dialogue saw the participation of multiple stakeholders such as the Government, employers, workers, civil society, international organizations, and academia. The stakeholders participated through a Technical Working Group and a

High-level Group which involved around 100 specialists and policymakers. At each step of the exercise, the results were discussed and validated by the Technical Working Group and presented to the High-level Group for endorsement and decision-making. The exercise was led by the President's Office and the Ministry of Health and Social Protection of the Population and received technical assistance from the ILO and other development partners. Members of the working group included representatives of the following organizations:

- Ministries and government agencies, such as MOHSP; Ministry of Labour, Employment and Migration of the Population; Agency of Statistics, Agency of Social Insurance and Pensions, and many others;
- Employers Association of Tajikistan, and Federation of Independent Trade Unions; and
- International organizations, such as ILO; UNICEF; International Organization for Migration; UNHCR; European Union; Japan International Cooperation Agency, and others.

> **I think that such dialogue engaging all stakeholders in the social protection sector has never been conducted in Tajikistan before…**
>
> **ABND working group member**, feedback given during the independent evaluation

The involvement of the President's office and the Government's commitment to conducting a transparent and inclusive national dialogue process greatly helped to engage different stakeholders working in the field of social protection. The ABND process was institutionalized and supported through the MOHSP Decree No. 378 dated 16 May 2017 on "Creation of the Working Group for a Social Protection Floor in Tajikistan". The continuous dialogue process and two-level working group structure carried political weightage for advocating for social protection reforms.

3. Stages of the ABND

The ABND took place from February 2017 to May 2018 and was comprised of three main stages.

Stage 1: Preparing an assessment matrix on the social protection system

The assessment matrix is an inventory of the existing social protection, employment promotion, nutritional and educational programmes in the country. It identifies policy gaps and obstacles in the implementation of programmes, and recommendations to address the problems and expand a nationally appropriate SPF. The matrix was

Figure 7. The assessment matrix used in Tajikistan

	Overview of schemes	Policy gaps	Recommen-dations	Barriers to access	Recommen-dations
Health					
Children					
Working age					
Eldery					

Source: ILO 2016.

developed through joint consultations between ILO and national technical experts and validated by the high-level ABND committee (see figure 7).

The assessment matrix is structured according to the four SPF guarantees, namely access to health care and social protection for children, people of working age and elderly people. For each guarantee, there is a description of all the related schemes, policy gaps, barriers to access, and recommendations.

Stage 2: Converting recommendations into scenarios and costing the scenarios

The costs of the recommendations, that is the additional cost of completing the national SPF, was estimated using a tool known as the Rapid Assessment Protocol (RAP). Parameters of the different policy scenarios such as benefit levels and persons to be covered, among others, were determined through national consultations. As part of this step, members of the working group were provided basic training on the RAP methodology.

> **I am working on the organisational strategy right now and the experience gained from the project helps me to better frame it… training related to costing was very interesting, I feel comfortable now to make some cost estimations in other projects and activities…**
>
> **ABND working group member**, feedback given during the independent evaluation

The results of the RAP were used as a basis to prioritize recommendations through a voting process and phase their implementation from 2019 until 2025. Thus, the cost calculations of the scenarios helped to identify the most relevant and affordable scenarios. Four policy priorities (one priority recommendation for each SPF guarantee) were included in the draft National Social Protection Strategy 2019–2025.

Stage 3: Finalizing the findings and submitting the report to policy makers

The recommendations for establishing the national SPF were developed by the Technical Working Group and politically validated at the national level by the High-level ABND Committee. This helped to ensure that both the technical and political angles were reflected in the recommendations. It also contributed to making the process inclusive and tailored to the ground-level reality by proposing reasonable and mutually agreeable recommendations and to increase their political weightage.

The inclusion of civil society organizations in the Technical Working Group gave a platform to the organizations to voice their concerns and highlight challenges faced at the decentralised level. Members of civil society organizations, along with government officials, social partners, and journalists, also participated in a series of eight training workshops on social protection and maternity protection, conducted between February 2017 and April 2018. Some of the officials also participated in a field visit to study the social security system and its implementation in Moldova. As Moldova has a similarly structured system inherited from Soviet times, the field visit helped Tajik officials to broaden their understanding and learn about good practices from another country. All these activities contributed to capacity building of national stakeholders.

> **This dialogue process helps us to understand the most important developmental issues and challenges we face today and to identify solutions.**
>
> ▸ **Ms. Saida Umarzoda**, First Deputy Minister of Health and Social Protection

4. What's next?

The ABND report was published in 2018 and serves as a comprehensive source of information on the social protection system of Tajikistan. The priority recommendations of the ABND report are used to inform the government's reform efforts regarding social protection, labour market and employment policies. Prioritised recommendations on the level of social protection schemes acknowledge the need for progressive horizontal extension (increase of coverage to more people) and vertical extension (increase of the levels of benefits and protection improvements across life cycle). Recent reform initiatives point out to a need to strengthen the capacity within the system to design, deliver, monitor, and adapt the system to diverse needs and adverse externalities. Collectively, the ABND established the following priorities:

1. Progressively extend the child benefits amount and coverage to all children up to 18 years old and maternity benefits to all women.
2. Ensure the provision of accessible, affordable, good quality and equitable medical care for all and introduce mandatory health insurance.
3. Increase the culture of social insurance and design programmes that will bring workers and employers under the social insurance system.
4. Enhance the capacity of social protection practitioners on national and local level to assess local needs, adapt national programmes to local realities and changing needs of population

These recommendations constitute a national consensus on the priorities of the national SPF and have contributed to the design of coherent social protection and employment policies aiming to reduce informality. Beyond that, the importance of integrated delivery of social protection and employment services, supported by comprehensive monitoring framework and electronic management information system has been acknowledged as essential for policy implementation and effective programme delivery. Lastly, the participatory dialogue process helped to increase cooperation between ILO, UNICEF, other development partners, and national agencies.

5. References

ILO. 2016. *Social Protection Assessment-based National Dialogue: A global Guide*.

———. 2018a. *Social Protection Assessment-Based National Dialogue: Towards a Nationally Defined Social Protection Floor in the Republic of Tajikistan*.

———. 2018b. Workspace for Tajikistan: Assessment-based National Dialogue on Social Protection Floors.

———. Country Profile for Tajikistan.

8. Philippines: Assessment-based national dialogue – a process to define a national social protection floor

Loveleen De and Katharina Bollig

Summary

During 2014–2016, the Government of the Philippines engaged ministries, social security institutions, employers, workers, civil society and international organizations in a multipartite national dialogue. The objective was to arrive at a consensus on what needs to be done to establish a social protection floor (SPF) in the Philippines.

The national dialogue process was conducted using the Assessment-based National Dialogue (ABND) methodology. The resulting recommendations to policymakers served as inputs into the Philippine Development Plan 2017–2022, the Social Protection Operational Framework (SPOF), the Enhanced SPOF, and the Social Protection Plan 2020–2022 of the Philippines. The ILO provided technical and financial support under the ILO/Korea Partnership Programme.

The ABND process in the Philippines followed the core principles of the Social Protection Floors Recommendation, 2012 (No. 202), including the tripartite participation of representative organizations of employers and workers and promotes transparency.

Main lessons learned

- The ABND process should be institutionalised through a government decree to ensure that it engages all relevant stakeholders working in the field of social protection in the country, is completed within a specified period and has an impact on policymaking. A working group mandated by the decree and led by a ministry should conduct the process.
- The ABND process was adapted to the Philippine context by following national decision-making processes and utilising existing coordination mechanisms. This facilitated the endorsement by policymakers.
- The scope and final outputs should be decided at the beginning of the process to manage expectations of different stakeholders.

- Conducting dialogue workshops at the local level was instrumental in understanding ground-level realities and area-specific challenges and thus, in having a better understanding of existing policy gaps and implementation issues.
- The ABND contributed to capacity development on social protection concepts and quantitative methodologies.

1. Background of the ABND process

The Philippines aims to empower and protect its poor, vulnerable and disadvantaged people within the inclusive development goals and poverty reduction strategy of the country. The ABND exercise is an effort of the Government of the Philippines towards establishing a nationally defined social protection floor for all people in the country, with a focus on the poor and vulnerable.

The ABND assesses the social protection, employment promotion and disaster management programmes in the country, identifies gaps in design and coverage according to the vulnerabilities of the people, explores recommendations to establish an SPF in the Philippines and estimates the cost of these recommendations. The process was led by the Department of Labor and Employment (DOLE) and the National Economic and Development Authority (NEDA). The SPF recommendations are validated at the technical level by the national and local governments, employers, workers, civil society and development partners, while it is endorsed at the cabinet level by policymakers.

2. A participatory approach uniting many actors

A Core Group (CG) co-chaired by DOLE and NEDA was mandated to conduct the ABND process. Its responsibilities included technical validation of the assessment data and planning of the ABND process. Members of the CG included representatives of the following agencies:

- Ministries and government agencies, such as DOLE, NEDA, Department of Social Welfare and Development (DSWD), National Anti-Poverty Commission (NAPC), Philippine Statistics Authority (PSA), Social Security System, Government Social Insurance System (GSIS), Philippine Health Insurance Corporation (PhilHealth) and others;
- Employers Confederation of the Philippines (ECOP) and Federation of Free Workers (FFW); and
- UN agencies, such as ILO, UNICEF and WHO.

Other ministries, including the Department of the Interior and Local Government (DILG), and civil society organizations, such as Social Watch, also participated in the CG workshops.

The Government's commitment to conducting a transparent and inclusive national dialogue process greatly helped to engage different national stakeholders working in the field of social protection. The ABND process was institutionalised and supported through DOLE Administrative Orders. It is also part of the United Nations Development Assistance Framework (UNDAF) 2012–18: Strategic Focus 4 on "Pursuit of a nationally-defined, context-specific Social Protection Floor".

3. Three stages of the ABND

The ABND was started in May 2014 and completed in 2016. It comprises three main stages.

Stage 1: Assessment matrix

The assessment matrix is an inventory of the existing social protection, employment promotion and disaster management programmes in the country. It identifies policy gaps and implementation issues, as well as recommendations to address them and establish a nationally appropriate SPF. The matrix was developed through joint national and regional consultations and presented at the cabinet level in 2016, with a follow-up presentation on the progress made since scheduled for 2022.

The assessment matrix is segregated into the four SPF guarantees, namely access to health care and social protection for children, working-aged people and the elderly. It is further segregated into the (enhanced) SPOF components of contributory social insurance, social welfare for the poor, social assistance for disaster victims and labour market interventions. In this way, the matrix is tailored to the national context (see figure 8).

Figure 8. The assessment matrix used in the Philippines

	Existing schemes	Policy gaps →	Recom-mendations	Imple-mentation issues →	Recom-mendations
Health					
Children					
Working age					
Eldery					

Social insurance
Social welfare
Social safety nets
Labor market interventions

Source: ILO 2016.

Stage 2: Cost of the SPF recommendations

The cost of the recommendations, that is the additional cost of establishing a national SPF, was estimated using a tool known as the Rapid Assessment Protocol (RAP). Parameters such as benefit levels and beneficiary groups were determined through dialogue workshops. During this stage, members of the CG were trained on the RAP methodology.

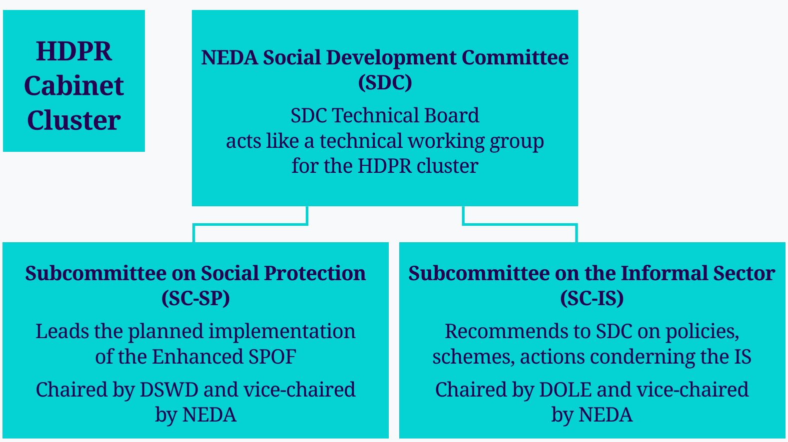
The results of the RAP were used as a basis to prioritize recommendations and phase their implementation from now until 2028. This was done as a way to monitor the establishment of the SPF in line with the Sustainable Development Agenda 2030.

Stage 3: Endorsement of the SPF recommendations

The recommendations for establishing a national SPF were technically validated at the national level by the Core Group and at the local level through multipartite consultations held in the three island groups of the Philippines, namely Visayas, Luzon and Mindanao. This helped to ensure that the perspectives of all relevant stakeholders and ground-level realities were considered. This also contributed to making the process transparent and inclusive.

Progress on the ABND process and its findings were regularly presented to high-level coordination committees, including the Human Development and Poverty Reduction (HDPR) cabinet cluster, NEDA Social Development Committee (SDC) and the Subcommittees on Social Protection. Thus, adapting the process to existing decision-

Figure 9. Structure of the Philippines' NEDA SDC and its subcommittees



Source: Authors' elaboration.

making processes and coordination structures facilitated endorsement by policymakers. Figure 9 provides information on the structure of NEDA SDC.

Since the ABND was completed in 2016, two follow-up exercises have been conducted. Firstly, an exercise was held in 2017–18 to align it with the incoming government's policies and goals. A second exercise was held in 2020–21, in which a subsection on social protection responses in light of the COVID-19 pandemic was added to the ABND matrix.

4. What's next?

The Philippines is currently working to institutionalize a national SPF and has set a target of 2022. The recommendations of the ABND process served as inputs into the Philippine Development Plan 2017–2022, the SPOF, the Enhanced SPOF and the Social Protection Plan 2020–2022, which collectively set out the vision and strategy towards the establishments of a national SPF. The ABND's consensus-based practice ensures that its recommendations offer a clear and context-appropriate path towards the extension of social protection systems. Furthermore, the Core Group represents an inclusive mechanism to conduct national dialogue on social protection issues and could be utilised for future exercises.

5. References

ILO. 2015. Philippines country profile.

———. 2016. Workspace Philippines: Assessment-based National Dialogue on Social Protection, Employment Promotion and Disaster Management.

———. 2016. *Social protection assessment-based national dialogue: A global guide*.

Republic of the Philippines. 2011. *Philippine Development Plan 2011–2016 – Results matrices*.

Villar, F. 2013. *The Philippine Social Protection Framework and Strategy: An overview*.

9. Kenya: Governance of the Kenyan social protection system

Milkah Chebii, Cecilia Mbaka and Hellen Magutu

Summary

This study presents Kenya's experience in building a coherent and coordinated social protection system at the legal, policy and operational levels. Kenya has progressively developed its social protection, using a diversity of both contributory and non-contributory mechanisms to provide access to healthcare and income security across the life cycle. Coordination structures have been established at the policy and operational levels through the establishment of the Social Protection Secretariat and a single registry, among other things. However, legal and operational challenges still need to be addressed to improve good governance and strengthen the overall system.

Kenya's successful experience in extending social protection is based on the guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202). More specifically, it explains how some of these principles have been applied, in particular: the progressive realization, including by setting targets and time frames; coherence across institutions responsible for delivery of social protection; and transparent, accountable, and sound administration.

Main lessons learned

- Social protection legislative frameworks should be strengthened to increase the sustainability of the system and create the necessary trust for its adequate financing.
- Institutional fragmentation across the various components of social protection leads to duplication and inconsistencies. Creating linkages across different social protection institutions with distinct responsibilities for the system's design, financing, implementation, monitoring, and evaluation is key for the success of social protection programmes in Kenya.
- Social protection administration at the national level should be aligned with the local level of administration to ensure the efficient and effective delivery of social protection programmes.
- Strengthening social protection management information systems (MISs) and accountability frameworks is vital for enhancing the efficiency and accountability of social protection programmes.
- Communication, grievance, and feedback mechanisms are crucial to create trust and good governance of social protection programmes.

1. Context

Social protection initiatives in Kenya started soon after the country attained its independence in 1963. These initiatives mainly benefited formal economy workers and were implemented through the National Social Security Fund (NSSF) in 1965 and the National Health Insurance Fund (NHIF) in 1966. Kenya's first national development strategy, the Sessional Paper No. 10 of 1965, highlighted the importance of social protection for the country's socio-economic development. It foresaw the establishment of the NHIF, the NSSF and the Civil Service Pension Scheme, all covering workers in the formal sector.

The promulgation of the Kenya Constitution of 2010, the adoption of the National Social Protection Policy in 2011 and the development of the national blueprint – Vision 2030[26] – provided the legal and regulatory anchorage for the extension of social protection to uncovered populations. The NSSF and NHIF schemes are embedded in law.

In 2004, cash transfer programmes were initiated through donor support targeted at orphans and vulnerable children. Over time, the Government has initiated other cash transfer programmes to include the older persons cash transfer, the Hunger Safety Net Programme, the persons with severe disabilities cash transfer and the universal social pensions cash transfer programme covering all senior citizens above the age of 70 years, complementing the *Inua Jamii* cash transfers for poor older persons. The Government has continued to fund these programmes, including through a pilot scale-up of the orphans and vulnerable children programme to a universal child benefit.

Kenya has made significant progress in the good governance of social protection through the establishment of the Social Protection Secretariat (SPS) to coordinate social protection programmes in the country, as laid out in the National Social Protection Policy (Kenya 2011). However, there remain challenges with regard to the coordination of the system.

While the SPS was established in 2012 as the administrative body, the National Social Protection Council as envisioned in the National Social Protection Policy was never established, leaving national coordination mechanisms with inadequate legal authority (Kimecitra 2017). Coordination among other social protection actors remains a challenge as the schemes cut across different government ministries, State agencies, development partners, non-governmental organizations, civil society, the private sector and communities. There is also a lack of coordination between activities at the national and county levels. As such, social protection initiatives have been hampered by weak coordination, duplication and inadequate monitoring and evaluation and information-sharing, among other challenges (Partnership for African Social & Governance Research 2016).

26 The Vision 2030 is Kenya's development blueprint; see Kenya, *Kenya Vision 2030: The Popular Version*.

2. Description of the social protection programmes and governance mechanisms

The national social protection system consists of both non-contributory and contributory schemes and is currently anchored on three pillars as provided in the National Social Protection Policy of 2011 – ***social assistance***, ***social security***, and ***health insurance*** – each of which is governed by different legislation.

Social assistance has the key objective of providing direct cash transfers to poor and vulnerable people over their life cycle. The Social Assistance Act was enacted in 2013 to provide the legal framework for social assistance schemes. The law provided for the establishment of a national social assistance authority and a social assistance fund, laying the groundwork for stronger governance structures and ringfencing of social assistance funds. Unfortunately, the Act has not been implemented yet and it is currently undergoing a review process to expand its scope and align it with public finance management regulations (Kenya, National Assembly 2021). As a result, the management of social assistance is assigned to a directorate with limited capacity to access full resources and execute its mandate fully.

Social security includes maternity, unemployment insurance and employment injury protection and aims to cover both formal and informal economy workers[27] and increase the range and adequacy of social security benefits.

The NSSF is a statutory institution that is managed and coordinated by a tripartite board with representation of members drawn from the Government, the Federation of Kenya Employers (FKE) representing employers and the Central Organization of Trade Unions (COTU) representing workers.[28] The Board directs the management of the Fund through the Chief Executive, who is recruited competitively by the Board.[29] To strengthen governance mechanisms, the Board also works through various committees, such as the Audit and Risk Committee and the Investments and Social Security Committee, which oversee member contributions and the performance of the Fund.

The enactment of the NSSF Act, No. 45 of 2013, established rights and obligations for NSSF members (such as payment of contributions and access to benefits). It also introduced an old-age branch and increased workers' and employers' contributions to that effect.

Health insurance is implemented through the NHIF and aims to provide comprehensive health protection for all. The NHIF was established under the National Health Insurance Fund Act of 1998[30] as an institution under the Ministry of Health, which is managed by a Board of Directors constituted by representation from private, faith-based, public

27 Including self-employed workers, on a voluntary basis.

28 Kenya, Social Assistance Act No. 24 of 2013, sect. 6.

29 Kenya, Social Assistance Act, sect. 5.

30 Kenya, National Health Insurance Fund Act, 1998.

healthcare providers, the FKE and COTU. The Chief Executive Officer of the NHIF is appointed competitively by the board and is responsible for the day-to-day management of the Fund.[31] For those without contributory capacity for the health insurance system, a subsidy programme is in place, although challenges remain in reaching all those in need.

The NHIF (Amendment) Act 2022 introduces various changes, including to make it compulsory for Kenyans above the legal age of 18 years to be members and contribute to NHIF. Table 2 present the key milestones in the development of Kenya's national social protection system.

▶ Table 2. Key milestones in the development of Kenya's national social protection system

Year	Highlight
1965	Adoption of Sessional Paper No. 10 of 1965, which was a planning tool for the country's socio-economic development, a policy paper built around equity that laid the foundation for social protection/security.
1965	Establishment of the National Social Security Fund (NSSF) as a provident fund scheme for all workers in Kenya. The Fund operated as a government department within the Ministry of Labour.
1966	The National Health Insurance Fund (NHIF) established as a department in the Ministry of Health to provide health insurance exclusively for those in formal employment.
1972	NHIF Act amended to allow membership of persons in informal employment.
1987	NSSF Act amended to transform the NSSF into an autonomous State corporation.
1988	The NSSF commences operating under a Board of Trustees, constituted by representatives of three key stakeholders: Government, employers, and workers.
1998	The NHIF transformed into a State corporation through an Act of Parliament, which established the NHIF facility for formal sector individuals to participate in a risk-pooling (social) insurance system.
2004	Introduction of cash transfer programmes.

31 Kenya, Social Assistance Act, sect. 10.

▶ **Table 2 *(cont'd)***

Year	Highlight
2010	Article 43 in the Constitution of Kenya 2010 provides for the right to social security, among other socio-economic rights, and article 28 provides for the right to human dignity.
2011	Adoption of the National Social Protection Policy, which sets out the direction of social protection and the goal of ensuring a life of dignity for all and giving them the opportunity to exploit their human capabilities for their own social and economic development.
2012	Recommendation No. 202 was adopted by Kenya at the International Labour Conference. It provides a globally recognized standard and framework for building and strengthening national social protection systems and has informed governance and policy changes in the social protection sector in Kenya, such as the adoption of the life-cycle approach to social protection.
2012	Expansion of the Social Protection Secretariat.
2012	The Public Service Superannuation Scheme Act passed: a compulsory contributory scheme that provides retirement benefits to persons in the public service.
2013	The Social Assistance Act of 2013 was enacted and provided for the establishment of the National Social Assistance Authority to identify and provide social assistance to persons in need of social assistance – currently under review to expand its scope.
2013	The National Social Security Fund Act 2013 proposed a variety of reforms, including new minimum and maximum earnings on which contributions are paid; giving employers the option of contracting out of tier II contributions by offering an approved retirement benefit plan with benefits equal to or better than those provided under tier I; contribution rate increased to 6 per cent of earnings, payable by employers and employees jointly.
2015	NHIF reviews its healthcare packages to respond to developing health needs, expand its services and coverage, and include hospital-based outpatient treatments, such as cancer treatment and kidney dialysis.
2016	Introduction of biometric registration in NHIF to curb incidences of fraud, ease identification of beneficiaries, promote the portability of health records and improve health information systems.
2016	Establishment of the single registry and strengthening of other delivery systems, such as the payments systems to identify beneficiaries and enhance usage of such data during emergencies. The registry is undergoing enhancements.

Table 2 *(cont'd)*

Year	Highlight
2016	All cash transfers under the Social Assistance Unit are consolidated and harmonized to minimize overlaps and duplication and promote efficiency in disbursements.
2016	Establishment of other social protection oversight structures such as the National Steering Committee on Social Protection.
2017	An update to the Social Protection Sector Review which noted significant progress in building a larger, more effective, nationally owned social protection system. The review was conducted to make an assessment/diagnosis of the State of social protection systems and helped to identify some of the challenges in the sector.
2017	Expansion of cash transfers to reach more than 1.2 million recipients across the country.
2018	Establishment of the State Department for Social Protection (under the Ministry of Labour and Social Protection). This reorganization led to improved resourcing and governance of the sector.
2019	The development and implementation of the monitoring and evaluation framework.
2022	The NHIF (Amendment) Act 2022 passed and introduces changes that include compulsory membership and contribution to NHIF for Kenyans above the legal age of 18 years.

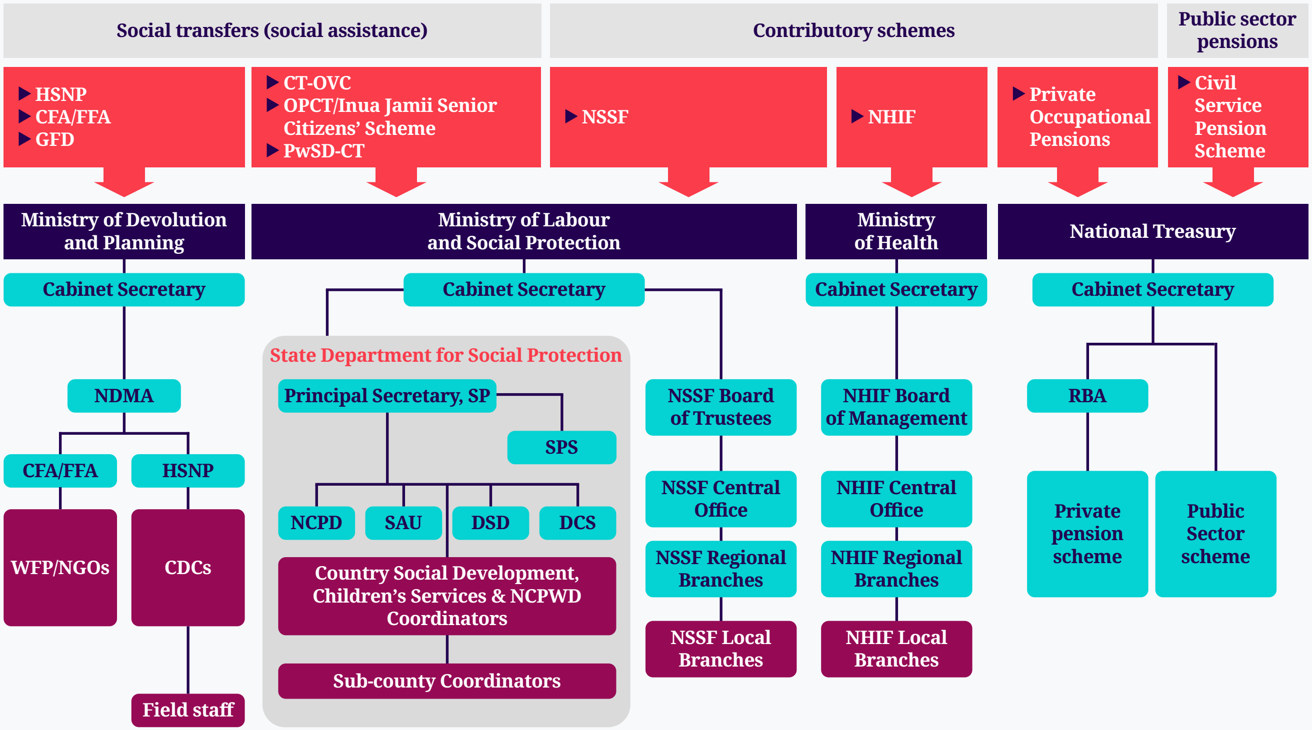
Source: Authors' elaboration.

3. Elements of social protection governance

Governance structure

Kenya has witnessed an improvement in the governance of social protection programmes in the last decade. At the national level, the Social Protection Secretariat was established in 2012, the Social Assistance Unit in 2016 and the State Department for Social Protection within the Ministry of Labour and Social Protection in 2018. The Secretariat is responsible for coordinating, integrating, and harmonizing the social protection sector, with the Social Assistance Unit in charge of the implementation of the various social assistance initiatives. Although the Social Protection Secretariat (SPS) was established to coordinate the social protection system, its mandate is limited to the programmes implemented by the Ministry of Labour and Social Protection. Figure 10 provides an overview of Kenya's current social protection institutional arrangements.

Figure 10. Kenya's current institutional arrangements



Ministry of Education and World Food Programme (WFP) manage School Feeding Programmes which are part of Social Assistance.
County Governments manage Contributory Local Authority Officials Pensions

Figure 10 *(cont'd)*

Legend			
HSNP	Hunger Safety Net Programme	**SAU**	Social Assistance Unit
CFA/FFA	Cash for Assets/Food for Assets	**OPCT**	Older Persons Cash Transfer
GFD	General Food Distribution	**NSSF**	National Social Security Fund
CT-OVC	Cash Transfer-Orphans and Vulnerable Children	**NHIF**	National Health Insurance Fund
UFS-CT	Urban Food Subsidy Cash Transfer	**NDMA**	National Drought Management Authority
WFP/NGOs	World Food Programme/Non-Governmental Organizations	**RBA**	Retirement Benefits Authority
PsWD-CT	Cash Transfer for Persons with Disabilities	**NCPD**	National Council for Persons with Disabilities
CDCs	Centre for Disease Control	**DSD**	Department for Social Development
SPS	Service Protection Secretariat	**DCS**	Department for Children Services

Source: Development Pathways, *Global Research on Governance and Social Protection: Kenya Case Study*, 2021.

Legislation and policy

Anchoring social protection schemes in a legal and policy framework provides a solid basis for the progressive development of the social protection system while making government and public institutions accountable for its effective implementation. The enactment of the National Social Security Fund Act and the National Health Insurance Fund Act in the late 1960s, has enabled the gradual construction and adoption of more specific laws and decrees to implement Kenya's social protection system, the implementation of which is not yet complete.

Despite progress in the regulatory environment, legal gaps remain. Some legislations have not yet been fully implemented, such as the National Social Security Fund Act of 2013 and the Social Protection Coordination Bill of 2017, while some institutions such as the National Social Protection Council were never established by law.

Upon promulgation of the new Constitution in 2010, Kenya initiated reforms to harmonize the social protection sector. Initiatives include the establishment of a single registry, government-to-persons cash transfers and the State Department of Social Protection under the Ministry of Labour and Social Protection. Other reforms to improve coordination include a mapping exercise to identify opportunities and challenges in the coordination between the national and county governments. A memorandum of understanding (MOU) was also signed between the Ministry of Labour and Social Protection and the NHIF to provide health coverage to recipients of the Inua Jamii cash transfer programme.

The significant advances made in the legal, policy and regulatory framework governing social protection have improved the coherence of the sector, providing greater efficiency and increasing fiscal space.

Integration and coordination

Key institutions in Kenya's social protection system include the NHIF and NSSF. Given the autonomous nature of these institutions and other social protection players, the Ministry of Health, the NHIF and the Social Protection Secretariat signed an agreement to improve coordination among them through the development of an integrated management information system. The Social Protection Secretariat has also established a national steering committee and technical working groups to coordinate various stakeholders, including development partners.

National and county governments' institutional arrangements

The social protection sector has witnessed significant strengthening of institutional arrangements at the national level, with the creation of the State Department for Social Protection in 2018.

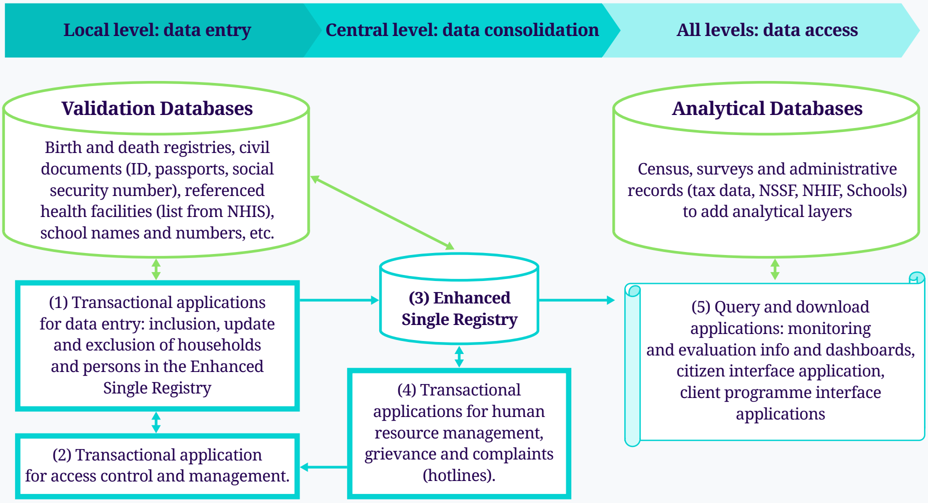
The 2010 Constitution provides for the creation of two levels of government, the national level and the county level. The counties are supposed to exercise full authority over the central functions that have been devolved or decentralized to them. However, since social protection is not a devolved function, county governments do not have control over its implementation at the decentralized level. They lack resources and implementation capacities to support the implementation of national social protection programmes on the ground.

Efforts have been made by the Social Protection Secretariat to establish MOUs and other special arrangements to coordinate the two levels of government. However, they are not backed by law and gaps in roles and responsibilities remain.

Delivery mechanisms and MISs

The provision of accurate and timely data for persons that need protection is critical to ensure that they are not "invisible" to policymakers, as this would exacerbate their vulnerability (United Nations 2019). The early stages of social protection schemes experienced manual paper-based processes that were prone to leakages and exclusion/ inclusion errors. The establishment of the enhanced single registry has improved the efficiency of the delivery of social protection programmes. The system consolidates information from various programmes' MISs, thereby providing a single platform for various processes, including identification, payments, complaints and grievances. Reforms – from manual processes to automation and use of biometrics – have increased accountability in the delivery of social protection programmes. Figure 11 illustrates the design and application of the enhanced single registry.

Figure 11. Enhanced single registry basic information technology process: modules/applications in Kenya



Source: Development Pathways, *Global Research on Governance and Social Protection: Kenya Case Study*, 2021.

4. Challenges facing Kenya's social protection governance system

- **Inadequate policy and legislative arrangement for the coordination of social protection development and implementation.** Social protection is managed by a Secretariat that was established by the Social Protection Policy adopted in 2012. The Policy also anticipated the establishment of the National Social Protection Council, which has not yet been operationalized.

- **Fragmentation of programming and implementation**. Despite policy and institutional reforms over the last decade, programmes are still fragmented, leading to duplication and inconsistencies. It was against this background that the National Social Protection Policy of 2011 was developed, with the aim to coordinate the different social protection interventions within an integrated sector-wide approach to data and information systems. The fragmentation was more apparent during the COVID-19 pandemic, during which the response to the pandemic was implemented by various actors, although the mandate fell under the remit of the State Department of Social Protection (Oxford Policy Management 2021).

- **Inadequate social protection institutional capacity.** Insufficient institutional capacity, coupled with weak implementation on the ground, have hampered an effective response to the emerging need for comprehensive social protection. The operations of social protection programmes often depend on volunteers and local-level structures, such as beneficiary welfare committees and chiefs (Development Pathways 2021).

- **Single registry linkages.** The establishment of a single registry is aimed at hosting data from all national social protection programmes, including complementary programmes. However, institutions such as the NHIF and NSSF have yet to link their databases with the single registry, which is still undergoing improvements. There is a need to strengthen the linkages between contributory and non-contributory schemes, improve awareness of social protection programmes and establish proper grievance and complaints mechanisms.

5. What's next?

Anchoring social protection schemes in a policy and legal framework ensures the long-term sustainability of social protection. Although Kenya has made significant progress in reforming the governance of social security systems, there is still room to strengthen delivery systems and capacities at both national and county levels. The following recommendations can be made to continue to strengthen social protection governance in Kenya:

- **Strengthen the legal framework of the Social Protection Secretariat** and implement the national social protection council to serve as a governing organ, with a legal mandate to coordinate and harmonize the system.
- **Expand access to reach universal social protection**, including access to healthcare and income security for all. This will require additional domestic resource mobilization efforts for social protection (ILO forthcoming).
- **The development of a single registry** should be further carried out and expanded to the NHIF and the NSSF in order to facilitate the extension of both non-contributory and contributory coverage.
- **There is a need for stronger interaction and linkages** between the national and county levels to effectively implement national social protection schemes.
- **Improve awareness of social protection** to facilitate access and enhance the accountability of the system.

6. References

Development Pathways. 2021. *Global Research on Governance and Social Protection: Kenya Case Study*.

ILO. Forthcoming. *Kenya Experience in Increasing Domestic Resources for Social Protection and Progressively Reducing Reliance on External Partners' Resources*.

Kenya. 1965. *African Socialism and its Application to Planning in Kenya*.

———. 2007. *Kenya Vision 2030: The Popular Version*.

———. 2013. *Social Assistance Act No. 24 of 2013*.

———. 2017. *Kenya Social Protection Sector Review 2017*.

———. 2022a. *National Social Security Fund (NSSF)*.

———. 2022b. *Single Registry for Social Protection. Background information*.

Kenya, Ministry of Gender, Children and Social Development. 2011. *National Social Protection Policy*.

Kenya, Ministry of Labour and Social Protection. 2022. *Background information*.

Kenya, National Assembly. 2021. *Report on the Consideration of the Social Assistance (Repeal Bill) 2020*.

Kenya, State Department for Social Protection, Senior Citizens Affairs and Special Programmes. 2022. *Mandate*.

10. Kyrgyzstan: Ratification of the Maternity Protection Convention, 2000 (No. 183)

Amina Kurbanova and Jasmina Papa

Summary

Kyrgyzstan is working to improve national legislation on maternity protection at the workplace, with the support of the ILO and in line with up-to-date international labour standards. These efforts aim to prepare the country to ratify the ILO Maternity Protection Convention, 2000 (No. 183).

The policy work on improving maternity protection was done through a consultative process between the Government and social partners and resulted in the formal adoption of a road map for the ratification of Convention No. 183 on 9 March 2020 by the Ministry of Labour and Social Development. In addition, a comparative analysis between current legislation and practice and Convention No. 183 was prepared with the ILO's support in 2021.

The experience of Kyrgyzstan in expanding maternity protection is in line with the principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202). They ensure that eligibility is progressively expanded with the aim of reaching universal coverage; that entitlements to adequate and predictable benefits are prescribed by national law; and that the levels and duration of benefits are responsive to special needs and circumstances of beneficiaries.

Main lessons learned

- International labour standards provide guidance for improving national social protection systems, including on maternity protection, and the ratification process by Member States contributes to establishing a legal foundation which strengthens the sustainability of universal social protection.
- Explaining how maternity protection can provide benefits to various aspects of society and economy, such as in terms of gender equality, employment practices and the extension of social protection, contributes to increasing national stakeholders' commitment to expanding protection, even in the case of changing political priorities as was seen during the COVID-19 pandemic.
- Maternity protection was also at the centre of several UN agencies' agendas, which facilitated "One UN" collaboration in supporting the formulation of recommendations and their implementation, providing a coherent and efficient response to country needs.

- Expanding maternity protection can facilitate the transition towards a more formalized economy and reduce gender inequalities in the workplace.
- The involvement and active participation of social partners in policy developments was key to creating a national consensus that supports the reform.

1. Context

Improving maternity protection has been a key priority for the Government since the 1990s, as reflected in various policy documents adopted since then. The framework for maternity protection was partly improved and adapted, including through the implementation of the most recent Social Protection Development Programmes for 2012–2014 and 2015–2017. The latter was considered as an important milestone in country's overall efforts to establish a minimum level of social protection for all, in line with Recommendation No. 202 and the 2030 Agenda for Sustainable Development.

Maternity benefits in Kyrgyzstan encompass income-security measures and access to health services (delivery and antenatal and postnatal care). However, the protection is limited to female workers in the formal sector – both salaried and self-employed workers, as well as those benefiting from unemployment insurance – and those working on small-scale farms.[32]

2. Description of the initiative

In late 2014, an Assessment-based National Dialogue (ABND) was launched by the Government, the UN country team and a technical working group composed of representatives of the Government, employers' and workers' organizations, civil society and international organizations. The ILO played a leading role in facilitating national dialogue, undertaking the assessment and providing technical support throughout the process.

The first national dialogue meeting was held in 2015 and presented and discussed the draft assessment matrix prepared by the ILO. The matrix contained policy gaps, implementation issues and recommendations for establishing social protection floors (SPFs) in Kyrgyzstan and covered four SPF guarantees. The second national dialogue, held in 2016, sought to convert recommendations into feasible policy options and identify financing modalities. The final national dialogue was held in 2017 and covered the final report and the findings of the assessment.

The ABND identified significant gaps in the scope, coverage and adequacy of maternity protection, and suggested a number of policy options to bring them in line with international social security standards. The following priorities were identified:

32 The Kyrgyz system has a separate category of farms, which roughly translates as "peasant farms" meaning farms, often at the household level, that operate on a small scale, usually for subsistence purposes.

- to improve the coverage of formal economy workers, farmers and self-employed and to regularly index benefit levels according to inflation from 2020 onwards;
- to extend coverage to informal economy workers and increase social protection benefits to a level that enables decent living (referred to officially as "subsistence minimum") by 2030; and
- to expand coverage to all women and increase benefit levels to two thirds of average or previous earnings by 2040.

The ILO provided technical assistance to operationalize the ABND recommendations and further supported the review of national legislation and its compliance with the Convention No. 183. One of the focus areas of the review was the analysis of the national maternity benefit formula and current financing modalities to seek further alignment with international social security standards.

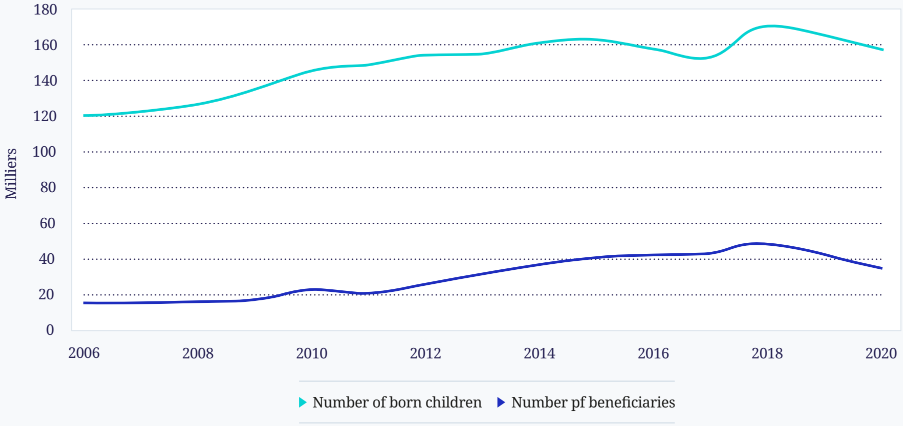
3. Impact

The ABND discussions and the review of national legislation established a clear set of policy recommendations relating to the scope of coverage, the formulas used for calculating benefits and the adequacy of benefits.

Expanding maternity protection coverage to all women

Figure 12 shows the coverage of women workers from 2006 to 2020. Although coverage has on average increased steadily, from 13.0 per cent in 2006 to 22.2 per cent in 2020,

Figure 12. Number of maternity protection beneficiaries in Kyrgyzstan, 2006–2020



Source: based on data provided by the Ministry of Labour, Social Security and Migration.

large parts of the population remain without maternity protection. Those covered include salaried and self-employed workers in the formal economy, those working on small-scale farms and officially registered unemployed women. Workers in the informal economy, in which women are over-represented, are fully excluded from coverage.

Although unemployed women are covered by law, in practice many are left behind. It is estimated that only eight unemployed women received maternity benefits in 2020. Two reasons exist for this low coverage. First, only unemployed women who are officially registered as being unemployed are eligible. Second, they are required to prove that they have work experience of at least 12 months in the last three years.

Simplifying the formulas used for calculating benefits

The Government expects to undertake significant steps to reform maternity benefit formulas and financing modalities. The country currently applies complex benefit formulas for different categories of workers in an attempt to correct for differences in socio-economic contexts between regions. However, whether their desired impact on equity has been achieved is unclear.

More generous protection is provided for those who work in mountainous or remote areas. According to the Ministry of Health and Social Development, the benefit amount varies from 20,000 to 300,000 Kyrgyzstani som in mountainous/remote areas to 4,000 som elsewhere. Table 3 provides a comparison of maternity benefits in Kyrgyzstan by area of residence.

In addition to increased benefit amounts, the duration of maternity benefits is longer for workers in mountainous areas. Nonetheless, the duration of maternity leave is at least 126 calendar days for all registered workers, regardless of location, which is above the levels proposed by the Maternity Protection Convention, 2000 (No. 183) and the Maternity Protection Recommendation, 2000 (No. 191).

The data in figure 13 shows the large differences in benefits that formal dependent workers in mountainous/remote areas receive relative to those in other areas and forms of employment. This may be an indication that the monthly calculation index, used to calculate benefit levels for all except dependent workers in mountainous/remote areas, has not kept pace with average wage developments.

Table 3. Comparison of maternity benefits in Kyrgyzstan by area of residence

	Maternity leave	Maternity benefit formula
Formal dependent workers (under contractual arrangements, public and private sectors)		
Workers in mountainous areas	140 calendar days (70 days before and 70 days after delivery)	Amount is based on average earnings for last 3 months
Other areas	126 calendar days (70 days before and 56 days after delivery)	First 10 days paid by the employers based on average salary 11+ is covered by state equal to 10 times the monthly calculation[a] index
Self-employed, members of household farms		
Workers in mountainous areas	126 calendar days	First 10 days is not paid, 11+ is covered by state equal to 10 times the monthly calculation index + remoteness coefficient[b]
Other areas		First 10 days is not paid, 11+ is covered by state equal to 10 times the monthly calculation index
Registered unemployed	126 calendar days	First 10 days is not paid, 11+ is covered by state equal to 10 times the monthly calculation index
Informal workers	No protection	

Notes: [a] The amount of calculation index is som100 (US$1.20 in July 2021). It is a standard monetary indicator used by the state to determine the level of social payments, compensations, economic sanctions, administrative penalties and fines, as well as other economic indicators not related to wages. [b] Remoteness coefficients are calculated based on the altitude, remoteness and inaccessibility of the beneficiary's place of residence.

Source: Authors' elaboration.

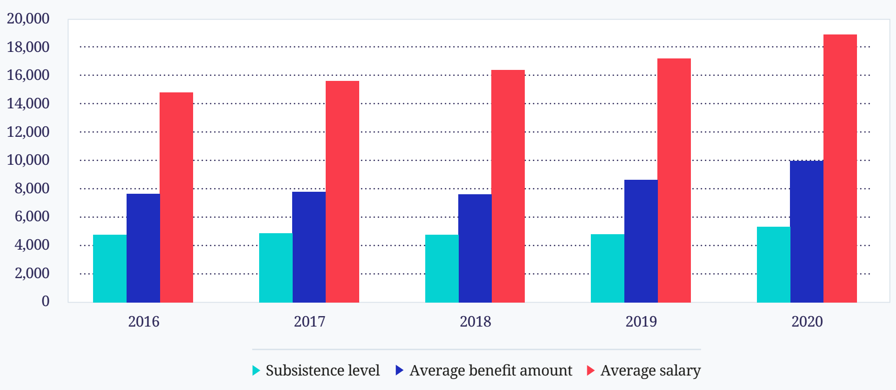
▶ Figure 13. Average benefit amount by worker type in Kyrgyzstan, in Kyrgyzstani som, 2020

▶ Source: based on data provided by the Ministry of Labour, Social Security and Migration.

Assessing the adequacy of benefits

Figure 14 compares the average benefits received to the subsistence income level and the average salary from 2016 to 2020. The results show that while average benefits have consistently been above the subsistence level, they represent only about 50 per cent of the average salary. Further analysis is required to establish whether compliance with

▶ Figure 14. Average benefit amount compared to average salary and subsistence minimum in Kyrgyzstan, 2016–2020



▶ Source: based on data provided by the National Statistical Committee.

Convention No. 183 has been met, which requires benefit levels of at least two thirds of previous earnings.

4. What's next?

The comparative analysis between Convention No. 183 and the national law and practice, in particular the analysis of the maternity benefit formula and coverage rates, have reaffirmed the feasibility of a gradual alignment of national legislation with international labour standards in order to ensure, among other things, the progressive extension of social security to all female workers, including those in the informal economy. A revision of the current maternity benefit formula and financing schemes will be necessary to achieve better compliance with the social security-related provisions of Convention No. 183. In this regard, it should be noted that the Government is currently working jointly with the social partners and the ILO to analyse existing financing options for maternity benefit schemes, as well as to develop policy options, including through social insurance mechanisms, to extend and improve protection.

As reflected in the comparative analysis, full compliance with Convention No. 183 will also require adopting measures in other areas, including health protection and employment protection, as well as adopting non-discrimination measures. This includes, among other considerations, ensuring that pregnant or breastfeeding women are not obliged to perform work that may be harmful to the health of the mother and child; that women seeking maternity benefits are protected from discrimination in the workplace, such as work terminations in relation to the pregnancy or birth of the child; and that women are provided with the right to breaks or reduced working hours in order to breastfeed their child.

Lastly, following the adoption of a road map for the ratification of Convention No. 183 by the Government, there is a clear momentum to move towards incorporating international labour standards on maternity protection into national legislation. In addition, the institutions responsible for implementing the social protection system will find a new space for discussions of the importance of defining the minimum standards of the social security sector in order to reinforce progress towards the fight against poverty and to achieve a better redistribution of the social spending and comprehensive risk protection needed by workers and their families. It is important that workers' and employers' organizations and civil society are represented and involved in these discussions in order to ensure that future reforms enjoy broad support and are sustainable.

5. References

ILO. 2017. *Social Protection Assessment-Based National Dialogue. Towards a Nationally Defined Social Protection Floor in the Kyrgyz Republic*.

———. 2020. *Rapid assessment of the employment impacts of the COVID-19 pandemic in Kyrgyzstan*.

11. Mozambique: The Mozambican Statistical Bulletin – a best practice in monitoring the progress of the extension of social protection coverage

Ana Carolina De Lima Vieira

Summary

Mozambique has made significant strides in strengthening its capacities on social protection statistics in recent years. With the support of the ILO, relevant national institutions joined forces in 2019 to produce a statistical bulletin on social protection that consolidates data on contributory and non-contributory schemes alike. This practice has since become institutionalized, guaranteeing the availability of comprehensive, harmonized, and reliable data on social protection on an annual basis.

Strengthened national capacities on social protection statistics, together with the dissemination of social protection related data, contribute to informing policy-making for social protection extension, increased transparency and accountability, better identification of key gaps, evidence-based awareness on the need to increase domestic fiscal space for social protection, more tailored support from international cooperation according to priorities, and the monitoring of progress towards the achievement of SDG target 1.3 on social protection systems, including floors.

Despite existing challenges, Mozambique's experience demonstrates that low-income countries can develop innovative statistical solutions for improving the design, implementation, and monitoring of social protection policies, fostering increased fiscal space for social protection and providing evidence on gaps and progress made on the extension of social protection.

Mozambique's social protection system strives towards the application of the guiding principles in Recommendation No. 202. More specifically, the present study explains how some of these principles have been applied, notably "progressive realization, including by setting targets and time frames", "regular monitoring of implementation, and periodic evaluation" and "transparent, accountable and sound financial management and administration".

Main lessons learned

- Statistical data is a fundamental component for policy and decision making in social protection, informing the design, implementation, and monitoring of social protection systems.
- The creation of Mozambique's Inter-institutional Working Group on statistics on social protection and the annual statistical bulletins represent important achievements that the country has made in breaking the silos and strengthening coordination between relevant national institutions. They ensure the availability of regular, high quality, harmonized and comprehensive data on social protection.
- At the national level, social protection statistics can help accelerate the extension of social protection and the design of responses to crises, contribute to more transparent public finance management and administration of social protection, and feed national debates on social protection issues, including the development of strategies and policies by showing gaps and progress made. It is also a powerful tool to advocate for more and better investments in social protection.
- At the international level, it enables more assertive development cooperation focused on clear coverage gaps and funding needs, as well as provides crucial data for monitoring the progress towards the achievement of SDG target 1.3 in the context of Agenda 2030.

1. Introduction

The ILO has been supporting Portuguese-speaking African countries (PALOP) and Timor-Leste since 2016, through the ACTION/Portugal project. This project includes specific support to strengthen the capacity of national institutions to monitor social protection indicators and lay the foundations for the creation of comprehensive and integrated social protection statistical systems. This support is provided through training activities, experience exchanges, the creation of networking dynamics, as well as onsite technical assistance for national institutions with responsibilities in the social protection system.

Among the progress observed, Mozambique has stood out with its practice of preparing and publishing an annual National Statistical Bulletin on Social Protection. The Bulletin gathers indicators from across the country's entire social protection system, covering both contributory and non-contributory schemes.

This practice demonstrates how a low-income country can successfully develop a tool that harmonizes national data and underpins informed social protection decision making. In addition to contributing to the design of more efficient policies for extending social protection coverage, it also allows the measurement of the progress made towards SDG target 1.3.

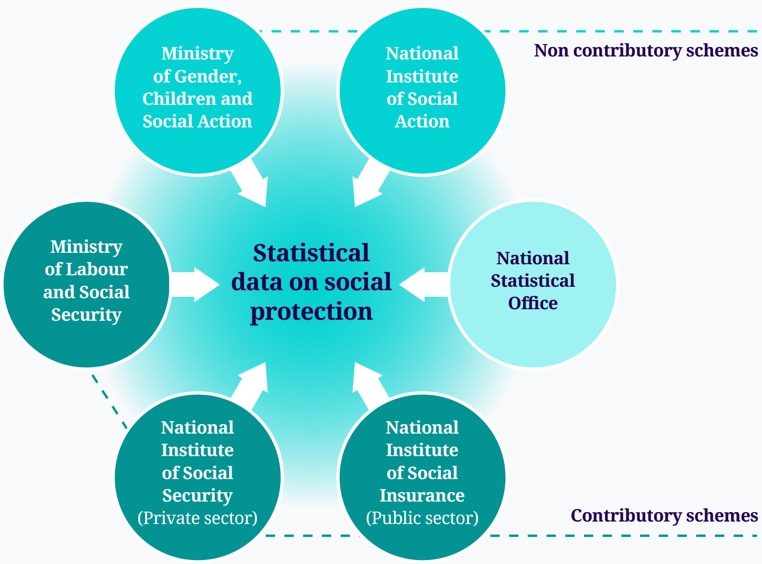
This note aims to disseminate this good practice, feeding the debate on the critical role played by social protection statistical data and monitoring systems for countries to meet

SDG target 1.3. It is based on interviews conducted with public institution executives, in Mozambique, who are involved in the production of the Social Protection Statistical Bulletin.[33]

The Mozambican Statistical Bulletin on Social Protection originates from the Social Protection Statistics training course carried out within the ACTION/Portugal project in Cabo Verde, for PALOP countries and Timor-Leste, in 2018. The course aimed to promote the creation of thematic working groups, bringing together the institutions responsible for social protection systems (contributory and non-contributory) and national statistics Institutions. It addressed the importance of administrative statistics and challenged countries to bring social protection statistics together in a single document. The success of this training led to the development of three successive training phases in 2019, 2020 and 2021.

During the course, the Mozambican delegation started to outline the creation of a working group with the aim of preparing the first National Statistical Bulletin. The group consists of six institutions, as shown in figure 15, plus the ILO.

Figure 15. Inter-institutional social protection statistics working group in Mozambique



Source: Republic of Mozambique. Statistical bulletin on social protection. 2019.

33 Interviews were conducted with: Célio Langa (Ministry of Labour and Social Security – MITSS); Gito Mataba (National Institute of Social Action - INAS); Marcos Muianga (National Institute of Social Security – INSS) and Fabião Mundlovo (National Institute of Social Insurance – INPS) and Rubén Vicente (Social Protection Programme Manager – ILO Maputo).

This group was then institutionalized, having received authorization from each participating institution to act and produce a common document. The complete process of formulating and publishing the First Bulletin took six months and benefited from the technical and financial support from ILO Office in Maputo, Mozambique, through the ACTION/Portugal project.

2. Statistical Bulletin on Social Protection

What does it contain?

The Bulletin is an annual publication that presents consolidated statistics concerning the coverage of Mozambique's social protection system over a one-year period. Its objective is to enable easy access to the most relevant data from the system, promoting the use of data to guide national strategies and policies, with the aim of improving the coverage of the system, its efficiency and its impact, in accordance with ILO Recommendation No. 202. It is based on the individual reports of the national social protection institutions. The Bulletin addresses, in a statistical and analytical way, the goals achieved, the constraints faced during implementation, as well as the conclusions and recommendations for the future. So far, four statistical bulletins have been published (see figure 16), one in 2019 with data from 2018, one in 2020 with data from 2019, one in 2021 with data from 2020 and one in 2022 with data from 2021.

> **Before the course, each institution produced internal reports using statistical data from their activities, but we were not interconnected, nor did we know each other.**
>
> ▶ **Marcos Muianga**, INSS Mozambique

Bulletin structure

After an executive summary, which provides the social protection system's legal framework and the purpose of the document, a brief introduction is made. This is followed by a chapter dedicated to the socio-economic characteristics of the national population, covering elements such as poverty levels and the population's access to basic services. The following chapter briefly presents the schemes that make up the social protection system, listing the benefits granted by the contributory schemes, as well as the types of assistance provided by the non-contributory scheme's programmes.

The results achieved by each of the system's schemes in the reference year are then presented, with data disaggregated by sex, province and age groups. This section also discusses the evolution of the State budget dedicated to the non-contributory scheme.

Figure 16. Statistical Bulletins on Social Protection published in Mozambique

Source: República de Moçambique, 2019, *1º Boletim Estatístico sobre Protecção Social*.

Source: República de Moçambique, 2020, *2º Boletim Estatístico sobre Protecção Social*.

Source: República de Moçambique, 2021, *3º Boletim Estatístico sobre Protecção Social*.

The following section analyses the progress and challenges of a specific theme (such as old-age social protection). The document ends with conclusions on the extension of social protection coverage, highlighting the progress made and challenges faced, and the areas that should be prioritized in the following year.

Production stages for the Statistical Bulletin

The production of the Mozambican Statistical Bulletin involves seven steps, described in figure 17 below.

Working methodology

The Inter-institutional Working Group (IWG) on Social Protection statistics for Mozambique holds face-to-face meetings for the planning of the process and analysis of data, and uses virtual meetings and emails for validation steps and a WhatsApp group to solve urgent issues. A group leader is appointed to coordinate the team. Currently, this function is carried out by the representative of the Ministry of Labour and Social Security. The ILO is part of the group with the role of giving technical support for the drafting of the Bulletin, but it never takes the leading role. The start of planning coincides with the time when institutions have already consolidated internal data from the previous year.

Figure 17. Preparation stages for the Statistical Bulletin in Mozambique

1. Planning	2. Data collection	3. Data analysis	4. Compilation	5. Validation	6. Publication & Printing	7. Dissemination
▶ Design of the documents structure and selection of indicators. ▶ Approval of the data collection instrument. ▶ Division of tasks	▶ Each institution produces an individual report with their part of the bulletin, making statistical data and content available as agreed within the group.	▶ Analysis of the consistency of the statistical data. ▶ Data parametrization – harmonization of data aggregation. ▶ Conceptual definitions.	▶ One member of the group compiles all of the collected data, produces graphs and creates the first draft of the document.	▶ The working group validates the first draft of the Bulletin. ▶ Each institution's management team validates the final version of the document. ▶ The ILO provides comments on the final version of the document.	▶ Graphic design of the Bulletin. ▶ The Bulletin is sent for printing. ▶ This step receives financial support from the ILO's ACTION/ Portugal project. 200 copies are printed per year.	▶ Dissemination of the Bulletin. ▶ Launch during Social Protection Week. ▶ Dissemination through websites and social networks.
Length: **2 weeks**	**1 month**	**2 weeks**	**1 month**	**1 month**	**1 month**	**1 month**

▶ Source: Development Pathways, *Global Research on Governance and Social Protection: Kenya Case Study*, 2021.

Dissemination

The Statistical Bulletin is published and launched each year during Mozambique's Social Protection Week. This event is attended by the main actors involved in the country's social protection system (at central and provincial level), representatives of other ministries (such as the Ministry of Economy and Finance), journalists, workers' and employers' organizations, civil society organizations, academics, bilateral cooperation agencies and United Nations agencies. The Bulletin is also disseminated through the Internet pages of the institutions involved, the Ministry of Labour and Social Security, the ILO Social Protection Platform, the ILO-Lusaka, the ILO-Lisbon and ACTION/Portugal (and through social networks). It should be noted that the dissemination of a National Statistical Bulletin depends on local specificities, and it is up to each country to find the best time to launch it and to define the appropriate communication channels.

3. Success factors

Several success factors have contributed to the success of the statistical bulletin. Firstly, there was a high degree of coordination in the country. The various actors across the social protection system worked together to systematically collect statistics on the contributory and non-contributory schemes operating in the country. With respect to the IWG on social protection statistics, interviewees appreciated the presence of a group leader able to guide the work and the team, the flexibility shown by team members in the mode of communication used, and the effective division of tasks between group members.

Secondly, there was a strong level of technical support and expertise present in the country and provided by external partners. This includes the political support and technical expertise provided by the ILO throughout the process, using both national experts as well as targeted capacity-building activities. Interviewees mentioned that the technical and financial support received from the ILO Maputo office throughout the drafting, review, editing, and design processes was crucial. Interviewees also mentioned the IWG's structure, with high-level technical staff members experienced in collecting social protection data, as a success factor. In addition, the institutions involved in the IWG were already experienced in the production of internal statistical bulletins, and this experience enabled them to effectively contribute to the drafting of the statistical bulletin on social protection, with some of the data that they had already collected previously being used to conduct new analyses.

Lastly, the statistical bulletin benefitted from momentum generated by strong political support and a sense of motivation among those involved in the activities. The national Government embraced the initiative and showed leadership in its implementation. Interviewees also noted the synergy and willpower present among the members of the IWG as a key factor that has led to the successful publication of multiple volumes of the statistical bulletin. These publications also contributed to increased awareness on the importance of data, creating a self-perpetuating effect whereby the increased availability of data leads to increased demand for the regular updating of such data.

4. Challenges faced

The main challenges faced during this experience were:

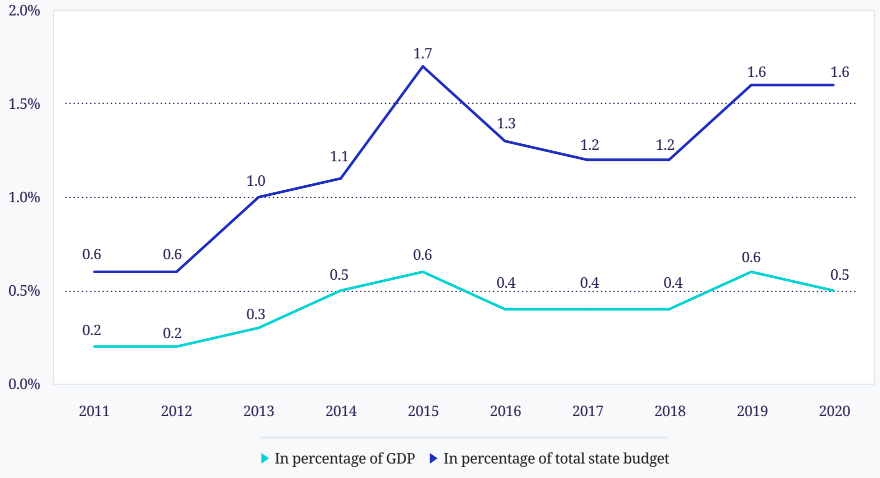
- The existence of different methods and techniques for collecting, disaggregating, and processing data in the institutions involved.
- The lack of data availability and the delay in the preparation of final reports within some institutions.
- The absence of interconnection between the contributory and non-contributory social security schemes' computer systems (as this would avoid possible inclusion errors).

5. Advantages of the statistical bulletin

At national level

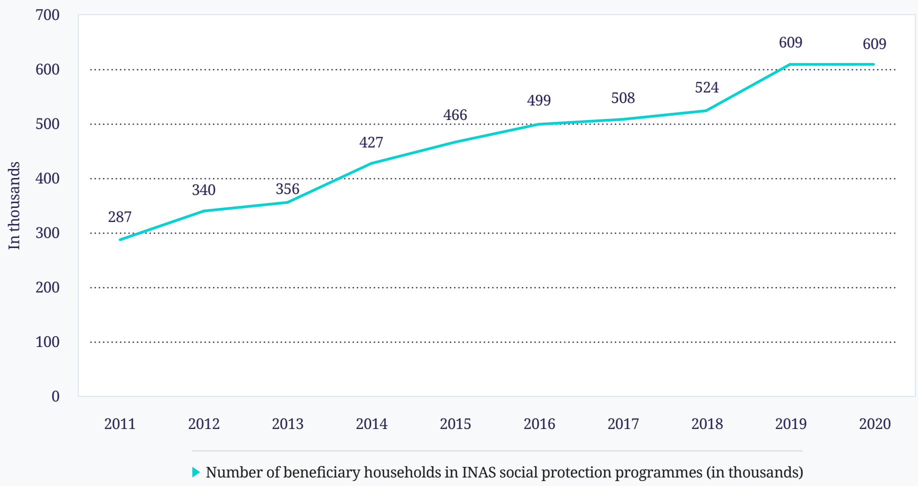
- The inclusion of statistical data from the contributory and non-contributory area in the same bulletin provides a comprehensive overview of the social protection system. It also contributes to the institutions getting to know each other and establishing joint working bases.
- The comprehensive overview of the social protection system's coverage provided by the statistical bulletin can be useful for the development of national social protection strategies.
- It supports informed decision-making by those responsible for the design, implementation, and monitoring of social protection policies, including during crises.
- It presents the results achieved by national institutions in fulfilling their obligations, contributing to the transparency of public finance management and the administration of social protection schemes.
- It gives visibility to the ministries and institutions involved within the Government and can contribute to strengthening the importance of social protection in the national political agenda. This is extremely important given the low levels of social protection public expenditures and coverage despite the continuous but slow progress (see figure 18 and figure 19).
- It promotes and supports the national public debate around social protection. By providing journalists and the general population with social protection data and indicators, it allows them to identify the progress made, the challenges ahead and potential fall-backs, for instance caused by austerity measures or insufficient domestic resources allocated to social protection.

Figure 18. Spending on INAS social programme of Mozambique, share of GDP and total State budget, 2011–2020



Source: UNICEF and ILO (2020, p. 11).

Figure 19. Number of beneficiary households in Mozambique's INAS, in thousands, 2011–2020



Source: UNICEF and ILO (2020, p. 11).

- It contributes to creating a vision within the institutions involved on the relevance of this type of instrument, motivating the production of other statistical documents (for example the preparation of the publication "Statistics of Mozambican compulsory social security 1990–2018").

> **One of the things that revolutionized INAS was this statistics course. In addition to replicating everything we learned in the local delegations, we have created a Monitoring and Evaluation Division.**
>
> **Gito Amaral Mataba**, INAS Maputo

- It enhances social protection institutions' capacity for improving the production and quality of statistical data (for example the creation of the Monitoring and Evaluation Division at the National Institute of Social Action).
- It encourages the production of academic research in the area of social protection policies.

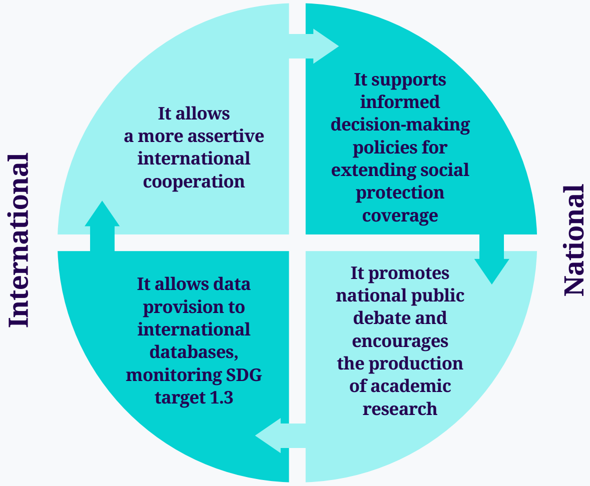
At international level

- It allows data provision to international databases concerning social protection that are used worldwide (for example ILO's Social Security Inquiry and ILO's World Social Protection Data Dashboards).[34]
- It contributes to monitoring the progress towards the achievement of SDG target 1.3 in the context of Agenda 2030 and the calculation of SDG indicator 1.3.1 on coverage of social protection systems, including floors.
- It increases the confidence of bilateral and multilateral development support agencies in the administrative capacity of national institutions.
- It allows a more assertive international cooperation focused on gaps in social protection coverage and funding.

Figure 20 presents the positive feedback process generated by the Statistical Bulletin in Mozambique.

34 More information is available on the ILO's World Social Protection Data Dashboards.

Figure 20. The positive feedback process generated by the Statistical Bulletin in Mozambique



Source: Prepared by the author based on interviews.

6. Next steps

Recognizing the importance of an efficient, comprehensive, and integrated social protection statistics system to guide and underpin political decisions, as well as to enable the monitoring of the impact of social programmes, the Inter-institutional Working Group says that Mozambique will continue the publication of statistical bulletins in the perspective of permanent improvements to the instrument and the working methodology. The following are the expected short- and medium-term improvements for this process:

- **Actors involved**: inclusion of the Ministry of Economy and Finance in the Inter-institutional Working Group on Social Protection Statistics. In addition to increasing the Group's institutional weight, this inclusion will facilitate access to statistical data from other schemes that are still missing.
- **Content:** in addition to providing a picture of the overall social protection system, each year's edition will focus on a specific branch of social security (such as old age, sickness or unemployment).
- **Quality of statistical data:** increase the quality and timeliness of the data produced to ensure its availability for decision makers working to institute a social protection floor in Mozambique.

- **Data disaggregation:** collect more granular data to allow for analysis on a disaggregated basis, such as on the basis of sex, age, province and so on.
- **Scope of data:** expand data coverage to include special social security schemes (for example those in place for bankers, parliamentarians, and so on) in the next bulletins.
- **Work methodology:** organization of annual work retreats to facilitate the preparation of future bulletins.
- **Work planning:** incorporate the task of producing the Statistical Bulletin into regular schedules and plans of the institutions involved.
- **Advocacy for more and better investment in social protection**: use the Statistical Bulletin as an advocacy tool to support the mobilization of domestic resources for social protection.
- **Use of data:** continue using the Statistical Bulletin's data in microsimulations to assess the impact of social protection on poverty, inequality, and so on.
- **ILO support:** combine the data from the Statistical Bulletin with data provided by the ILO's World Social Protection Database to improve the overall availability of data for policy makers.
- **Knowledge sharing and peer learning with ILO's Social Protection Department and other ILO Member States:** provide lessons and guidance to replicate the practice in other contexts, notably within PALOP countries and other African countries as well as in the context of the UN Secretary-General's Global Accelerator on Jobs and Social Protection for Just Transitions.

7. References

República de Moçambique. 2019. *1º Boletim Estatístico sobre Protecção Social*.

———. 2020. *2º Boletim Estatístico sobre Protecção Social*.

———. 2020. *3º Boletim Estatístico sobre Protecção Social*.

———. 2020. *Estatísticas da Segurança Social Obrigatória de Moçambique 1990–2018*.

———. 2022. *4º Boletim Estatístico sobre Protecção Social*.

UNICEF (United Nations Children's Fund), and ILO. 2020. *Social Action Budget Brief: Mozambique 2020*.

12. Paraguay: Ratification of the Social Security (Minimum Standards) Convention, 1952 (No. 102)

Mónica Recalde

Summary

On 21 September 2021, the Congress of Paraguay approved the ratification of the Social Security (Minimum Standards) Convention, 1952 (No. 102) through Law No. 6791, reaffirming its commitment to the progressive consolidation of a universal, comprehensive social protection system that provides adequate levels of protection.

The formal ratification of this landmark Convention was registered by the ILO Director-General on 25 October 2021, the date on which the instrument of ratification was registered with the Office of the Legal Adviser. As a result, Paraguay became the 60th country to ratify Convention No. 102, committing to provide minimum levels of protection for six of the nine social risks listed in the Convention, namely: medical care (Part II); sickness benefit (Part III); old-age benefit (Part V); employment injury benefit (Part VI); maternity benefit (Part VIII); and invalidity benefit (Part IX).

The ratification of Convention No. 102 demonstrates the strong commitment of Paraguay to achieve a more equitable society by building a sustainable and coherent social protection system that is more inclusive and provides access of the population to social security rights. It further ensures that entitlements to benefits are prescribed in national law and that these benefits are adequate and predictable, contributing to the guiding principles set out in the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- Paraguay's efforts in establishing a comprehensive social protection system have allowed the country to move towards the universalization of its social protection system and to integrate contributory and non-contributory schemes, with the aim of achieving significant progress in social inclusion.
- The ratification of the Convention was the result of a long process of social dialogue, which was initiated in 2012, and it constitutes an unequivocal sign of Paraguay's commitment to maintaining a sustainable and adequate social protection system, as

well as to strengthening existing mechanisms to guarantee the population's access to social rights.

- The ratification of the Convention further provides a regulatory framework of the minimum parameters applicable to each of the pension funds that integrate the Paraguayan system, especially the Social Security Institute. This will guarantee the population the adequacy, predictability and quality of social security benefits throughout the entire life cycle.

1. Context

The commitment by the Government of Paraguay to achieve the Sustainable Development Goals (SDGs) by 2030 provides an ambitious set of targets. In this context, the implementation of public policy coordination mechanisms and the development of a sustainable and rights-based social protection system are crucial.

In this framework, Decree No. 376 of 5 October 2018 provides a blueprint for the development of Paraguay's social protection system, which seeks to coordinate and articulate the interventions of the various public institutions responsible for the delivery of social protection, thereby facilitating access to comprehensive and rights-based social protection systems for the population throughout the life cycle. It further places special emphasis on protecting children, young people, women, indigenous peoples, and persons in vulnerable situations.

Consequently, the articulated strategies of the public sector are grouped into three basic pillars of the social protection system: (1) social integration, related to non-contributory policies and schemes; (2) productive employment and labour market regulations; and (3) social security, referring mainly to contributory schemes.

As such, Paraguay's efforts in establishing a comprehensive social protection system have allowed the country to move towards the universalization of its social protection system and to integrate contributory and non-contributory schemes, with the aim of achieving significant progress in social inclusion.

Notably, aiming to address challenges related to the structure of its labour market, pillar 2 seeks to facilitate the inclusion of those in the informal sector to secure their access to decent work.

The Integrated Strategy for the Formalization of Employment, approved by Decree No. 818/2018, aims to reduce informality in the labour market and progressively increase the coverage of the social protection system for workers, establishing specific actions for inspection, regulatory modernization, and the consolidation of regulations on new forms of employment.

Regarding contributory systems, Paraguay has made great efforts to increase social security coverage, especially for salaried workers in the private sector, for example by implementing specific strategies to combat informality and undeclared work, improve benefits and strengthen the performance of the system, while complying with the principles of solidarity and financial sustainability.

2. Process of ratification of Convention No. 102 in Paraguay

Since 2012, Paraguay has worked with the ILO to analyse the prospects for the ratification of Convention No. 102 and its incorporation into national legislation. At that time, the Ministry of Justice and Labour requested the ILO to prepare a comparative assessment of the national legislation and practice against the requirements and parameters of Convention No. 102. The ILO's report identified different obstacles to the ratification of the Convention, including the low participation of employees in the social security system and the effort required to extend coverage. The report also noted the possibility of adhering to the temporary exceptions established in Convention No. 102 (Art. 3). Despite the challenges encountered, this first report concluded that Paraguay complied with the minimum requirements established for medical care, old-age, maternity, disability, and survivors' benefits, but not with those concerning family benefits and unemployment benefits. As a result, it was decided to not yet initiate the ratification process of Convention No. 102.

Subsequently, the Ministry of Labour, Employment and Social Security (MTESS) was created by Law No. 5115/2013, separating the new institution from the Ministry of Justice. In 2014, the MTESS signed an agreement with the ILO on decent work, which included a strong component on social security.

Following the implementation of the agreement, different workshops on international labour standards related to the protection of workers were held, also resuming the discussion on the ratification of Convention No. 102. A series of debates, seminars and tripartite meetings were held from May 2016 to December 2018, in collaboration with the ILO Office for the South Cone of Latin America, to lay the groundwork for the final decision on the ratification of the Convention.

In February 2019, in response to the invitation sent by the ILO to its Member States to ratify one of the international labour standards within the framework of the Organization's Centenary, the Tripartite Advisory Council of Paraguay unanimously decided to ratify Convention No. 102.

As a result, representatives of the Social Protection Department of the ILO in Geneva and the General Directorate of Social Security of the MTESS commenced the preparation of a new technical report to evaluate the compatibility of national legislation and practice with the requirements of Convention No. 102.

The report was presented in the city of Asunción at a workshop held on 26 April 2019 in commemoration of National Social Security Week, at which the representatives of the eight trade union federations, the most representative business associations, the

Government and the various retirement and pension funds, as well as participants from civil society, concluded that Paraguay was in a position to ratify Convention No. 102 under the temporary exceptions set forth in Article 3.[35] At this workshop, it was agreed to ratify the following branches: medical care (Part II); sickness benefit (Part III); old-age benefit (Part V); employment injury benefit (Part VI); maternity benefit (Part VIII); and invalidity benefit (Part IX).

The conclusions and recommendations of the technical workshop formed a road map for the ratification of Convention No. 102, indicating the parts that Paraguay was in a position to ratify, as well as the future steps for endorsing ratification and its effective materialization. This road map was signed by all workshop participants.

In June 2019, the MTESS submitted the final ratification proposal to the Ministry of Foreign Affairs, which was then sent to the Presidency of the Republic in November for submission to the National Parliament.

At the end of 2019, the Executive Branch submitted the ratification proposal of the international instrument to be incorporated into national legislation.

In this context, during 2020 and 2021, the public institutions in charge of administering the social protection system revitalized the discussion of the importance of defining the minimum standards of the contributory social security sector. This process helped to reinforce progress towards the fight against poverty, ensure a better redistribution of social spending and provide the comprehensive risk protection needed by workers and their families. The Executive Branch joined the discussions in the National Parliament, together with employers' and workers' representative organizations and civil society actors, in order to guarantee a meaningful social dialogue among the various political sectors represented in the legislative body.

As a result, a bill entitled "Approving the ratification of Convention on Social Security (Minimum Standards)" was referred by the Executive Branch to the Committee on Foreign Affairs and International Affairs, an advisory body that approved its content in November 2020.

The bill had also been referred to the Senate in Message No. 419 of 17 August 2020. However, the legislative procedures were postponed, partly due to the economic and social crisis caused by the COVID-19 pandemic. Therefore, in May 2021, the Tripartite Advisory Council chaired by the MTESS submitted a note to the Legislative Branch in order to request that the Bill be referred for the approval of the Convention.

The referred bill was analysed and approved by the plenary of the Upper House of the Senate during the ordinary session of 3 June 2021 and was forwarded to the Lower House for its analysis. At the ordinary session of the Chamber of Deputies on 28 July, the bill was

35 Member States whose economy and medical facilities are insufficiently developed may receive temporary exceptions for a selected number of articles of Convention No. 102.

sanctioned and forwarded to the Executive Branch for its consideration. Subsequently, the Congress of the Republic of Paraguay approved the ratification of Convention No. 102 through Law No. 6791, which was enacted on 19 August 2021.

3. The role of tripartite social dialogue in social protection

The tripartite social dialogue has been fundamental for the construction of the contributory axis of the Paraguayan social protection system. In addition, the employers' and workers' representative organizations and civil society representatives asked the Government to place the discussion of international labour standards at the centre of the national agenda, proposing that the approach to the ratification of Convention No. 102 should be based, in the first instance, on an assessment of national legislation against the principles and requirements of the Convention. The social partners also proposed that this Convention be used as a general regulatory framework of reference for Paraguay's social protection system.

On 6 February 2018, the Tripartite Advisory Council, which was institutionalized by Decree No. 5159/2016, proposed the ratification of Convention No. 102 in the framework of the ILO Centenary, providing that at the request of the MTESS, technical analyses should be initiated to verify legal and effective compliance with the parameters and benefits established by the international standard.

4. Description of the labour market and social security system in the process of ratification of Convention No. 102

In the Paraguayan social security system, there are eight retirement and pension funds that operate independently, each with its own regulations and parameters. The entity that brings together the largest number of social security affiliates is the Instituto de Previsión Social, which covers private sector workers, is financed based on workers and employers' contributions and is designed as a defined benefit scheme.

In terms of demographics, Paraguay's population stood at 7.15 million people in 2019, of whom approximately 57 per cent were under 30. Life expectancy at birth is 74.4 years for men and 77.4 years for women (INE 2019). In addition, life expectancy for a person of 60 years of age has increased slightly in recent years, both for women and men. In 2000, a 60-year-old man would, on average, collect retirement benefits for 19.4 years, while a 60-year-old woman would for 21.9 years. By 2017, these figures increased to 20.6 and 23.8 years, respectively (IPS 2018).

With respect to the labour market, Paraguay has had a gradual but sustained growth in the formalization of employment in all sectors. From 2010 to 2017, the social security coverage rate increased by 5 percentage points; however, it is still below the average for the Latin American and Caribbean region. More recently, the ILO has estimated that effective coverage of occupational risk benefits is 22.4 per cent. The coverage of elderly people receiving a pension, considering both contributory and non-contributory benefits, is 64.6 per cent, while in the case of disability benefits it is estimated that 16.2 per cent of people with severe disabilities were receiving a pension in 2019 (see table 4).

For the year 2019, approximately 79.5 per cent of the total population was of working age. The employed population represents 61.2 per cent of the working age population and the unemployment rate is approximately 5.6 per cent (INE 2019).

However, in 2019 only 29.7 per cent of the employed population contributed to social security. This percentage represents a slight improvement compared to the 18.9 per cent of the population that actively contributed to the pension system in 2011 (see table 4). In this regard, it is worth mentioning that social security has two major groups of coverage: the private salaried sector and the public salaried sector. It should also be noted that the Paraguayan system does not grant mandatory coverage to self-employed workers, leaving approximately 37 per cent of the employed population outside the scope of protection. In this sense, the coverage of the target population of the salaried sector represents approximately 45 per cent of the mandatory population (DGEEC 2018).

Table 4. Effective coverage of the Paraguayan pension system (in relation to the number of contributors and beneficiaries) and of family, maternity, disability, and occupational risk benefits

Indicator	Year	Sex	%
Active contributors to the pension system	2019	Both	29.7
Children covered by family benefits	2019	Both	18.6
Mothers with newborn children receiving maternity cash benefits	2019	Female	8.2
Senior citizens receiving a pension	2019	Both	64.6
Severely disabled persons receiving a cash benefit	2019	Both	16.2
Persons covered against occupational hazards	2019	Both	22.4

Source: ILO (2021).

5. Way forward

Paraguay faces several challenges in reaching the SDG targets on social protection. Reducing poverty and increasing contributory social security coverage represent the main objectives, leading to the implementation of various plans and programmes to achieve these goals.

Given that Convention No. 102 is the only international treaty with a systemic vision of social security, its ratification will help the country to have a clear framework for its governance system, overcoming the current limitations, which reflect fragmented and imperfect regulations. In addition, the Convention establishes the principles on which comprehensive social protection systems should be based, including the general responsibility of the State in the administration of social security, collective financing and participatory management.

> **The ratification of the agreement marks an important milestone in the defence and protection of labor rights and the social protection of workers in Paraguay.**
>
> **Carla Bacigalupo**, MTESS

Furthermore, the ratification of the Convention will provide a regulatory framework of the minimum parameters applicable to each of the pension funds that integrate the Paraguayan system, especially the Social Security Institute. This will guarantee the population the adequacy, predictability and quality of social security benefits throughout the entire life cycle.

The minimum standards and principles established by Convention No. 102 will also serve as a guide in future reform processes, especially to meet the challenge of extending coverage to the self-employed, rural workers and those in non-standard employment and atypical jobs – groups that undoubtedly need access to at least the minimum levels of protection prescribed in the Convention.

The ratification of the Convention is the result of a long process of social dialogue, which was initiated in 2012, and it constitutes an unequivocal sign of Paraguay's commitment to maintaining a sustainable and adequate social protection system, as well as to strengthening existing mechanisms to guarantee the population's access to social rights.

Furthermore, the ratification of Convention No. 102 was achieved in a context of profound uncertainty about the outlook for socio-economic recovery following the COVID-19 pandemic, whose devastating effects on the world's economy and labour markets have highlighted the gaps in social protection coverage and the importance of comprehensive systems that guarantee minimum levels of protection in times of crisis.

Consequently, the ratification of Convention No. 102 has, through extensive social dialogue, crystallized the socio-political consensus to continue moving towards the consolidation of a social protection system that will make it possible to achieve the SDGs, including those related to poverty reduction, universal social protection, good health and well-being, gender equality, decent work and the reduction of inequalities. In this sense, it is expected that the ratification will strengthen the social contract and initiate the policy discussions and reforms needed to regain social trust in a system that does not yet cover all sectors of the population, but which has the firm intention of becoming more efficient and sustainable, aiming mainly at progressively extending coverage based on the principles of solidarity, comprehensiveness and good governance. The continued engagement of social partners in the implementation and monitoring of reforms to the social protection system would further support the development of the system and achieving universal social protection.

6. References

DGEEC (Dirección General de Estadísticas Encuestas y Censos del Paraguay). 2018. *Encuesta Permanente de Hogares*.

ILO. 2021a. *Building Social Protection Systems: International Standards and Human Rights Instruments*.

———. 2021b. *World Social Protection Report 2020–22: Social Protection at the Crossroads: In Pursuit of a Better Future*.

INE (Instituto Nacional de Estadística del Paraguay). 2019. *Paraguay Anuario Estadístico 2019*.

IPS (Instituto de Previsión Social del Paraguay). 2018. *Estudios y Proyecciones Actuariales del Régimen de Jubilaciones y Pensiones 2018–2100 del Instituto de Previsión Social*.

MTESS (Ministerio de Trabajo, Empleo y Seguridad Social de Paraguay). 2018. *Resolución MTESS No. 98/2018*.

Paraguay, Congreso Nacional. 2013. *Ley No. 5115 que crea el Ministerio de Trabajo, Empleo y Seguridad Social*.

———. 2021. *Ley No. 6791 que aprueba el Convenio Relativo a la Norma Mínima de Seguridad Social*.

Paraguay, Presidencia de de la República del Paraguay. 2016. *Decreto No. 5159/16 por el cual se reglamenta el Artículo 14 de la Ley No. 5115/2013 que crea el Ministerio de Trabajo, Empleo y Seguridad Social*.

———. 2018a. *Decreto No. 376 por el cual se reorganiza el Gabinete Social de la Presidencia de la República y se modifica el Decreto No. 751, que reestructura el Gabinete Social de la Presidencia de la República y se establecen sus funciones, atribuciones y autoridades*.

———. 2018b. *Decreto No. 818 por el cual se aprueba la "Estrategia Integrada para la Formalización del Empleo en Paraguay" y se Conforma la Comisión Ejecutiva de Formalización del Empleo en Paraguay*.

13. Bangladesh, Cambodia, Ethiopia, Indonesia, and the Lao People’s Democratic Republic: Applying social dialogue principles to support workers’ incomes during the COVID-19 pandemic

Gabrielle Smith

Summary

From 2020 to early 2022 the ILO, with financial support from the German Federal Ministry for Economic Cooperation and Development (BMZ), implemented an income-support project in Bangladesh, Cambodia, Ethiopia, Indonesia, and the Lao People’s Democratic Republic for workers affected by the COVID-19 pandemic.

The project provided a menu of options: income support to encourage job retention and wage subsidies for furloughed workers. It aimed to protect workers by reducing the impact of the pandemic on their employment and income, and to support business continuity by helping factories to retain the workforce and continue their economic activity. The project also promoted social dialogue in the design and implementation of emergency response measures with a view to building a tripartite foundation for the further development of national social protection systems.

The experiences of the ILO–BMZ project in promoting social dialogue are in line with the principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202), in particular on ensuring tripartite participation with representative organizations of employers and workers. Social dialogue is essential for designing and implementing social protection schemes, including in crisis contexts, and ensures that schemes are socially inclusive and non-discriminatory, transparent and adopt efficient and accessible complaint procedures.

Main lessons learned

- International social security standards promote the use of social dialogue to build national consensus on the design and implementation of social security systems, including in crisis contexts.

- Social dialogue is important to prepare for and deal with crisis situations. To improve the preparedness of the social security system and allow for a rapid response when crises hit, it is important that guidelines for emergency responses are in place that reflect a tripartite consensus. When implementing social protection emergency responses in the absence of such guidelines, governments are more likely, in the interest of time, to take unilateral action to provide support quickly.
- Social dialogue processes, including those conducted during crisis responses, ensure that national social protection systems reflect the views of tripartite partners, improving ownership of the system, and support long-term system development and inclusive recovery. Social dialogue processes developed during the crisis should remain in place and continue to be strengthened.
- Therefore, where social dialogue structures are absent, governments should strengthen or restore social dialogue channels by progressively providing the enabling conditions and environment. This includes reinforcing the capacities of employers' and workers' organizations and consulting other relevant and representative organizations of persons concerned such as civil society organizations.

1. Context

In many countries, social protection systems were unable to effectively support workers and the economy when the COVID-19 pandemic hit. The pandemic has highlighted gaps in social security systems and in the application of social security standards including social dialogue. In the absence of effective social protection systems, governments faced significant challenges in identifying those affected and in disbursing emergency aid to them. While the concept of "shock-responsive social protection" and linking emergency assistance with social protection systems has increasingly become of interest to policymakers in governments and the international community,[36] to date the effective application of social security standards in an emergency or crisis setting has not been widely explored.

Social protection systems are becoming increasingly relevant to providing protection and facilitating the disbursement of emergency aid in case of covariate shocks. The pandemic highlighted the central role of social protection in coordinated policy responses, with

36 Interest is reflected in various recent policy commitments made by donors, the UN and NGOs and in inter-agency forums. For example, in the 2016 Joint Statement of Social Protection Actors to the World Humanitarian Summit, the Social Protection Inter-Agency Cooperation Board (SPIAC-B) advocated that this was a way to bridge the development-humanitarian divide. The Grand Bargain recommended that cash assistance provided through the humanitarian system should consciously align with, build on, complement and fill gaps in national social protection programmes and systems, where appropriate, taking into account humanitarian principles. In its 2019 statement entitled "Common Donor Approach for Humanitarian Cash Programming", the Humanitarian Donor Cash Forum noted that "Donors expect to see cash programmes use, link to or align with local and national mechanisms such as social protection systems, where possible and appropriate".

200 countries/territories having planned or introduced emergency social protection measures to address the effects of the pandemic in 2020 and 2021,[37] encompassing social assistance cash transfers, unemployment benefits, wage subsidies and sickness benefits. The pandemic also highlighted that existing social protection systems are insufficiently developed (low coverage, insufficient protection, financing gaps and so on) and therefore need to be further strengthened (ILO 2020b; OECD 2020; UN 2020).

Experiences emerging from country responses to the pandemic highlight that social dialogue can play an important role in designing and implementing effective social protection emergency responses. For example, the ILO found that countries with a history of applying social dialogue principles in social security were better equipped to formulate appropriate and sustainable policy responses for workers and employers, while those in which conditions and structures for effective social dialogue were limited were faced with challenges and delays in providing emergency support (ILO 2020c). This study highlights lessons from the ILO's experiences applying social dialogue principles in support of national responses to COVID-19. Box 4 provides a definition of social dialogue.

▶ Box 4. Social dialogue

Social dialogue includes all types of negotiation, consultation and exchange of information among representatives of governments, employers and workers on issues of common interest relating to economic and social policy. Social dialogue can be a tripartite process, with the government as an official party to the dialogue, or it may consist of bipartite relations only between employers and workers or their representatives.

Recommendation No. 202 highlights the importance of social dialogue at every stage of the development of national social security extension strategies (paras 3(r), 8(d), 13(1) and 19). Social Security (Minimum Standards) Convention, 1952 (No. 102) is the main international treaty setting out the core principles and minimum standards for the design, establishment and governance of comprehensive social security systems, providing adequate protection against the entire range of social risks that people face throughout their lives. Convention No. 102 lays down that social security schemes be administered on a tripartite basis, which aims at guaranteeing and strengthening social dialogue between governments, employers and workers.

▶ Source: ILO (2020c; 2020d); Convention No. 102 and Recommendation No. 202.

37 Both *A UN Framework for the Immediate Socio-Economic Response to COVID-19* (UN 2020) and the *Global Humanitarian Response Plan: COVID-19* (UN 2020) advocate the use of cash transfers. According to the ILO's "COVID-19 Social Protection Monitor", 90 countries have implemented measures in the area of unemployment and 99 countries have implemented jobs or income protection measures since February 2020.

2. Description of the initiative

Between October 2020 and March 2022, with funding from BMZ, the ILO implemented a project entitled "Protecting Garment Workers: Occupational Safety and Health and Income Support in response to the COVID-19 Pandemic", which supported affected workers in the garment sector in seven countries.[38] In Bangladesh, Cambodia, Ethiopia, Indonesia and the Lao People's Democratic Republic, the project provided emergency income support, job retention and wage subsidies, with a view to facilitating a speedy recovery. It worked with and through the national social protection systems that were already in place and aimed to apply principles enshrined in international social security standards, including the principle of social dialogue, in order to serve as a basis for developing more comprehensive, adequate and sustainable social protection in the future.[39] Countries differed in their levels of social security system development, including institutional capacities, coverage of workers and social dialogue structures. Accordingly, the operations in each country differed in applying social dialogue principles. These experiences can inform future efforts to promote social dialogue and build consensus in the design and implementation of social protection systems, including in crisis contexts.

Table 5 provides a brief description of the ILO–BMZ project's activities in all five countries and serves as a background to the lessons learned, which are discussed in the subsequent section.

3. Application of social dialogue in practice

The consistent implementation of social dialogue benefits all tripartite stakeholders and enables a more appropriate and effective response to the needs of workers and employers, including in emergency contexts, and establishes the foundation for longer-term system-strengthening (ILO 2020a). Experiences from the ILO–BMZ project firmly demonstrate the importance of investing in effective social dialogue during crisis response.

Social dialogue to guide the design of emergency response measures

In all countries in which the project has operated, tripartite engagement with the social partners guided the design of context-appropriate and effective crisis-response actions, in particular concerning eligibility criteria, benefit packages and delivery mechanisms. An overview of these developments is given below.

38 The cash transfer component was implemented in Bangladesh, Cambodia, Ethiopia, Indonesia and the Lao People's Democratic Republic. The project was also implemented in Madagascar and Viet Nam, focusing on occupational safety and health.

39 Including overall and primary responsibility of the state (in line with the principle of country ownership); adequacy and predictability of benefits; non-discrimination, gender equality and responsiveness to special needs; social dialogue and tripartite participation; transparent, accountable and sound management; administration and monitoring mechanisms; and access to efficient complaint and appeal mechanisms.

Table 5. Overview of ILO-BMZ project activities

Country	Lao People's Democratic Republic	Cambodia	Ethiopia	Bangladesh	Indonesia
Social security context	The Lao Social Security Organization (LSSO) covers the public sector and some of the formal private sector. Provides range of benefits, including unemployment benefit, but only to members paying regular contributions for 12 months.	The National Social Security Fund (NSSF) provides a range of benefits to about 2 million members; however, unemployment insurance is not part of these benefits.	Social security for more than 1.66 million workers in the private sector is managed by the Private Organizations Employees' Social Security Agency (POESSA), but there is no unemployment benefit scheme.	Social protection still predominantly provided as cash and food transfers, with limited development of social security instruments and institutions.	National Social Security provides a range of benefits, but (un)employment insurance was introduced in February 2021 and benefits claims can only be made in 2022. The Government implemented direct cash transfer programmes for 15.7 million workers in 2020 and 8.7 million workers in 2021.
ILO–BMZ cash transfer project design	One-time payment of 900,000 Lao kip (US$98), representing around 41 per cent of monthly minimum wage for two months.	One-off flat rate payment (US$90) provided as a "soft" conditional cash transfer (cash for training). Targeted at suspended garment workers who took maternity leave from March 2020 to June 2021.	Income support for job retention, covering the basic wages of workers, for up to five months.	Income support for job retention equal to 3,000 Thai baht (US$35) per worker, representing around 38 per cent of monthly minimum wage in the garment sector.	**Round 1.** Wage subsidy of about US$1 per day for 9,610 furloughed workers of garment factories under Better Work Indonesia programme (BWI).

Table 5 *(cont'd)*

Country	Lao People's Democratic Republic	Cambodia	Ethiopia	Bangladesh	Indonesia
ILO–BMZ cash transfer project design *(cont'd)*	Targeted at workers who are LSSO members, including those with outstanding contributions, as well as newly registered non-LSSO members. Delivered to workers' bank accounts, while unbanked workers received payment through mobile money transfer.	Delivered through the National Employment Agency. Payment arrangements with WING Financial Services.	Targeted at workers in domestic textile and garment factories who contribute to social security and experienced an economic shock. Factories had to commit to retain workers for at least the same number of months after the end of the programme. Delivered to workers' bank accounts through Commercial Bank of Ethiopia.	Targeted at workers in smaller factories affected by the pandemic. Factories had to commit to retain the workers for one additional month. Delivered through the usual payroll process as part of workers' wages.	**Round 2.** One-off payment of US$83.5, representing about 50 per cent of median minimum wages for 20,000 garment and textile factory workers under BWI who lost their jobs in the period March 2020 to May 2021.
Social dialogue process implemented through...	Creation of a tripartite committee for the project under a ministerial agreement.	Leveraging the tripartite working group established for the Global Call to Action in the Garment Sector.	Creation of a steering committee and a technical committee, each with a tripartite membership.	Creation of an ad hoc tripartite committee for the project.	Tripartite project advisory committee of BWI.

Source: Authors' elaboration.

Sharing of responsibilities. In Bangladesh and Ethiopia, the social dialogue process helped to define the benefit package of the job retention mechanism established through the ILO–BMZ programme. In both countries, employers committed to retain workers after the end of the programme for a number of months at least equal to the duration of the wage support provided by the project. Tripartite consultations helped balance trade-offs between employers and workers on the duration of support offered.

Inclusiveness and non-discrimination. In the Lao People's Democratic Republic, tripartite committee members advocated for the inclusion of shoe-making factories and their workers in the scope of the project. In Cambodia and Bangladesh, social dialogue helped broaden coverage in eligible factories. While initial designs targeted specific workers, social partners agreed on a more universal and inclusive approach. By contrast, implementation constraints in Indonesia limited the coverage to workers of Better Work Indonesia Programme (BWI) factories, which represent only half of all factories in the textile, garment and footwear sector in the country.

Calculation of benefits. The engagement of social partners helped to define the appropriate benefit amounts. For example, whereas in Bangladesh and the Lao People's Democratic Republic social partners made use of national minimum wages to establish benefit amounts, this was not feasible in Ethiopia due to no national minimum wage being in place. Instead, tripartite partners decided to calculate benefits based on basic gross wages.

Design and implementation of delivery systems. In Bangladesh, engagement with the tripartite committee helped establish the appropriate payment methods for the job-retention mechanism, using existing payrolls. The ILO–BMZ project transferred income support to employers to help them meet their full payroll payment obligations. This decision was based on the experience learned from the government stimulus package, which was also implemented in response to the COVID-19 crisis, whereby income support payments were transferred directly to workers' bank accounts, leading them to receive their income in two separate payments: one from their employer and one from the government, and often at different dates. This created confusion and dissatisfaction among workers, who felt that their salaries were not paid in full. In Indonesia, the wage-subsidy programme for furloughed workers followed a similar delivery mechanism using an online system, with social partners being involved in the validation and verification processes. In Ethiopia, tripartite constituents were involved in the design of the web portal through which the operational processes of the programme were managed and helped to ensure that the portal was user-friendly for employers. They also supported the translation of portal instructions from English into Amharic.

Social dialogue to facilitate the implementation of emergency response measures

The social dialogue process is instrumental in defining operational roles for tripartite constituents in project implementation. Leveraging the capacities, knowledge and reach of labour unions and employers' organizations can improve administrative processes, including affiliation and payment processes for employers and workers, and raises awareness among their constituencies. In all the ILO–BMZ project countries, social partners were essential for the project's communication and outreach efforts with factories and workers. In Ethiopia, employer's associations supported the rapid expansion of registration by assisting smaller factories with more limited technological capacities to upload registration documents on the web portal. In Bangladesh, employers' associations assumed responsibility for monitoring and verification, conducting site visits and verifying the accuracy of data submitted by factories, verifying eligibility and ensuring that workers were not double-counted due to high industry turnover. They also facilitated the payment process by providing access to employees' bank account details.

In the Lao People's Democratic Republic and Bangladesh, trade unions were involved in collecting and raising queries and complaints from workers. In the Lao People's Democratic Republic, the social partners, through the tripartite committee, had a role in reviewing and defining project responses to complaints received through the grievance mechanism.

In Indonesia, employers' and workers' representatives had to agree on furlough plans for their respective factories before applying to the wage-subsidy programme. In addition, the salary compensation fund for Indonesia was implemented through an online system, for which employers provided data of dismissed workers for validation, while trade union federation members of the BWI project advisory committee facilitated workers' registration and monitored their applications.

Social dialogue to increase buy-in of emergency response measures and establish a foundation for the development of sustainable, adequate and inclusive social protection systems

In Bangladesh, Cambodia, Ethiopia, Indonesia and the Lao People's Democratic Republic, social dialogue contributed to ensuring smooth progress by building the necessary support for the ILO–BMZ project among all social partners. In Bangladesh, social dialogue has not always been successful in reaching consensus to develop a social protection system. The insufficient involvement of social partners in the design of earlier COVID-19 response packages that were supported by bilateral aid agencies limited their implementation and impact. In this context, the social dialogue process initiated under the ILO–BMZ project was considered vital to arrive at a mutually agreed design and increase trust among social partners. In Cambodia, whose Government had already implemented its own large-scale wage-subsidy scheme benefiting specific sectors, including the garment industry, the social dialogue process helped to create buy-in from social partners and workers, including in other sectors of the economy, on why additional support was provided to the garment sector, reducing the risk of complaints or industrial action.

After many consultations among social partners and with the Government, a consensus was reached that providing a cash allowance for soft-skills training to workers who had been on maternity leave and were suspended between March 2020 and June 2021 as a consequence of COVID 19 was the best way to manage the reaction from other industries.

The social dialogue process increased mutual understanding and trust between social partners, built understanding of the collective responsibilities of all the stakeholders and increased appreciation of the importance of data-sharing and the need for transparency. In Bangladesh, the tripartite committee provided a forum for engaging with and soliciting agreement from employers' representatives on the need to incorporate accountability and feedback channels in the project. In Ethiopia, the process improved awareness of the issues that employers and workers face and actively engaged employers' and workers' representatives in early discussions about unemployment benefit design. These processes have set foundations and an entry point for future, longer-term collaboration between the social partners on social security system-strengthening.

4. Factors influencing success of the social dialogue process

Learning across the ILO–BMZ project countries highlights a range of common factors that influenced the effectiveness of social dialogue processes in the emergency context. Where these factors were not in place, this constrained the social dialogue process, contributing to delays in the project's implementation.

Institutional preparedness

While there is no one-size-fits-all solution and it is important to link with and build from the institutional foundations of a particular country context, experiences from the ILO–BMZ project highlighted the value of establishing dedicated tripartite committees at high policy and technical levels for convening and facilitating the social dialogue process. However, where social dialogue processes in the social security sector were relatively new, time was needed to establish these structures, delaying the provision of assistance. Establishing these institutional mechanisms for social dialogue and building tripartite relationships as part of routine social security system building could contribute to speeding up the design and roll-out of any programmes benefiting workers in need, when shock hits and beyond.

Political will

Strong willingness among the different stakeholders to engage in the social dialogue process – to invest the time needed and listen constructively to concerns of others – helped common agreements to be reached on aspects of design and solutions to be found to problems that arose during implementation. In Cambodia, Ethiopia and the Lao People's Democratic Republic, the urgency of the crisis caused by the pandemic helped to foster this willingness to further collaborate. In Bangladesh, the willingness of social partners to engage in the process was initially somewhat hindered by perceptions of the high level of effort required from the social partners in comparison to the level of benefits that would be paid. This suggests the importance of keeping the level of effort manageable, in line with the capacities of the social partners (see below).

Sensitization

Strong sensitization was important for effective social dialogue processes. When social partners were clearly informed, from the outset, about the origins and aims of the ILO–BMZ project, its rationale and how it would benefit all constituents, as well as its limitations, confusion and the risk of disagreements were reduced. This also helped the social partners to communicate effectively with their constituents and minimized complaints and queries about possible exclusions.

Adequate staffing within the social partners

Representatives of the social partners who engaged in the social dialogue processes as part of the ILO–BMZ programme were not dedicated staff; rather this involvement placed additional duties on top of their day-to-day workloads. As such, these representatives were often faced with competing priorities, which at times limited or delayed their engagement in the social dialogue process. To support social dialogue processes as part of the design and implementation of national social protection systems, adequate capacity and human resources are crucial, especially in times of crises when national stakeholders face increased personal and professional challenges.

Capacity-building and facilitation

In contexts in which there is still limited awareness and understanding among employers' and workers' representatives of social protection, the engagement of tripartite constituents can be inadequate. It is important for the ILO to continue to build the capacities of social partners and facilitate social dialogue processes. As part of the ILO–BMZ project, the ILO led extensive bilateral discussions with all stakeholders to better understand their needs and concerns. It provided valuable technical assistance to discussions on programme design and implementation in order to build partners' understanding and generate the buy-in needed for decision-making. During tripartite committee meetings, the ILO also played a mediation role to help foster agreement on ways forward.

5. What's next?

Respect for the fundamental rights of freedom of association and collective bargaining (as enshrined in the ILO Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) and the Social Protection Floors Recommendation, 2012 (No. 202)) is a prerequisite for effective social dialogue. Nonetheless, it doesn't just happen by itself. Undertaking meaningful and effective social dialogue requires governments to establish and strengthen social dialogue structures by providing the enabling conditions and environment, including by reinforcing the capacities of employers' and workers' organizations, and requires the sustained engagement of social partners in terms of their time and level of effort.

Such levels of investment may be challenging in times of crisis when urgent responses are needed, leading many governments to unilaterally design and implement social protection schemes without engaging social partners. Nevertheless, social dialogue should be considered as essential for providing an adequate and appropriate response to emergencies; it represents an investment in long-term social protection systems, facilitates a human-centred recovery and provides a foundation for future emergency responses.

6. References

ILO. 2021. "Global Agreement Reached at ILO Conference on Action for COVID-19 Recovery". Press release, June.

———. 2020a. "A Policy Framework for Tackling the Economic and Social Impact of the COVID-19 Crisis". Policy brief, May.

———. 2020b. "Social Protection Responses to the COVID-19 Crisis: Country Responses and Policy Considerations". Social Protection Spotlight, April.

———. 2020c. "The Role of Social Dialogue in Formulating Social Protection Responses to the COVID-19 Crisis". Social Protection Spotlight, October.

———. 2020d. "ILO Social Security Standards: A Global Reference for Social Security Systems". Social Protection Spotlight, September.

———. 2002. *Social Dialogue: Finding a Common Voice*.

OECD (Organisation for Economic Co-operation and Development). 2020. "Supporting People and Companies to Deal with the COVID-19 Virus: Options for an Immediate Employment and Social-Policy Response". Tackling Coronavirus (COVID-19). Contributing to a Global Effort. March.

UN (United Nations). 2020. *Policy Brief: The World of Work and COVID-19*. June.

14. Thailand: Extending social protection by anchoring rights in law

Laura Kreft and André Costas Santos

Summary

Over the past decades, Thailand has progressively developed a comprehensive legal framework to make the right to social protection a reality for all.

The adoption of the Social Security Act in 1990 provided a strong legal basis, which was supplemented over the years with other acts to make the social protection system more universal and comprehensive.

In Thailand, social security guarantees have been established by law, in line with the Social Protection Floors Recommendation, 2012 (No. 202), Paragraph 7, which allows individuals to exercise their right to social security.

Thailand's efforts in developing a comprehensive legal framework for social protection contributes to support key principles set out in Recommendation No. 202, including the entitlement to benefits prescribed by national law and ensuring coherence across institutions responsible for the delivery of social protection.

Main lessons learned

- Legal frameworks are key to materializing national social protection policies and constitute the formal expression of the fundamental rights guaranteed by human rights instruments due to their binding and stable nature. In cases in which the constitution defines the State's responsibility in social security provisions, it provides an even stronger foundation for the implementation of the right to social security.
- Thailand's experience has shown that the introduction of rights-based universal social protection schemes in line with international social security instruments is feasible even in relatively resource-constrained environments, with political will being the main driver. Notably, in Thailand, health, sickness, unemployment, employment injury, maternity, invalidity, survivors' and old-age schemes are anchored in a series of laws and regulations.
- International legal instruments setting out the rights and content of the human right to social security, including human rights instruments and the standards developed by the ILO's tripartite constituents, provide the reference framework for developing rights-based social protection systems.

- Comprehensive legal frameworks help ensure coherence and coordination across contributory and non-contributory schemes and programmes that make up national social protection systems.
- Legal frameworks should be adapted with a view to progressively ensuring universal social protection, including universal coverage, adequate levels of benefits and protection across the life cycle.

1. Context

Despite budgetary limitations, Thailand has become a global example of the extension of social protection coverage through a rights-based approach within a relatively short time frame. Indeed, the adoption of the Social Security Act in 1990 provided a legal vehicle for translating social security into rights.

In line with international social security standards (see box 5) and with a view to achieving comprehensive and adequate protection for all throughout the life course, all nine branches defined by the Social Security (Minimum Standards) Convention,

Box 5. ILO social security standards

ILO social security standards represent a unique set of legal instruments that give a concrete meaning to the human right to social security enshrined in the Universal Declaration on Human Rights (1948) and the International Covenant of Economic, Social and Cultural Rights (1966). As such, they guide the development and implementation of comprehensive social security systems and contribute to attaining the 2030 Agenda for Sustainable Development, in particular the goals of eradicating poverty, ensuring good health and well-being, achieving gender equality, promoting decent work and reducing inequalities.

The ILO's normative framework, notably the landmark Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Social Protection Floors Recommendation, 2012 (No. 202), are globally recognized as a key reference for the design of rights-based, sound and sustainable social protection systems, including floors. Both standards are also grounded in a set of core financing, governance and administration principle.

Recommendation No. 202 calls on Member States to establish, as a priority, social protection floors for all in need, and to progressively ensure higher levels of social security to as many people as possible, as soon as possible (ILO 2019). In particular, the Recommendation provides that social protection floors should be comprised of basic social security guarantees, which should ensure at a minimum that, over the life cycle, all in need have access to essential health care and basic income security (Paragraph 4). It also builds on the principles set out in Convention No. 102, including universality of protection, progressive realization, social inclusion, solidarity in financing, regular monitoring, and evaluation and coherence across economic, social and employment policies.

1952 (No. 102) are addressed in the Thai national legal framework. Social security is provided through a range of policy instruments, ranging from universal non-contributory mechanisms to tax-financed or subsidized non-contributory schemes.

Notably, the efforts to extend social protection to the informal economy and the initial establishment of universal protection through the introduction of the non-contributory universal pension and healthcare schemes demonstrate Thailand's commitment to translate the principles of Recommendation No. 202 and other up-to-date ILO instruments into practice.

2. The right to social security in the Constitution of Thailand

The 2017 Constitution of Thailand encompasses important provisions on social protection rights. Section 74 of the Constitution underlines the need to promote the right to (appropriate) work in a safe environment and the right to a reasonable standard of living, including welfare, social security and other benefits suitable for the working life and after retirement.

Section 71 sets out the State's responsibility to assist and protect vulnerable groups. including children and young people, women, the elderly, persons with disabilities, indigent and underprivileged persons, by creating enabling conditions for quality living. Family ties are also protected specifically under section 71. The need for the State to support mothers during both pre- and postnatal periods and to provide sufficient income for persons over 60 years of age and indigent persons are set out in section 48.

The right to medical care is constitutionally backed by section 47, including the right to receive public health services provided by the State, while section 55 obliges the State to ensure the universal provision of efficient public health services, including the control and prevention of diseases, medical treatment and rehabilitation, and to continuously improve the standard and quality of public health services.

The Constitution also reflects multiple fundamental principles in line with Convention No. 102 and Recommendation No. 202. For example, the principle of the universality of protection is enshrined in section 27, stating that all persons shall be protected equally under the law.

Thus, these constitutional provisions create State obligations to provide individuals with a right to social protection. Delineating the rights to social security in the Constitution is crucial in the development of effective national legislation and guides its implementation. In Thailand, social security provisions in the Constitution went hand in hand with the development of an extensive social protection legal framework.

3. Legal architecture of the Thai social protection system

The State has acted on its responsibility to implement the constitutional social security right by developing a strong legal framework. This includes the 1990 Social Security

Act as amended, the 1994 Workmen's Compensation Act and the 2002 National Health Security Act. The Social Security Act has been amended on numerous occasions in order to increase coverage and improve protection.[40] In the context of the COVID-19 pandemic, the Government issued emergency decrees that redefined force majeure in the Social Security Act and temporarily reduced contribution rates (Tilleke & Gibbins 2021).

Access to healthcare

Mandated by sections 47 and 55 of the Constitution and guided by the principle of universality, Thailand developed one of the most comprehensive social health protection systems in the region. It is based on three pillars, as described below.

Public servants and retirees, as well as their dependants, are covered by the Civil Servant Medical Benefit Scheme (CSMBS), which is non-contributory, tax-financed and overseen by the Ministry of Finance (ILO 2014, 2).

Formal private sector employees are protected under the Social Security System's Medical Benefit Scheme (SSSMBS), which was established by the 1990 Social Security Act and is overseen by the Social Security Office, Ministry of Labour. It is contributory, mandatory and funded through tripartite payroll contributions of employers, employees and the Government equally (ILO 2014, 2). The Social Security Fund, as regulated by the Social Security Act 1990, covers not only Thai citizens but also migrant workers in the formal sector (ILO 2018, 89).

Although the right to medical care is enshrined in the Thai Constitution, at the turn of the millennium approximately 47 million Thai people, mostly informal-sector workers in lower socio-economic groups, had no health insurance or access to free healthcare (ILO 2016, 2). The political opportunity to extend health coverage, which was promoted by reformers in the Ministry of Public Health and Thai NGOs, followed the holding of national elections in 2001 (ILO 2016, 2).

The National Health Security Act adopted by the new Government in 2002 introduced the tax-financed Universal Health Care Coverage Scheme (UCS), which covers all Thai nationals not insured under the CSMBS or SSSMBS – approximately 76 per cent of the Thai population.[41] The UCS is overseen by the Ministry of Public Health and administered by the autonomous National Health Security Office. The UCS replaced and unified numerous schemes and initiatives and was successful in integrating many groups that were previously uncovered, particularly independent workers, regardless of income level.

40 For example, under section 35 of the 2015 Amendment (Social Security Act (No. 4), B.E. 2558 (2015)), child benefits may now be paid for up to three children.

41 ILO (2016), p. 2. Due to the confined eligibility criteria of the CSMBS (public servants) and SSSMBS (formal employees), many Thai nationals, especially workers in the informal sector, fall out of the scopes of those schemes.

The establishment of the UCS in addition to the pre-existing CSMBS and SSSMBS led to near-universal population coverage (over 99 per cent) (ILO 2016, 2). To align the three systems and prevent duplication, sections 9 and 10 of the National Health Security Act govern the scope of the right to health services of persons covered under the CSMBS and SSSMBS.

Under section 5, the National Health Security Act stipulates that "every person shall enjoy the right to a standard and efficient health service". Therefore, the National Health Security Act ensures that each registered beneficiary of the UCS scheme has a basic healthcare unit (consisting of health centres, cooperative provincial hospitals, and hospitals) that is not far from their residence, which functions as a gatekeeper to higher-level facilities (sections 7 and 8). In special circumstances, such as accidents, emergency illness or COVID-19 infection, the beneficiary may access another service facility at no extra cost.[42] The introduction of the UCS scheme led to a significant increase in service utilization rates (Health Insurance System Research Office, 2012, 11). Although small user fees of 30 Thai baht were initially charged for each visit, their abolishment in 2006 led to even higher service utilization rates (WHO 2019, 4).

All three schemes provide access to a comprehensive benefit package. Under the CSMBS, comprehensive healthcare services range from preventive to curative to palliative healthcare. The SSSMBS provides for a similar scope of care, including practitioner and specialist care, as well as ancillary services. This is laid out in section 63 of the 1990 Social Security Act. Since its launch, the UCS benefit package has progressively expanded to align more closely with the packages offered under the CSMBS and SSSMBS. It provides for comprehensive healthcare with few exclusions, the latter including treatments such as for infertility and cosmetic surgery.[43]

Under the principle of universality enshrined in section 27 of the Constitution, documented and undocumented migrant workers are covered by the Compulsory Migrant Health Insurance (CMHI).[44] On a contributory basis, the CMHI offers the same (extensive) benefit package as the UCS (ILO 2018, 89). Registration with CMHI is one of the requirements of applying for a work permit (ILO 2018, 89).

Although Thailand has made immense progress in realizing access to healthcare for all, the existence of four separate schemes is likely to introduce some inefficiencies. The harmonization of the four schemes to eliminate the inequalities and inefficiencies caused by their duplication of structures and investments remains a challenge (Bazyar et al. 2019).

42 Section 7 of the National Health Security Act.

43 Compare section 3 of the 2002 National Health Security Act.

44 Non-nationals and especially undocumented migrants face difficulties affiliating to the UCS scheme, largely as a result of the requirement to provide national identification numbers. For more information, see ILO (2015), p. 3; and WHO (2019), p. 6.

Social protection for children and families

The Constitution sets out a multisectoral approach to protecting the family. Specifically, the State is mandated to provide appropriate accommodation (section 71) and to protect children, in particular by ensuring the right to free education and to care and development prior to education (section 54) and decent living standards (section 71).

These guarantees are partly reflected in the Thai social protection system, which currently combines a contributory and a non-contributory family benefit scheme.

The contributory system of family allowances is grounded in the 1990 Social Security Act and covers private sector employees and self-employed workers who have voluntarily joined the system. In particular, the Act provides for a benefit for children up to six years of age for a maximum of three children per affiliate. The benefit is intended to cover children's living expenses, tuition fees, medical expenses, and other necessary expenses (sections 75 and 75ter).

In addition, the Government implemented the non-contributory Child Support Grant in 2015–2016. Initially, households with an annual income of less than 36,000 baht received a non-contributory monthly benefit of 600 baht (around US$18) for children under three years of age.[45] In 2019, the benefit was expanded to cover children under six years of age and the annual income threshold increased to 100,000 baht (Plangraphan and Chamornchan 2016). The programme obtained good results and has been commended for its rapid implementation (New Delhi Times 2020).[46] Notably, the Child Support Grant improved new-borns' health and nutrition and cash transfers reduced gender-based inequalities.[47] However, an evaluation in 2018 estimated that 30 per cent of eligible families do not receive the Child Support Grant due to errors in screening and registration.[48]

The constitutional right to free education (sections 54 and 258(e)) is implemented through the 1999 National Education Act and subsequent amendments, which guarantees free access to at least 12 years of basic formal education.[49] In addition, students from low-income families are awarded with scholarships and loans, as well as material benefits such as school uniforms. Besides the formal curriculum, non-formal and informal education activities, such as sports, library memberships and visits to museums, are also promoted (ILO 2013b, 15). [50]

---

45 UNICEF (2020), p. 1. The gross monthly minimum wage level in 2019 was approximately B8,700 (US$262); see ILO, Global Wage Report 2020–21: Wages and Minimum Wages in the Time of COVID-19, 2020, p. 106.

46 UNICEF, *Thailand Child Support Grant (CSG): Impact Assessment Endline Report*, 2019, p. 67.

47 UNICEF, *Thailand Child Support Grant*, p. 67.

48 UNICEF, *UNICEF calls for universal Child Support Grant to ensure no child left behind in Thailand's COVID-19 recovery*, 2022.

49 Section 16 of the 1999 National Education Act.

50 Sections 60 and63 of the 1999 National Education Act.

Despite recent progress, social protection for children and families is still not universal. In particular, workers in the informal economy who have not joined the social security scheme and are ineligible for non-contributory child allowances are left behind. Workers who voluntarily affiliate under section 40 of the Social Security Act (see next paragraph) are provided a flat child benefit. According to the Oxford Poverty and Human Development Initiative, one out of five children in Thailand were still living in multidimensional poverty in 2019 (OPHI 2019, 7).

Social protection for women and men of working age

Under the Constitution, "[t]he State should protect labour to ensure … social security and other benefits which are suitable for … living" (section 74). This broad constitutional mandate is mainly implemented by the amended (and in 2015 revised) 1990 Social Security Act. In addition, the 1990 Social Security Act, section 40, combined with the 2011 Royal Decree on the rate of contributions, contingencies and eligibility to benefits, enforces the informal-sector social security scheme.

The 1990 Social Security Act provides protection against the risk of sickness, disability and death of the breadwinner. It is provided both to formal- and informal-sector workers.[51] In the case of sickness or disability, affiliates are entitled to several benefits provided that contributions have been paid for at least 3 of the 15 months preceding the incapacity.[52, 53]

The 2011 Royal Decree expanded coverage to allow workers who have contributed at least three of the four months preceding the incapacity to access sickness benefits, and those who have contributed at least six out of the ten months preceding the disability to access disability benefits (ILO 2022, 3, 27).[54] Although the legal framework regarding sickness is in line with Convention No. 102 in terms of the level and periodicity of payments, in relation to disability national legislation does not provide for the benefit as long as the contingency lasts but limits the disability benefit to 15 years (ISSA 2018).

Pregnant women, new mothers and spouses of insured workers in the formal economy are entitled to maternity benefits.[55] The insured person is entitled to the benefit provided that they have paid contributions for at least 7 of the 15 months prior to the start of

51 Formal-sector workers (employees between 15 and 60 years of age) are covered under sections 33 and 39 of the 1990 Social Security Act. Section 40 of the 1990 Social Security Act, in conjunction with the 2011 Royal Decree on the rate of contributions, contingencies and eligibility to receive benefits of insured persons, establishes a voluntary scheme for workers not covered by sections 33 and 39.

52 Sections 62 and 63 of the 1990 Social Security Act. In such cases, the insured person may receive a benefit at the rate of 50 per cent for a maximum of 90 days on each occasion and a total of 180 days in a year, under section 64 of the 1990 Social Security Act.

53 Section 69 of the 1990 Social Security Act.

54 Although the 2011 Decree concerning section 40 of the 1990 Social Security Code targeted workers in the informal economy, the majority of the Thai labour force remain in informal employment and do not regularly contribute, so that they are not reached by the LSSO section 40 scheme.

55 Section 65 of the 1990 Social Security Act.

prenatal care services.[56] During maternity leave, beneficiaries receive 50 per cent of their average wages from the social security scheme. Maternity benefits are provided for 90 days, in line with international social security standards, but only for the first two births.[57] In addition, employers pay an additional 50 per cent of wages, but only up until the first 45 days of leave, according to section 59 of the 1998 Labour Protection Act as amended.

The 1990 Social Security Act also grants a survivors' benefit to a widow or widower, children, parent or a named beneficiary of formal-sector employees in the form of a lump sum. The amount varies according to the number of contributions paid (requiring at least one monthly contribution for entitlement to the survivors' benefit).[58] The survivors of informal-sector insured's dependants, including a widow or widower, children, parent or a named beneficiary, may also access a lump sum.[59] It should be noted, however, that international social security standards require that benefits in the case of the death of a breadwinner be paid periodically.[60]

The Social Security Act also provides for unemployment protection. Insured persons are entitled to unemployment benefits if they contributed at least 6 months of the 15 months prior to unemployment. For eligible workers who were laid off, a benefit of 50 per cent of the previous wage is provided for 180 days, while those who quit voluntarily or whose contract ended are provided 30 per cent of the previous wage for up to 90 days each calendar year.[61] The benefits are paid after a waiting period of eight days.[62]

Employment injuries are covered under the 1994 Work¬men's Compensation Act, insuring the risk of sickness, disability or death as a result of work activities.[63] Beneficiaries include the employees of industrial and commercial companies and their dependants – explicitly excluding domestic workers, specific civil servants or employees in non-profit activities.[64]

In summary, the Thai social protection legislation for people of working age provides benefits for the six categories enshrined in Convention No. 102 – sickness, unemployment, employment injury, maternity, disability and survivors' benefits. Therefore, it not only provides normative content for section 74 of the Thai Constitution and other constitutional rights but also ensures that the benefits of Convention No. 102 are converted into rights.

56 Section 65 of the 1990 Social Security Act.

57 Sections 65 and 67 of the 1990 Social Security Act.

58 Section 73 of the 1990 Social Security Act.

59 Section 36 of the 2011 National Savings Fund Act.

60 Article 62 of Convention No. 102.

61 Section 78 of the 1990 Social Security Act.

62 Section 79 of the 1990 Social Security Act.

63 Sections 13 and 16 of the 1994 Workmen's Compensation Act.

64 Sections 5 and 7 of the 1994 Workmen's Compensation Act.

Social protection for older women and men

The Thai Constitution guarantees State support for persons over 60 years of age and with income below subsistence levels (section 48). This constitutional right has been secured in practice through a combination of contributory and non-contributory schemes, building upon mainly three legal sources: the 1990 Social Security Act, the 2011 National Savings Fund Act and the 2003 Act on the Elderly. In its architecture – similar to the healthcare scheme – the pension scheme is grounded on three pillars, as described below.

Public sector employees are covered under the 1996 Government Pension Fund Act and the CSMBS or other specific schemes.[65] Private sector employees' old-age benefits are governed by the contributory scheme under the 1990 Social Security Act.[66] In both cases, a pension is granted at the age of 55 provided that contributions have been made for at least 180 months (15 years), in line with ILO Convention No. 102.[67]

In 2011, the National Savings Fund Act came into force, providing an alternative to the old-age voluntary pension scheme under section 40 of the Social Security Act. It established a voluntary scheme of savings accounts for all workers not insured by other mandatory pension schemes (ILO 2022, 27). Workers make individual contributions that are complemented by the Government at rates that increase with the age of the respective affiliate.[68]

Workers in the informal economy may contribute to the voluntary contributory scheme established under the Social Security Act or to the voluntary individual savings scheme established under the 2011 National Savings Fund Act.

At the age of 60, a pension based on the member's account balance is paid.[69] While anchored in law, such (individual) savings schemes are generally not in line with international social security principles. The scheme does provide for the payment of a lump sum.[70] Also, the adequacy of protection is uncertain, partly due to the voluntary nature of contributions and their resulting low levels and frequency (ILO 2022, 56). The adequacy of protection is further undermined by the fact that under section 38 of the 2011 National Savings Fund Act, members are legally able to withdraw part of their savings before retirement, a modality that is not in line with international standards (ILO 2016b, 3).

65 For example, the Bangkok Metropolitan Administration Pension Fund or a local government pension fund. In addition, for private workers and civil servants, it is also possible to participate in Provident Fund Schemes (1987 Provident Fund Act), contributing to a fund established by the employer, and to receive he benefit of a lump sum upon retirement.

66 Private school teachers may also participate in a special provident fund introduced by the Private School Act of 1954. Other exceptions are specified in section 4 of the 1990 Social Security Act.

67 Sections 76 and 77bis of the 1990 Social Security Act.

68 Section 32 of the 2011 National Savings Fund Act, in conjunction with its Annex.

69 Section 34 of the 2011 National Savings Fund Act.

70 Section 34 of the 2011 National Savings Fund.

To achieve universal coverage of old-age pensions, Thailand has instituted the tax-financed (universal) Old-Age Allowance (OAA) (ILO 2016b, 3), which was introduced by the 2003 Act on Older Persons and implemented in 2009 and currently covers four out of five older persons in Thailand (ILO 2013, 11; HelpAge International 2018).[71]

Thai nationals at least 60 years of age who reside in Thailand receive monthly payments of 600 baht to 1,000 baht (around US$18–30) if they receive no other regular old-age benefits from a social security institution (Ratanabanchuen 2019, 35). However, these amounts fall significantly below Thai poverty lines, which in 2019 were set at a daily income of 180 baht (US$5.50), which may indicate that the income support does not allow for a life in dignity as recommended in Recommendation No. 202 on social protection floors (Ratanabanchuen 2019, 35).

The introduction of the tax-financed OAA led to a considerable expansion of old-age pension coverage in Thailand (ILO 2016b, 3). To ensure its sustained success in the light of expected demographic shifts, it is important that Thailand overcomes the deficiencies in terms of adequacy as well as financial sustainability and policy consistency (ILO 2022, 56).

4. Main results: towards a comprehensive social protection legal framework based on international social security standards

Figure 21 illustrates how the social protection legal framework in Thailand anchors constitutional social security rights in a far-reaching legal system. Notably, the Universal Health Scheme and the Universal Pension Scheme established in the National Health Security Act and the Act on the Elderly translate the constitutional rights to medical care and old-age benefits into common legal rights.

On the other hand, figure 21 also reveals the remaining legal gaps and flaws. Prima facie, the complex legal and administrative structures create risks of inefficiency and may cause confusion among the population about their entitlements. For example, persons employed in the private formal sector may be entitled to old-age benefits under different legal schemes. This leads to duplicate structures and possibly additional costs in the transfer of benefits.

Thailand's great achievements in extending social protection to workers in the informal economy through a rights-based approach demonstrate its commitment to making the right to social security a reality for all, in accordance with Recommendation No. 202 and other advanced ILO instruments, notably the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).

Discussions between Thailand and the ILO are under way to study the possibility for Thailand to ratify Convention No. 102 to demonstrate its commitment to continuing and

71 Government officers are not covered under the OAA.

Figure 21. Overview of the Thai social protection legal framework

		Health	Children and families	Working age	Old age
Formal sector	Public sector	CSMBS			1996 Government Pension Fund Act & CSMBS***
	Private sector	1990 Social Security Act	1990 Social Security Act	1990 Social Security Act**	1990 Social Security Act & 2011 National Savings Fund Act
Workers in the informal economy	Rural wage workers Domestic workers Self-employed Others	2002 National Health Security Act	1990 Social Security Act*	1990 Social Security Act & 2011 Royal Decree	1990 Social Security Act & 2011 National Savings Fund Act* 2003 Act on the Elderly****
Poor and extremely poor all sectors			Child Support Grant		
		Constitution sections 27, 47, 48, 55, 71, 74			

Notes: * Voluntary ** For maternity protection additionally 1998 Labour Protection Act; For employment injuries additionally 1994 Workmen's Compensation Act *** Further specific schemes **** 2003 Act on the Elderly applies as long as the beneficiary does not receive other regular old-age benefits.

Source: Author's elaboration.

expanding its social protection systems, setting a precedent in the Asia-Pacific region, where despite recent progress made in advancing social protection, only Japan has ratified Convention No. 102 to date.

5. What's next?

The social protection legal framework of Thailand has established a foundation for social security with a human-rights-based approach. Thailand is continuing to improve its application of international principles and standards. The national legal framework provides a strong pathway through which the right to universal, comprehensive and adequate social protection can be realized.

6. References

Bazyar, Mohammad, et al. 2021. "The Experiences of Merging Health Insurance Funds in South Korea, Turkey, Thailand, and Indonesia: A Cross-Country Comparative Study". In *International Journal of Equity in Health* 20 (66).

Health Insurance System Research Office. 2012. *Thailand's Universal Coverage Scheme: Achievements and Challenges. An Independent Assessment of the First 10 years (2001–2010)*.

HelpAge International. 2018. "Social Pensions Database: Thailand".

ILO. 2008. *Universal Health Care Coverage through Pluralistic Approaches. Experience from Thailand*.

———. 2009. *Thailand. Pension Reform in Times of Crisis. A Report Requested by the Ministry of Finance*.

———. 2011. *General Survey concerning Social Security Instruments in light of the 2008 Declaration on Social Justice for a Fair Globalization*. ILC.100/III/1B.

———. 2013a. *Thailand. Report to the Government: Actuarial Valuation of Thailand Social Security Scheme Administered by the Social Security Office as of 31 December 2013*.

———. 2013b. *Social Protection Assessment Based National Dialogue. Towards a Nationally Defined Social Protection Floor in Thailand*.

———. 2014. "Thailand. Universal Health Coverage". Social Protection in Action.

———. 2016a. "Thailand: Universal Health-Care Coverage Scheme". Social Protection in Action.

———. 2016b. "Improving the Lives of Older Persons through Universal Social Pensions: Thailand". Social Protection in Action.

———. 2017. *World Social Protection Report 2017–19: Universal Social Protection to Achieve the Sustainable Development Goals*.

———. 2018. *Social Protection for Migrant Workers in ASEAN: Developments, Challenges, and Prospects*.

———. 2019. *Universal social protection for human dignity, social justice and sustainable development: General Survey Concerning the Social Protection Floors Recommendation, 2012 (No. 202)*. ILC.108/III/B.

———. 2020. "Toolkit on ILO Social Security Standards".

———. 2021. *World Social Protection Report 2020–22: Social Protection at the Crossroads – In Pursuit of a Better Future*.

———. 2022. *Thailand Social Protection Diagnostic Review: Review of the pension system in Thailand*.

ISSA (International Social Security Association). 2018. "Country Profiles: Thailand".

ISSA and SSA (United States Social Security Administration). 2016. *Social Security Programs Throughout the World: Thailand 2016*.

New Delhi Times. 2020. "Thailand's 'Child Support Grant' Initiative". 8 June.

OPHI (Oxford Poverty and Human Development Initiative). 2019. *Child Multidimensional Poverty in Thailand. University of Oxford*.

Plangraphan, Jirahorn and Proudfong Chamornchan. 2016. "Child Support for Inclusive Growth". TDRI.

Ratanabanchuen, Roongkiat. 2019. "*The Pension System in Thailand*". In *Nomura Journal of Asian Capital Markets* 3 (2): 34–39.

Tilleke & Gibbins. 2021. "Thailand Announces Social Security Assistance for Second Wave of COVID-19". 12 January.

UNDP (United Nations Development Programme). 2011a. "The Universal Coverage Scheme: Thailand". In *Successful Social Protection Floor Experiences*, Vol. 18, 385–400.

———. 2011b. "The 500 Baht Universal Pension Scheme: Thailand". In *Successful Social Protection Floor Experiences*, Vol. 18, 401–415.

UNICEF (United Nations Children's Fund). 2020. "The 1st Three: Thailand's Progressive Road Towards Universal Child Grant Coverage".

———. 2016. "Thailand's Child Support Grant Helps Vulnerable Families". UNICEF Connect (blog). 4 October.

WHO (World Health Organization). 2019. "UHC Law in Practice: Legal Access Rights to Health Care: Country Profile: Thailand".

World Bank. 2019. "*Poverty Headcount Ratio at $5.50 a Day (2011 PPP) (percentage of Population) – Thailand*".

15. Mexico: Social rights in the political constitution of Mexico City

Helmut Schwarzer, Martín Gómez and Marta Cebollada Gay

Summary

Until 2018, the capital of Mexico, Mexico City (CDMX), was the only entity of that country's 32 states and districts without its own political constitution. This historical characteristic of the federal district of CDMX derived from its being the national seat of power. The lack of constitution had a negative impact on the rights of its residents. The head of Government of CDMX presented an initiative to develop a constitution to the national congress in 2013.

The design of the constitution was informed by more than 500 meetings, consultations and exchanges with labour unions, businessmen, priority groups and communities, among many other social actors. In January 2015, the Decree of Political Reform of Mexico City was published, which stipulates the creation of a Constituent Assembly.

The Political Constitution of Mexico City (CPCDMX) was enacted on 5 February 2017. It entered into force on 17 September 2018. The CPCDMX is the first local constitution issued after the 2011 Constitutional Reform on Human Rights.

The CPCDMX is based on the key principles of the Social Protection Floors Recommendation, 2012 (No. 202), such as the universality of protection; ensuring that entitlements are prescribed by law; and ensuring non-discrimination and the responsiveness to special needs.

Main lessons learned

- A local constitution, such as the one in Mexico City, can influence the recognition of rights in other parts of the country at the federal and state levels.
- The inclusive social dialogue in the process of building the CPCDMX helped ensure a gender vision and sensitivity to the rights of priority groups.
- The CPCDMX recognizes the universality of rights, with proactive measures to ensure that groups that need special attention are included and that any type of discrimination, including discrimination based on gender, is avoided.
- Although the CPCDMX recognized certain rights, these still need to be implemented in practice through laws and regulations.

1. Context

To prepare the CPCDMX, the head of the local Government set up a drafting group comprising 30 people drawn from various sectors: academics, specialists in issues of importance to the city, civil servants and social activists, among others. The Constituent Assembly was formed to amend and adopt the proposed constitution. Of its 100 members, 40 were designated by the two Chambers of the Federal Legislative, the President of the Republic and the head of Government of Mexico City, while the remaining 60 members were elected by citizens from party lists (Jusidman 2017).

2. Description of the initiative

The intense and innovative process of consultation, debate and proposal development included petitions and citizen meetings, public forums and dialogues, consultations with indigenous communities and neighbourhoods, suggestions and recommendations from international organizations, especially the United Nations system.

These consultations led to the submission of 544 initiatives from members of parliament and the Constituent Assembly and 978 citizen proposals.[72]

The submissions were discussed in the Constituent Assembly, which was guided by open parliamentary practices: 10,000 people who were involved in the development of the proposals were in attendance and its sessions were broadcast on television to ensure a transparent process.

3. Impact of the CPCDMX

The CPCDMX is based on a rights-based approach, with an emphasis on social rights, and is aligned with the objectives of the 2030 Agenda for Sustainable Development. The application of the binding nature of the international instruments ratified by Mexico was recognized in the CPCDMX. Other instruments not yet ratified by Mexico at that time, such as the Right to Organise and Collective Bargaining Convention, 1949 (No. 98),[73] inspired the establishment of certain rights in the CPCDMX, such as freedom of association (Luján 2018).

The CPCDMX is closely linked to Recommendation No. 202 and encompasses the guiding principles[74] outlined below.

72 Mexico, "Constitución Política de la Ciudad de México", *Boletines*, 31 January 2018.

73 Ratified by Mexico on 23 November 2018.

74 Ciudad de Mexico, Constitución Política de la Ciudad de México, 2017.

Universality and non-discrimination

The CPCDMX recognizes the universality of rights and includes proactive measures to ensure that groups that need special attention are included and avoid any type of discrimination, including discrimination based on gender. It pays priority attention to vulnerable groups, such as children and adolescents; women; the elderly, people with disabilities; the Lesbian, Gay, Bisexual, Transgender, Intersex (LGBTI) community; migrants; victims of violence; people deprived of their liberty and residing in social assistance institutions; Afro-descendants; people of indigenous identity; and religious minorities.

Social and cultural rights

The CPCDMX establishes the right to quality education at all levels, to make active efforts to ensure attendance and to attain knowledge and access continuous learning opportunities. It also ensures that cultural activities, arts and sciences are free of any censorship. The CPCDMX further sets out the right to care, including universal medical coverage. Lastly, it ensures access to adequate and nutritious food, housing and water.

The CPCDMX also promotes the right to well-being and income security through the provision of a social welfare system that encompasses education, culture, sports and care for vulnerable persons. In its article 17, the CPCDMX also guarantees the right to social security and to the minimum vital income required for a decent life.

Labour rights

The CPCDMX recognizes the right to decent work, which is defined as formal work that is free of child labour and is conducted under fair conditions. It also encourages formality, full employment, vocational training, the use of inspections to reduce occupational risks, freedom of association and collective bargaining, while provisions are also included to prevent workplace discrimination. Unemployment insurance is guaranteed by the CPCDMX, which also recognizes certain priority professions, such as domestic workers and caregivers, and the need to establish a work–life balance.

4. Ensuring compliance and transparency

In order to ensure compliance and transparency, the CPCDMX mandates the use of certain procedures and institutions for proper planning, including the General Development Plan of Mexico City, the General Programme of Territorial Planning and the Government Programme of Mexico City. However, as of 2022 these tools have not yet entered fully in use, with only the Government Programme of Mexico City having an approved plan in place.

5. Challenges and way forward

One of the main challenges of the implementation of the CPCDMX is the enforcement of the rights and mechanisms it provides. Since its adoption, a number of complementary laws have been approved to implement some of the constitutional rights, at the national, state and Mexico City levels. These include, among others, the Housing Law reformed in 2021; the Health Law of Mexico City of 2021; the Law of Climate Change Mitigation and Adaptation (2021); the Law Defending the Rights of Children and Adolescents (2021); the Law to Prevent and Eliminate Discrimination (2020); and the Law for the Recognition of the Rights of the Elderly and the Integral System for their Care of Mexico City (2021).

However, many more laws would need to be enacted to ensure that all rights in the CPCDMX are realized, such as the right to a minimum living wage, the right to unemployment protection and the right to income security in old age. In addition, Mexico City still has a very high rate of informality in the workplace (49.3 per cent of the working population) and labour laws have not yet been changed to facilitate the transition to the formal economy, as mandated in the CPCDMX.

In addition, not all planning, measurement and evaluation mechanisms have been established. According to the text of the CPCDMX, a general development plan for Mexico City must be approved, which develops a 20-year vision and allows for the articulation of long-range policies on the most relevant issues in order to achieve greater social, economic, environmental and territorial resilience. While a proposal was introduced in 2020, it has not yet been approved.

Although the development of the CPCDMX was done through an open and consultative process, citizens may not feel equal ownership of the drafting and implementation processes of the secondary laws. Finally, the mechanisms for the distribution of competencies between the Government of the CDMX and its 16 municipalities for the implementation of the CPCDMX should be established.

6. References

Ciudad de Mexico. 2017a. *Constitución Política de la Ciudad de México*.

———. 2017b. *Constitución Política de la Ciudad de México: Antecedentes y Avances Fundamentales*.

El Universal. 2018. "Estados Pueden Ampliar y Reconocer Nuevos Derechos: SCJN". 21 August.

Human Rights Commission of Mexico City. 2021. Press release 19/2021, 5 February.

Jusidman Rapoport, Clara. 2017. "*La Constitución Política de la Ciudad de México: Logros Alcanzados y Barreras Encontradas. Una Visón Personal*". *El Cotidiano* 203 (May-June): 43–49.

Luján, Betha. 2018. Interview with Bertha Luján, Constituent Assembly woman, on the Political Constitution of Mexico City, 30 January.

Chapter 2: Security during childhood and working age

16. South Africa: Extending social protection to children

Thea Westphal and Phomelelo Makondo

Summary

Of the 19.7 million children under the age of 18 in South Africa, 62.1 per cent are multidimensionally poor. The Child Support Grant (CSG), introduced in 1998, initially covered only 10 per cent of poor children. Incremental changes in the eligibility criteria and successful awareness-raising and advocacy campaigns increased the coverage to 13 million poor children in 2021, or 67 per cent of the target group. The grant has been shown to have a positive impact on the recipient children and their families.

Social protection for children in South Africa is one of the largest and is delivered through the CSG, Foster Care Grant (FCG), Care Dependency Grant (CDG), free education, school feeding through the National School Nutrition Programme and affordable health services. The CSG provides 460 South African rand (US$32) per month to poor children up to 18 years of age.

South Africa's Child Support Grant contributes to the provision of basic income security for children, as mandated by the Social Protection Floors Recommendation, 2012 (No. 202). It also contributes to the effective implementation of several guiding principles of the Recommendation such as progressive realization and achievement of universality of protection for a specific age group (children up to 18 years of age); social inclusion, non-discrimination, gender equality, and responsiveness to special needs; coherence across institutions responsible for delivery of social protection; and coherence with other policies through positive impacts on nutrition, education, and labour market participation of mothers.

Main lessons learned

- South Africa has demonstrated that the extension of social protection to children is feasible and affordable for middle-income countries.
- Social grants for children complement services, such as free education, school feeding and affordable health services, thereby contributing to reducing poverty and vulnerability while ensuring that all children have access to nutrition, education and care.

- It is essential to have political will and commitment of the government particularly, to increase public expenditures on social protection. Today, South Africa allocates roughly 15.4 per cent of government spending on social assistance programmes.
- The creation of a specialized management institution, namely the South African Social Security Agency (SASSA), made delivery of social grants transparent and independent from political considerations.
- The Integrated Community Registration Outreach Program (ICROP) helps people living in hard-to-reach and remote areas who are often excluded from receiving social protection benefits.

1. How is social protection provided to children in South Africa?

In 1913, the idea of providing income support to households with children was conceptualized by means of the Children's Protection Act, which provided for a State Maintenance Grant (SMG). The SMG was a means-tested grant paid to women who did not receive support from their partner or the child's father or who were in situations such as widowhood or desertion. Although all South Africans were legally eligible to receive the grant, people in the independent states where the black population lived were unable to access it because the states did not administer the benefit. The grant, therefore, effectively discriminated against the non-white population. Male family members often migrated to urban areas to find employment, leaving behind their families and breaking up

Figure 22. Gradual increase of CSG coverage in South Africa

Source: Department for Social Development traditional households. A main concern regarding the SMG and its focus on the nuclear family was that it did not fit the reality of many South African families.

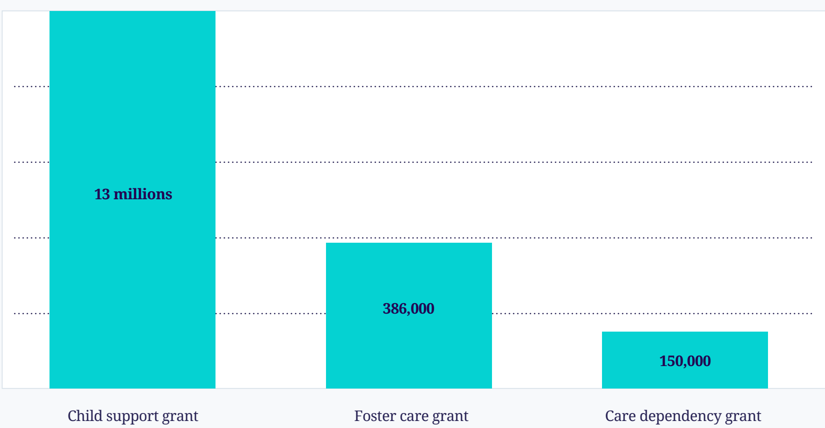
After the end of the apartheid era, a reform of the social protection system was envisioned to meet the needs of multi- or skip-generation households where children were often raised by grandparents after parental migration or death from HIV/AIDS. In 1998, the CSG replaced the SMG and was designed to reach the child instead of being linked to the child's biological parents. Figure 22 shows the gradual increase of CSG coverage and figure 23 shows the number of beneficiaries in 2021.

Initially, the CSG was a monthly benefit of 100 rands (US$8) and covered children until 7 years of age. Over time, incremental changes were made to several features of the CSG programme.

The eligibility age increased to 18 years in 2012 and the monthly benefit gradually increased to 480 rand (US$32) per child in June 2022. The monthly income threshold for the means test was raised to 4,600 rand (US$314) for singles and 9,200 rand (US$628) for couples in April 2021. The CSG can be paid for up to six children, including legally or non-legally adopted children, as well as biological or non-biological children of the primary caretaker in a household.

Besides the CSG, South Africa provides a FCG and a CDG. The FCG provides 1050 rand (US$72) per beneficiary. It is not means-tested but has low coverage, which is often attributed to lengthy application procedures, including a court order confirming the

Figure 23. Number of child support beneficiaries in South Africa, 2021



Source: Department for Social Development child's need for foster care. The CDG provides 1,980 rand[75] (US$133) and the means test is nine times the benefit amount (monthly income threshold at 18,600 rand or US$1,246). It is paid to children with severe chronic illnesses or disabilities, which have to be confirmed through a medical assessment. All grants are payable to citizens, permanent residents and refugees with legal status.

In addition to these grants, the Government provides complementary services in health and education.

2. What were Covid-19 impacts and responses?

The COVID-19 pandemic and associated lockdowns not only exacerbated the already unsustainable levels of poverty and unemployment among adults due to the loss of over 2.2 million jobs, it also negatively impacted child poverty rates and compromised children's nutrition, health, and safety. Approximately 47 per cent of households in South Africa fell into poverty and experienced hunger during the initial lockdowns in 2020 – directly impacting the wellbeing of many children. To address the impact of the pandemic on children, new measures of social protection were introduced as "top ups" to the already existing provisions for children. The CSG was increased by 300 rand (US$20) per child in May 2020. In June 2020, 500 rand (US$34) was provided to caregivers for five months. The FCG and CDG were increased by 250 rand (US$17) for six months. In addition, the Government increased its rollout for food parcels to reach poor households who were vulnerable to hunger or loss of income and access to adequate food.

3. What is the delivery mechanism?

In South Africa, two institutions are active in the design and delivery of social protection. The Department for Social Development (DSD) is responsible for policymaking and oversight while the SASSA, created in 2006, administers and delivers all social grants. The creation of SASSA reduced fragmentation and inconsistency within the previous system, where the benefit levels and eligibility criteria for social grants were decided by nine different regions and disbursed by different paymasters.

Registration for the CSG requires children and their caretakers to submit their biometric data, including their photographs, fingerprints and voice recordings. This information, along with the beneficiary's name and a unique beneficiary identification number, are stored on an electronic chip card. This SASSA-branded MasterCard is the sole instrument used to identify beneficiaries.

Although it may take up to three months to process applications, benefits are paid retroactively from the date of application. Payments for all grants are made during the first week of each calendar month. Payments are made through electronic bank transfers

75 The CDG will be increased to 1990 rand from 1 October 2022.

or by cash at SASSA offices, supermarkets or other payment points. When payments are made in cash, beneficiaries are identified through their SASSA-branded MasterCard.

Today, SASSA has registered all beneficiaries into a biometric electronic system and works with one paymaster. SASSA has gradually improved and made its payment system cost-effective by using biometric data and negotiating provider contracts. With the introduction of the smart card, the administrative cost decreased from 33 rand (US$2.70) to 16.4 rand (US$1.40) per month per beneficiary. Recording biometric data has allowed SASSA to identify 850,000 fraudulent grants.

A strong complaint and appeals mechanism underlies the social grant system in South Africa. Any decision of the implementing agency can be put to the Independent Tribunal for Social Assistance Appeals. It receives and hears appeals for all social grants, decides whether to confirm, alter or set aside a decision made by SASSA and whether to award the grant temporarily or permanently.

In addition to the use of technology and the establishment of complaint and appeals mechanisms, coverage was also increased through massive communication campaigns that sought to explain the benefits and eligibility criteria. These campaigns also tried to overcome traditional beliefs (such as infants having to stay at home during the first weeks after birth) that reduced registration rates for new-borns.

Further, the ICROP sought to increase coverage by helping people to complete applications forms and providing information (ILO 2015). The ICROP uses fully functional mobile service units staffed with computers, office equipment and workers. These units travel to far-flung communities in the country.

4. What is the impact on people's lives?

In South Africa, since unemployment is high (34.9 per cent) and poverty widespread, the CSG is spent primarily on food. The grant has shown to positively impact on food security, nutrition, health and educational outcomes of children. In fact, a study has found that children who benefit from the grant are more likely to complete school and recorded a 68.2 per cent pass rate in the National Senior Certificate examinations in 2020 for CSG beneficiaries.

The CSG also increases access to childhood development and schooling. Studies have shown that in CSG households, mothers are better informed of other services such as the early childhood development services and are more inclined to register their children in these facilities. This has had positive consequences for the children since pre-school learning provides children a head start in education, improves their ability to develop social skills and allows the children to grow up in a safe environment.

Furthermore, the CSG has been shown to reduce incidences of risky behaviour among adolescents, such as reduced sexual activity, fewer pregnancies and reduced drug and alcohol use, especially for females.

Mothers in receipt of the CSG were more likely to participate in the labour market and more likely to be employed. Through the combined effects of improving school attendance and enabling mothers to participate in the labour market, the CSG has had a positive impact on the earnings of family members.

5. What are some of the challenges?

Although the CSG, FCG and CDG are accessible to 13 million eligible children in South Africa, about 1.8 million eligible children are excluded from receiving the CSG. The barriers that contribute to this exclusion include poor information about eligibility requirements, lack of proper documentation or presentation of fraudulent documents and poor access to SASSA offices for applications (time and cost to reach the offices, long queues and so on). Means-testing has also contributed to the exclusion of eligible children. Every time the grant is increased, the means test also increases resulting in many children facing systemic exclusion.

6. What's next?

South Africa's social protection system has come a long way since the end of the apartheid era in 1994 and has progressed to being one of the most comprehensive in the region. Albeit the increased intake of beneficiaries through ICROP, there remains a significant number of eligible children who are not covered and much can be done to address the barriers leading to exclusions and poor access. The provision of SASSA services (information on the CSG, eligibility, required documents, application process and application forms) in health facilities can help fast track access to the grant. Barriers such as time and costs to reach SASSA offices can be addressed. Another possibility is pre-registration for the CSG during pregnancy in hospitals (as proposed by the National Integrated Policy on Early Childhood Development) to ensure that children have access to the benefits of the grant from birth. With the wide reach and coverage of the CSG, it is becoming increasingly important to ensure accurately tracking of children's wellbeing on the various child grants provided and their linkage to access social welfare services (education, health, child protection services). The Real Time Monitoring Tool is such model that the Government can use to track the wellbeing of children from birth to 18 years to monitor the impact of the child grants in real time.

7. References

Dalay, Aislinn and Selwyn Jehoma. 2016. *Implementation of social grants: Improving delivery and increasing access*. Children's Institute, University of Cape Town and Economic Policy Research Institute.

DSD; SASSA; UNICEF. 2012. *The South African Child Support Grant Impact Assessment: Evidence from a survey of children, adolescents and their households*. Pretoria: UNICEF South Africa.

Education Training Unit. 2011. *Social Welfare*.

Hagen-Zanker, Jessica, Jenny Morgan, and Charles Meth. 2011. *South Africa's cash social security grants: Progress in increasing coverage*. London: Overseas Development Institute.

Hall, Katherine. 2021. *Statistics on Children in South Africa*. Children's Institute, University of Cape Town.ILO. 2015. "South Africa. ICROP. Reaching Out to Rural Poor Through Mobile Service Units", Social Protection in Action.

Institute for Economic Justice. 2021. *Social Protection During Covid-19: The Rights to Social Security and an Adequate Standard of Living*.

Leubolt, B. 2014. *Social policies and redistribution in South Africa*, Global Labour University Working Paper No. 25. Geneva: ILO.

Nzuza Khanyisile. 2020. *Barriers contributing to the exclusion of eligible child support grant beneficiaries in Umzinto rural community of KwaZulu-Natal, South Africa*.

SAHRC and UNICEF. 2014. *Poverty traps and social exclusion among children in South Africa*. Pretoria: SAHRC.

SASSA. n.d. *Biometrics as a tool for fraud prevention and detection in the management of social assistance*, PowerPoint presentation.

Senona, Engenas, Directorate Children and Family Benefits, Department of Social Development, Pretoria. 2015. Interview 6 May.

South African Government, Department of Social Development. 2020. *The Educational Outcomes of the 2020 Grade 12 Learners Receiving Social Protection Services.Statistics South Africa*. 2014. Poverty trends in South Africa: An examination of absolute poverty between 2006 and 2011.

Tiberti, Luca, Hélène Maisonnave, Margaret Chitiga, Emmanuel Mabugu, Véronique Robichaud, Stewart Ngandu. 2013. "*The economy-wide impacts of the South African Child Support Grant: A micro-simulation-computable general equilibrium analysis*", PEP Working Paper 13-03. Québec: Centre Interuniversitaire sur le Risque, les Politiques Economiques et l'Emploi.

The Budget Speech. 2022. National Treasury.

World Bank. 2021. *South Africa: Social Assistance Programs and Systems Review*.

UNICEF. 2020. *Child Poverty in South Africa, A Multiple Overlapping Deprivation Analysis*.

▶ 17. Brazil: Protecting self-employed workers through a Monotax mechanism – Simples

Fabio Durán-Valverde and Júlio C. Tango

Summary

Simples, also known as Simples Nacional or Super Simples, is a Monotax, a simplified tax collection or payment scheme for small contributors in Brazil. It unifies several taxes and contributions in a unique payment. Micro-entrepreneurs who join are automatically entitled to the benefits of the contributory social security system.

Historically, self-employed workers have been one of the most difficult groups to bring under contributory social protection coverage in Brazil. The Monotax has proven to be an effective tool to formalize micro and small enterprises as well as to extend social security coverage to self-employed workers. It has especially helped in reaching out to vulnerable groups of workers such as women and people from certain ethnic backgrounds. Argentina, Uruguay, and Ecuador have also successfully implemented similar schemes.

Brazil's experience in setting up a Monotax system contributed to the progressive realization of universal social protection based on social solidarity. It is in line with other principles of the Social Protection Floors Recommendation, 2012 (No. 202), such as ensuring social inclusion of persons in the informal economy and the consideration of a diversity of methods and approaches in building social protection system.

Main lessons learned

- A mechanism such as a Monotax can reduce informality in economic activity, which directly and simultaneously improves employment conditions and social protection coverage for workers.
- Flexibility in financing mechanisms can help in formalization of informal economy workers.
- Such incentives can unify, simplify and ease the collection of taxes and social security contributions.
- By requesting lower tax and contribution amounts than for workers in the formal sector, Monotax is also adapted to the low contributory capacity of workers in the informal economy.

- Monotax has a sizable impact on gender and racial equality. Women and persons from mixed-race and black ethnicities working in micro and small enterprises, whether as employees or as employers, have the opportunity to be formalized and included in social security. Thus, it has a noticeable impact on the formalization of vulnerable groups.

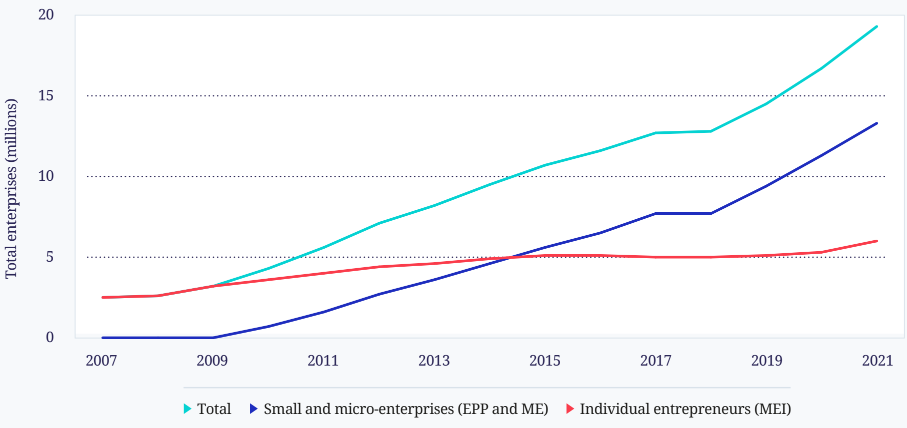
1. How was the Monotax in Brazil set up?

The enactment of the Simples law (Lei do Simples) in 1996 was the first attempt to formalize small and microenterprises, upholding the 1988 Federal Constitution. Originally restricted to federal taxes, it established a single fee, based on a progressive scale of annual sales. This participation fee is based on gross sales, not on profits. Furthermore, the measure introduced the requirement for such companies to have accounting management books (now withdrawn).

Legal provisions were altered in 2006/7, when the programme became Simples Nacional (now integrating all levels of government) or Super Simples. This reform introduced the deduction at source of mandatory social security contributions. It also included companies selling goods and providing services, as well as of small artisan producers.

The system allowed the unified payment of some federal taxes and of social security contributions. Finally, a 2008 Law included a single fixed monthly fee payable by individual micro company owners. Figure 24 shows the evolution of the registrations between 2007 and 2021.

Figure 24. Brazil's Simples Nacional and Super Simples registration evolution (2007–2021), millions of enterprises



Source: Retrieved from http://datasebrae.com.br/simples-nacional and http://www8.receita.fazenda.gov.br/SimplesNacional/Aplicacoes/ATBHE/estatisticasSinac.app/Default.aspx.

2. What does Simples look like?

Simples is the tax mechanism for small and micro-enterprises, as well as individual micro-entrepreneurs. It enables an integrated and simplified system for the payment of some taxes and contributions to social security. Five federal taxes were integrated, together with one state tax, one municipal tax, and employers' contributions to the National Social Security Institute (INSS). Box 6 provides the characteristics of Monotax regimes according to international practice.

Simples divides companies in three levels according to size: i) individual micro company owners (*microempreendedor individual*, MEI); ii) micro companies (*microempresa*, ME); and iii) small companies (*Empresa de Pequeno Porte*, EPP). Based on this classification, each category pays different contribution rates to the INSS.

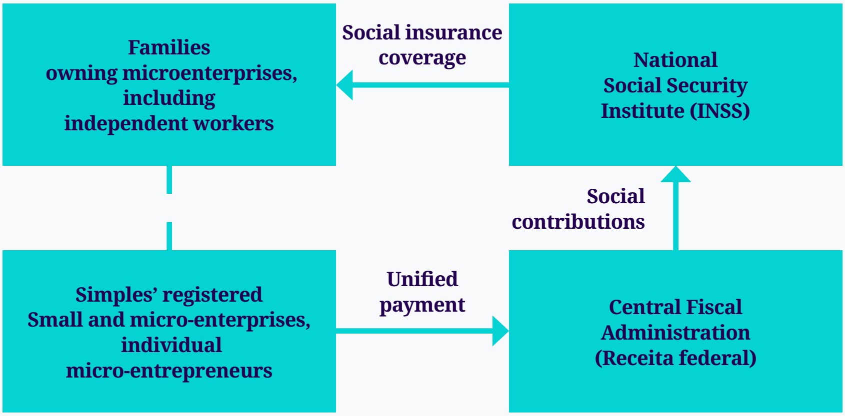
Simples contributions are collected by the central fiscal administration and the share corresponding to social security payments is transferred to the INSS. These contributions cover the social insurance members and their families. MEI social security contributions amount to 5 per cent of the minimum wage. The public health system, in turn, is funded through tax revenues from the federal, state, and municipal budgets (see figure 25).

Registration as an individual entrepreneur (MEI) entitles the worker to an old-age pension (requiring 180 months' contribution), sickness benefits and a disability pension (requiring 12 months' contribution) as well as a maternity benefit (10 months' contribution required). Families are also covered: for example, surviving spouses are entitled a pension worth one minimum wage, varying in duration according to beneficiary age. In the case of small and micro enterprises, adherents are entitled to the regular INSS benefits.

Box 6. Characteristics of Monotax regimes according to international practice

- Simplified taxation schemes aimed at combating informality.
- Taxes and social security contributions are lower than general taxes to generate fiscal stimulus.
- Taxable income is normally presumptive (presumed income in the absence of the information); a fixed fee is applied to each presumptive income category.
- Taxes and social security contributions are grouped in one contribution, the "Monotax".

▶ **Figure 25. Schematic overview of Brazil's Simples system**



▶ Source: Authors' elaboration.

3. What is the impact on people's lives?

Thanks to the innovative reforms associated with Simples, the take up rate between 2008 and 2016 has been very high and the number of total registered firms covered by the scheme went from around 3 million to around 12 million. As of 2018, Monotax covers 75 per cent of the totality of enterprises in the country (Guimarães et al. 2018) and represents 39 per cent of the total number of enterprise-based jobs in Brazil. This model was similarly successful in other countries of the region. Informality went from 41.1 per cent in 2012 to around 39 per cent in 2016 but increased again to 41 per cent in 2019 due to economic downturns (IBGE 2021).

The scheme has proven to be an effective instrument for the formalization and inclusion of self-employed workers into the social security system. Studies have shown that its implementation has reached low-income groups of the population, with an estimated 8 million new jobs in the formal sector from 2006 to 2016 (Pimentel 2017). It is also an effective tool to generate additional fiscal resources that can be used to further finance social protection. Tax revenues originating from Simples adherents went from 41 billion Brazilian reais in 2008 to 73 billion reais in 2016 (SEBRAE 2017).

Although the scheme is open to all, enterprises that are participating in Simples, especially the MEI programme, was composed largely of women (47.6 per cent), self-identified mixed-race persons (42 per cent) and black persons (11 per cent) in 2016 (SEBRAE 2017b). Therefore, it represents a step towards greater participation of vulnerable groups in the economy and in access to social protection.

4. What's next?

The creation of Simples and its amendments has contributed to the objective of extending social security. However, some challenges remain. In Brazil, as in other South American countries, the main challenge is to reach full coverage (see box 7). In addition, another challenge is to transition monotributistas into the general scheme.

An effort to increase the programme's sustainability, preventing disruption from fiscal imbalances in the future, must be pursued. The relatively low amount of the fixed contributions by some categories may not be sufficient to support the payment of benefits in the future (IPEA 2018).

▶ Box 7. Monotax experiences in Argentina, Uruguay, and Ecuador

In Argentina, the Monotax has allowed for the subsidization of social security contributions for individual independent workers and micro-enterprises by incorporating low-income people into pensions and health benefits. In Uruguay, Monotax is a simplified tax collection/payment scheme for small contributors. People are entitled to the same social security benefits as salaried workers. RISE (Régimen Impositivo Simplicado de Ecuador) includes a discount of 5 per cent in social security contributions for each affiliated worker who is up to date with payments.

5. References

Brasil. Portal do Empreendedor. Quais os benefícios previdenciários do MEI? Updated on December 2017.

Brasil. Receita Federal. Perguntas e Respostas MEI e Simei. Updated on August 2018.

Bertranou, Fabio (ed.). 2009. *Trabajadores Independientes y Protección Social en América Latina*. BPS-Instituto de Seguridad Social, Uruguay; Centro de Estudios, Seguridad Social, Salud y Admnistración de Uruguay; International Labour Organization. Santiago de Chile: OIT.

Duran-Valverde, Fabio, Jorge Flores Aguilar, José Francisco Ortiz Vindas, Daniel Muñoz Corea, Ana Carolina de Lima Vieira and Lou Tessier. 2013. *Innovations in Extending Social Insurance Coverage to Independent Workers: Experiences from Brazil, Cape Verde, Colombia, Costa Rica, Ecuador, Philippines, France and Uruguay*. Geneva: ILO.

Guimarães, Andréa, Carvalho, Kátia and Paixão, Luiz. 2018. *Micro, Pequenas e Médias Empresas: Conceitos e Estatísticas*. Instituto de Pesquisa Econômica Aplicada (IPEA).

Instituto Brasileiro de Geografia e Estatística (IBGE). Pesquisa Nacional por Amostra de Domicílios (PNAD). August 2018, July 2019, and December 2021.

Instituto de Pesquisa Econômica Aplicada (IPEA). 2018. Pesquisa Estima o Impacto do MEI nas Contas da Previdência.

Pimentel, José. 2017. *Relatório de avaliação da política pública Simples Nacional – Regime especial unificado de arrecadação de tributos e contribuições devidos pelas microempresas e empresas de pequeno porte, em atendimento ao que dispõe a resolução do Senado Federal nº 44, de 2013 e ao Req. Nº 16/2017*.

Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (SEBRAE). 2017. Relatório Especial – Os Impactos do Simples Nacional (Unidade de Gestão Estratégica – UGE Núcleo de Estudos e Pesquisas, Brasília).

———. 2017b, Unidade de Gestão Estratégica. Perfil do Microempreendedor Individual.

18. France: RSA – providing income security and supporting return to work

Thibault van Langenhove, Clara van Panhuys and Yasmine Harras-Pelletier

Summary

The Active Solidarity Income (Revenu de Solidarité Active – RSA) provides a minimum income and measures aimed at supporting employability and return to work for the working poor and unemployed.

In France, about 14 per cent of the population lives below the poverty line.[76] Among this poor population, more than 50 per cent are people of working age, unemployed, or working poor (Observatoire des inégalités 2020). The social protection system suffered from gaps, leaving a share of the active age population without income security in case of long-term unemployment or poverty. In addition, many of the existing income support schemes did not provide sufficient incentives to facilitate return to work.

The creation of the RSA in 2008 had a twofold objective: ensuring access to universal income security for the active age population coupled with placement services, skills development, support for the creation of micro-enterprises, and generating incentives for return to work.

The French RSA contributes to the provision of basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income in cases of unemployment, as mandated by the Social Protection Floors Recommendation, 2012 (No. 202). The RSA links social, economic and employment policies to improve their coherence, and is a good example of the consideration of a diversity of methods and approaches, including of financing mechanisms and delivery systems, to improve social protection coverage. In this regard, the RSA contributes to the guiding principles of Recommendation No. 202.

Main lessons learned

- The RSA is a programme for the unemployed and the working poor which has successfully managed to link social protection benefits and active labour market policies to support employability and address financial disincentives to return to work.

76 The poverty line is defined as 60 per cent of median income (National Institute of Statistics and Economic Studies, INSEE).

- Evaluation reports show that concerns about employers using the RSA or the Activity Allowance strategically to decrease wages or impose part-time jobs were unfounded.
- The RSA is a concrete policy example which addresses poverty of the working poor, the unemployed and micro entrepreneurs.
- The elaborate design of the RSA made it difficult for potential beneficiaries to understand or for local social security staff to explain it properly, which had negatively impacted its expansion. Reforms were launched in 2016 and 2021 to address these issues.
- Lastly, there remains a stigma associated with receiving the RSA. This is an important concern which should be addressed in the future.

1. What led to the creation of the RSA?

Prior to 2008, three means-tested benefit schemes provided income security to the non-active working age population living in France: the Minimum Subsistence Income (*Revenu minimum d'insertion* – RMI), the Single Parent Allowance (*Allocation de parent isolé* – API), and the Specific Solidarity Allowance (*Allocation de solidarité spécifique* – ASS). These income transfers were not combined with any measures to facilitate return to work. In addition, benefits would be significantly reduced or halted when beneficiaries found jobs or started working longer hours. As a result, in some cases individuals found that they faced significant reductions in their total income when they returned to work or increased their hours worked. These benefits discouraged work in some cases, leading to so-called "inactivity traps": a vicious circle of inactivity and poverty. The programmes were also believed to have contributed to the expansion of undeclared work.

Negotiations organized in 2007–08 between the Government and social partners resulted in a reform aiming to simplify and coordinate social inclusion programmes and to link them with active labour market policies. The strategy recommended a new social paradigm and the creation of the RSA.

The RSA was enacted by Law No. 2008-1249 of 1 December 2008. It is also included in the revised Social Action and Family Code of the 1 of June 2009. It was later updated in Decree No. 2015–1709 of 21 December 2015 which introduced the Activity Allowance (see section 2).

2. How did the scheme evolve?

At its creation in 2008, the RSA income support was composed of two elements: the "Floor RSA" which was financed by local governments (*Départements*) and aimed at guaranteeing a minimum income threshold to all, and the "Activity RSA" which was financed by the central Government and intended to provide an incentive to work. The "Activity RSA" was a variable component, updated on a quarterly basis to ensure that every additional hour worked would result in a higher disposable income.

The scheme proved to be underused by the potential eligible population, largely due to its complex design (it is estimated that more than 60 per cent of the eligible population did not claim their entitlements). As a result, a reform initiated in 2016 replaced the "Activity RSA" with a new scheme called the "Prime d'activité" (Activity Allowance) as a separate scheme from the RSA. Nowadays, the system is composed of the RSA, which guarantees a minimum income and access to active labour market policies to all persons of working age, and an Activity Allowance, which encourages a return to work.

Since its inception in 2008, another concern with the RSA was its component financed by local authorities. Local disparities made it difficult for some local authorities to secure the resources to cover their RSA expenses. Further increases of the RSA were also decided at the central level and did not always sufficiently account for budget realities at the local level. In addition, the socio-economic impact of the COVID-19 pandemic led to a significant increase in the number of RSA beneficiaries, further straining the budgets of local authorities. In response, as of 2022 the State has assumed full responsibility for the financing of the RSA in some parts of the national territory for a period of 5 years, as an experiment.

3. How does the scheme function?

The RSA aims to support households with insufficient incomes. It targets adults above the age of 25, or under the age of 25 years if pregnant or supporting one or more dependents.[77] French and European Union nationals must have legally resided in France for at least three months prior and non-EU nationals for at least five years prior in order to be eligible. The programme targets unemployed persons (those out of work who are available and actively seeking employment) who receive insufficient income replacement, as well as the working poor. The amount of the guaranteed income depends on the household composition (table 6), with amounts indexed on a yearly basis.

▶ Table 6. Amounts of France's RSA scheme in 2022

No. of children	Single person	Couple
0	€575.52	€863.28
1	€863.28	€1035.94
2	€1035.94	€1,208.58
Additional children	€230.21	€230.21

▶ Source: Authors' compilation.

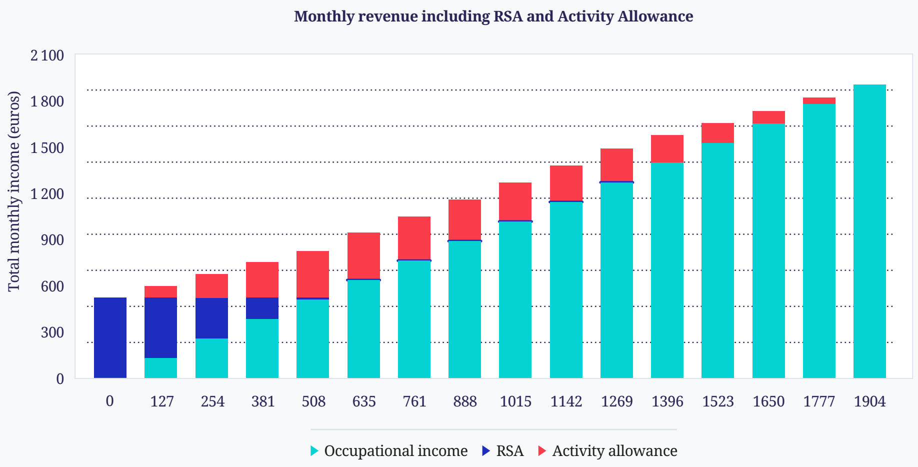
77 Further exceptions to the minimum age of 25 include persons who have been in employment for more than two out of the past three years as well as persons with a recognized refugee status.

The RSA is complemented by the Activity Allowance which aims to supplement the income of employees, civil servants, self-employed workers and employers with modest resources in order to incentivize work. The amount of the Activity Allowance is dependent on the household composition and the disposable income of the family (occupational income, social protection benefits and other sources of income). As of 2020, the Activity Allowance scheme provides benefits to 4.32 million household for a total amount of €33 billion.

Starting from a situation of zero employment, any increase in occupational income will reduce the amount of RSA received. At the same time, an Activity Allowance is granted, which ensures that the total income (the sum of RSA, Activity Allowance and occupational income received) increases for any increase in occupational income. Revenues which derive from other income support programmes (unemployment allowance and housing benefit, among others) are deducted from the RSA and Activity Allowance amounts (see figure 26). RSA beneficiaries have the obligation to look for a job or take action to create their own enterprise. They receive support and placement advisory services, as well as training.

In 2019, total expenditure on RSA benefits represented 0.5 per cent of GDP (DRESS 2019). Its implementation requires the cooperation of multiple actors. Local governments (*Départements*) are responsible for the scheme's operations. The National Fund for Family

Figure 26. Monthly income simulation for a single earner with no dependant benefitting from France's RSA and Activity Allowance



Note: assuming no other social transfer is received.

Source: Authors' calculation.

Benefits (*Caisse nationale des allocations familiales* – CNAF) and the Social Agricultural Mutual Fund (*Caisses de Mutualité Sociale Agricole* – CMSA) process applications, assess eligibility, define the amount of the income support quarterly, and manage the payment of benefits. Finally, the Public Employment Agency (*Pôle Emploi*) provides job counselling and matching services to the scheme's beneficiaries.

4. The impact of the RSA on people's lives

As of July 2021, 1.95 million households were receiving the RSA.

The scheme provides greater income security and support for people of working age, while also fostering a return to work for unemployed people and the economic inclusion of the working poor. An evaluation on the scheme conducted in 2011 (Comité d'évaluation du RSA 2011) found no evidence of employers decreasing wages or requiring part-time work of employees benefitting from the Activity RSA.

Lastly, the socio-economic impact of the COVID-19 pandemic had a significant impact on the number of people receiving solidarity benefits, reaching 2.1 million in October 2020, an increase of 8.5 per cent compared with October 2019. In response to the hardships faced, an exceptional "Covid" benefit was paid at the end of 2020 for beneficiaries of the RSA.[78]

5. What's next?

Looking towards the future, the RSA is facing three main challenges:

- The efficiency of the RSA is hampered by difficulties in coordinating the actions of participating agencies and government bodies. Local governments that were designated to oversee the implementation of the scheme did not always have the necessary capacities to do so. Additionally, with the global financial crisis and a significant rise in unemployment, the national employment agency is overwhelmed by demand and cannot always provide adapted assistance to RSA beneficiaries.
- The complexity of the scheme has prevented its expansion. Although RSA and the Activity Allowance are well-known, few understand how benefits are calculated, can name its different components, or know the eligibility criteria.
- A new reform of the RSA was adopted in July 2022 and is being implemented on a pilot basis since January 2023 in 19 *départements*. With this reform the payment of the RSA is linked to rights and duties: the right to receive support to find a job, and the duty to comply with a weekly activity schedule to achieve this. This schedule includes vocational training and work for a duration of 15 to 20 hours per week. With this

78 Source: https://www.legifrance.gouv.fr/jorf/id/JORFTEXT0000425744З1

reform, the government intends to repair one of the RSA's shortcomings: assistance for professional integration, as the Court of Accounts showed in a report published earlier this year. "Seven years after receiving the RSA, 42 per cent of recipients are still not in employment". This new Active Solidarity Income scheme will be tested in 19 *départments* in January 2023 before being extended to all French territories.

6. References

Cabannes, Pierre-Yves, Mathieu Calvo, Opale Echegu. 2020. "Plus de 2 millions d'allocataires du RSA fin octobre 2020. Mise en place d'un suivi mensuel des prestations de solidarité pendant la crise sanitaire". Études & Résultats, numéro 1175, Direction de la Recherche, des Études, de l'Évaluation et des Statistiques.

CNAF. 2015. *RSA conjuncture* n° 11.

Comité d'évaluation du RSA. 2011. *Rapport final*.

Commission Familles, vulnérabilité, pauvreté. 2015. *La nouvelle équation sociale*.

French Family Allowance Fund. 2015. *French Family Allowance Fund website*.

Government of France. 2008. *Law n° 2008-1249 of the 1st of December 2008 on the Active Solidarity Income and the reform of social inclusion policies*.

———. 2015. *Law n° 2015-994 of the 17th August 2015 on social dialogue and employment*.

Hirsch, Martin. 2011. *Sécu: Objectif monde, le défi universel de la protection sociale*. Paris : Stock.

Observatoire des inégalités. 2014. Observatoire des inégalités website.

___. 2020. *Rapport sur la pauvreté en France 2020–2021*.

Observatoire national de l'action sociale. 2015. *La lettre de l'Odas*. Juin 2015.

Sirugue, Christophe. 2013. *Réforme des dispositifs de soutien aux revenus d'activité modestes*.

19. Brazil: Guaranteeing social protection for domestic workers

Fabio Durán-Valverde, Luana Goveia and Julio Tango

Summary

Brazil is progressing towards providing full social protection rights to domestic workers. The country has taken two major steps towards strengthening social protection of domestic workers; recognition of domestic work as an occupation in the Constitution of 1988 and equalization of social protection rights between domestic workers and other worker categories in the constitutional amendment of 2013.

The domestic work sector employed over 6 million people (that is over 6 per cent of the labour force) in 2019. Among them, over 80 per cent were black, 95 per cent women and over 50 per cent of the households headed by female domestic workers were poor. By guaranteeing social protection rights to domestic workers, the country is also reducing their vulnerability, promoting women's empowerment and racial justice.

The number of children and adolescents in situation of domestic child labour in Brazil had a decrease of 61,6 per cent between 2004 and 2019, going from 406 thousand to 108 thousand. While legal coverage of domestic workers is 100 per cent with the new law, the share of those who hold a registered employment contract was only 28 per cent (or 1.7 million people) in 2019. Despite this gap, effective coverage for domestic workers in Brazil is one of the highest in Latin America.

The experiences of Brazil are in line with the principles set out in the Social Protection Floors Recommendation, 2012 (No. 202), ensuring that benefit entitlements are prescribed by national law, that a diverse range of methods and approaches is considered, and that systems work towards social inclusion, including of persons in the informal economy.

Main lessons learned

- The existence of provisions in the Constitution to promote equality between individuals and social rights can serve as a basis for the implementation of the right to social protection for excluded populations such as domestic workers. In Brazil the Constitutional amendment No. 72 of 2013, which equalizes the social protection rights between domestic and the other categories of workers, has contributed to speed up the process of social protection extension.

- The extension of social protection to domestic workers makes it possible to cover a large part of the population that was previously excluded, as many vulnerable households in Brazil are headed by domestic workers.
- The significant progresses in extending social protection for domestic workers have been achieved by combining contributory and non-contributory schemes and pave the way towards extending coverage for other vulnerable groups. Mandatory affiliation of domestic workers was however determinant to extend social security effectively.
- Innovations in terms of financing and administration (e.g., through the *Simples doméstico*) are critical for extending coverage to a difficult-to-reach groups such as domestic workers.

1. What does the system look like?

Domestic workers have progressively, over the past 47 years, been included in the social security system for formal sector workers. Their social protection coverage became progressively more comprehensive, and since the adoption of the Constitutional Amendment No. 72 of 2013, popularly known as the Domestic Workers Law, they enjoy the same social security rights as other workers. This Law came into full effect only in June 2015 with the Complementary Law No. 150 of 2015. However, this law still lacks full enforcement which means that domestic workers that are not registered under the social insurance schemes can benefit from the social assistance programme.

Brazil's system of social security currently available for the domestic workers is organised under contributory and non-contributory schemes (see table 7).

Benefit packages: Domestic workers covered by the INSS are entitled to social protection benefits calculated as a percentage of their monthly salary. According to Law No. 8.213 of 1991, the benefits are not inferior to the minimum wage. This right is applicable even if the employee was unable to comply with the required time of contribution established by the INSS. The benefits include: (i) old-age pensions; (ii) six months of maternity leave; (iii) three months of unemployment insurance;(iv) monthly family allowances of 45 reais (US$9) per child under 14 years old for those with income up to 878 reais (US$171) and 31 reais (US$6) per child for those with monthly income between 878 reais (US$171) and 1,319 reais (US$257).

Financing: The employers pay a contribution of 8 per cent of the domestic workers' monthly salary to the INSS. Comparatively, this contribution is smaller than the 12 per cent paid by employers for other categories of workers. The employers also pay: (i) a contribution of 8 per cent for the Employee's Severance Guarantee Fund (FGTS, *Fundo de Garantia por Tempo de Serviço*); (ii) 0.8 per cent for the employment injury insurance; (iii) 3.2 per cent for a fund for dismissal without due cause. On the other side, the employees' contribution to the INSS lies between 8 and 11 per cent to the INSS, depending on their salary level.

▶ Table 7. Social protection available for domestic workers in Brazil

Components	Benefits	Institution
Social insurance (contributory)	Old-age, disability, and survivors' pensions; 120 days of paid maternity leave; paid paternity leave; occupational injury insurance; the Employee's Severance Guarantee Fund; fund for dismissal without due cause; unemployment insurance; nursery allowance for children under the age of 5 years old; and family-allowance to support low-income families with under 14 years old children	National Institute of Social Security (INSS), Ministry of Social Security
Health Care (universal and non-contributory)	Universal Health Care	Ministry of Health
Conditional Cash Transfer (CCT) *Auxílio Brasil* (Non-Contributory)	Cash payments to families with per capita income below the poverty line conditioned to school attendance of children and health check-ups of pregnant women and children	Ministry of Citizenship

▶ Source: Author's elaboration.

In case of dismissal with due cause, the domestic worker has no rights to receive any income compensation coming from the fund for dismissal without due cause; the employer gets back the monetary contributions paid to this fund. The Complementary Law No. 150 of 2015 established as due causes for dismissal: (i) submission to mistreatment of the elderly, the sick, the disabled or children under the direct or indirect care of the employee; (ii) the practice of an act of impropriety; (iii) improper conduct or lack of self-restrain; (iv) criminal conviction of a final and unappealable employee, if there has been no suspension of the execution of the penalty; (v) negligence in the performance of the respective functions; (vi) habitual drunkenness or in service, (vii) an act of indiscipline or insubordination; (viii) abandonment of employment, thus considered the unjustified absence from service for at least 30 consecutive days; (ix) an act harmful to the honour or good reputation or physical offenses committed in service against any person, except in case of self-defence or self-defence of another; (x) an act harmful to the honour or good reputation or physical offenses practiced against the domestic employer or his family, except in case of self-defence or self-defence of others; xi) the constant practice of games of chance. Domestic workers have the right to appeal against due cause dismissal before the national justice system.

Legal aspects: The historical lack of social protection rights of the domestic workers have recently been addressed by the Constitutional Amendment No. 72 of 2013, which equalizes the social protection rights between domestic and the other categories of workers (see table 8). By legal definition, a domestic worker is a person aged 18 or older who provides non-occasional domestic services for a particular household for more than two days per week. The employers can be either an individual or an entire family/household. Under the 2015 legislation the domestic workers are covered by the general regime of social security and their registration is mandatory.

Institutional arrangements for delivery: The social insurance scheme that covers domestic workers is administrated by the INSS. After the signature of a formal job contract, the employer must register the domestic worker at the INSS via internet. The monthly payment of both the employers and the domestic workers' contributions is made by the employer through a unified system – the *Simples doméstico*. This new payment

Table 8. Advances in the legislation to protect domestic workers in Brazil

Law	Major Achievements	Social Protection Rights Guaranteed
Law No. 5.859 of 1972	Recognition of paid domestic work as a *formal function*	Inclusion into the contributory national social security system for pensions' coverage
Constitution of 1988	Recognition of paid domestic work as a *formal occupation*	Paid maternity leave; paid paternity leave; old-age, disability, and survivors' pensions
Constitutional Amendment No. 72 of 2013 and Complementary Law No. 150 of 2015 (Domestic Workers Law)	*Equalization* of the social protection rights between domestic workers and the other categories of urban and rural salaried workers	Employment injury insurance; Employee's Severance Guarantee Fund; Fund for dismissal without due cause; Unemployment insurance; Nursery allowance for children under the age of 5 years old; and Family-allowance to support low-income families with under 14 years old children

Source: Author's elaboration.

system has been developed to facilitate the management of the payment of different contributions and responsibilities. Through this system, after filling the online form, the single payment of all monthly contributions can be made at any bank, at lottery agencies or via direct debt from the employer's bank account. On the other side, when applicable, the domestic worker is supposed to claim the social security benefits personally at any INSS local agency.

A final noteworthy development was the inclusion of domestic workers in the Emergency Program for the Maintenance of Employment and Income (provisional measure 1.045) which was established in 2021 in response to the socio-economic impact of the COVID-19 pandemic. Through this programme, eligible workers were provided with compensation in case of layoffs or reduced working hours.

2. How was this major breakthrough achieved?

Due to the Domestic Workers Law that came into force in June 2015, domestic workers have the same social security rights today as other workers. The Law follows the overall aim of the ILO Domestic Workers Convention, 2011 (No. 189), which is the equalization of treatment and conditions between domestic and other categories of salaried workers. Convention No. 189 was ratified by the Brazilian Government on January 31, 2018, becoming the 14th Member State of the Americas region to ratify it. This ratification represents an important step which supports a series of measures taken by the Brazilian Government to provide basic protections to domestic workers and recognizing their contribution to the modern economy. Since most of domestic workers are women, the Government hopes that the implementation of Convention No. 189 also contributes to strengthening gender equality in the world of work.

3. What is the impact on people's lives?

Outcomes: The new law has contributed to extending social protection coverage and formalizing work in the domestic work sector, where only 42 per cent or 2.7 million individuals have a formal contract and are covered by the contributory social security scheme. Moreover, the law helps to alleviate poverty, inequality and discrimination by levelling up the social protection rights of domestic workers to the same level of any other salaried worker in Brazil.

Impact on people's lives: The law helps promoting racial justice, as over 80 per cent of domestic workers are black. Women's empowerment is also stimulated, since over 17 per cent of the employed women in the country work in the domestic sector – compared to only 1 per cent of employed men. Moreover, the law is an important tool for reducing the poor's socioeconomic vulnerability, particularly those households headed by women. Evidence shows that in 2013 over 50 per cent of the households headed by female domestic workers in Brazil were below the poverty line. In that sense, increased comprehensiveness and adequacy of social protection benefits for domestic workers, and promoting the extension of coverage through the *Simples Doméstico*, helps these vulnerable households to move out from poverty. In particular new guarantees such as the family allowance for those with children under 14 years old, the unemployment insurance and the old-age pension have a direct impact on preventing and reducing poverty.

Impact on the economy: The Domestic Workers Law and its implementation through the Simples Doméstico have contributed to formalizing this category of workers, which had positive impacts on the economy. According to a study conducted by the International Policy Centre for Inclusive Growth, between 2006 and 2011, 0.58 per cent of Brazilian Gross Domestic Product (GDP) growth, or approximately US$4.6 billion, can be attributed to the rising income of domestic workers. Consequently, the real consumption level of the low-income families, where lies the highest concentration of families headed by domestic workers, increased by 1.90 per cent. In addition, the effect on the aggregate employment was estimated to be as high 0.77 per cent, or the creation of 630,000 aggregate employment positions.

4. What's next?

- The enforcement of the Domestic Workers Law should be improved in order to guarantee the effective application of the mandatory social protection rights of domestic workers.
- The extension of social protection to occasional domestic workers will require the design and implementation of specific mechanisms. Learning from other countries experience may be useful, such as Turkey.
- Support to organizations representing domestic workers is key to ensuring that the voices of the workers are heard.
- Further efforts are needed – such as through the simplification of administrative processes, tax incentives, control and inspections, and awareness raising – to further promote the formalization of the domestic workers while fighting discrimination against domestic workers.

5. References

Brasil. Instituto Nacional do Seguro Social (INSS). Valor limite para direito ao salário-família.

Departamento Intersindical de Estatística e Estudos Socioeconómicos (DIEESE). *O Emprego Doméstico no Brasil*. São Paulo.

Domingues, Edson, Kênia Barreiro de Souza. 2012. "The Welfare Impacts of Changes in the Brazilian Domestic Work Market", IPC Working Paper No. 96.

Instituto Brasileiro de Geografia e Estatística (IBGE). 2013. "Síntese de Indicadores Sociais: uma análise das condições de vida da população brasileira". Estudos e Pesquisas – Informação Demográfica e Socioeconómica, No 32.

———. 2019. *Principais destaques da evolução do mercado de trabalho no Brasil*.

———. 2012–2018. *Estudos e Pesquisas – Informação Demográfica e Socioeconómica*.

———. 2020a. *Síntese de indicadores sociais uma análise das condições de vida da população Brasileira*.

———. 2020b. *Trabalho infantil de crianças e adolescentes de 5 a 17 anos de idade 2016–2019*.

———. 2022. *Indicadores para população de 14 anos ou mais de idade, out-nov-dez/2021*.

ILO. 2010. *Trabalho Doméstico no Brasil: rumo ao reconhecimento institucional*.

———. 2013. *Domestic Workers Across the World: Global and Regional Statistics and the Extent of Legal Protection*.

———. 2014. *Labour Review: Latin America and the Caribbean*.

———. 2016. *Social protection for domestic workers: Key policy trends and statistics*.

Instituto de Pesquisa Económica Aplicada (IPEA). 2011. *Retrato das Desigualdades de Gênero e Raça.* Brasília.

Pinheiro, Luana, Roberto Gonzalez, Natália Fontoura. 2012. *Expansão dos Direitos das Trabalhadoras Domésticas no Brasil*, Nota Técnica No 10. Brasília: IPEA.

Soares, Sergei. 2012. *Bolsa Família, its Design, its Impacts and Possibilities for the Future*, IPC Working Paper No. 89.

Souza, Kênia; Edson Domingues. 2012. *Impactos de Bem-estar de mudanças no mercado de serviços domésticos brasileiro*, IPC Working Paper No. 96.

Valiente, Hugo. 2010. Regímenes Jurídicos sobre Trabajo Doméstico Remunerado en los Estados del Mercosur. Montevideo: Oxfam.

20. Mexico: Unemployment protection in Mexico City

Martín Gómez and Helmut Schwarzer

Summary

Although Mexico doesn't have a national unemployment protection scheme, Mexico City has been administering its own non-contributory unemployment protection scheme since 2007. The scheme provides income support for residents who have lost their jobs and are seeking to re-enter the formal labour market. It includes cash benefits, vocational training and services to facilitate re-entry into the labour market. It is managed by the Ministry of Labour and Employment Promotion of Mexico City (STyFE).

Despite coverage not being universal among the unemployed, the scheme is a pioneering and innovative initiative for providing more comprehensive social protection in a context in which there is no national unemployment benefit scheme.

The initiative of Mexico City contributes to the provision of basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in cases of unemployment, as mandated by the Social Protection Floors Recommendation, 2012 (No. 202). It is in line with the principles of Recommendation No. 202, in particular the principles of ensuring universality of protection based on social solidarity and considering a diversity of methods and approaches, including of delivery systems.

Main lessons learned

- Local-level initiatives, for example at the city or municipal level, can be a way to increase effective coverage, respond to people's needs and serve as a source of inspiration for the rest of the country in progressively achieving universal social protection.
- Mexico City's unemployment protection benefit has improved income security and social inclusion among the working-age population, which proved particularly effective in the context of the COVID-19 pandemic.
- The scheme is relatively unique in the region, as it is non-contributory and fully financed by the local government.
- The Political Constitution of Mexico City, which entered into force in 2018, mandates the city in its article 10.5b to establish an unemployment insurance scheme. Although

the city has provided its own unemployment protection since 2007, article 10.5b reinforces its legal foundation in Mexico City.

1. Context

The Mexico City unemployment protection scheme is aligned with the Mexico City Government Programme 2019–2024, in its section 2.1.6 "Sustainable City – Improve social protection in case of unemployment". The objective is to improve social protection policies by targeting unemployed people; streamlining and modernizing the delivery of unemployment protection benefits in Mexico City through digitalized processes; and designing adequate support mechanisms for priority groups.

The provision of unemployment insurance is included in the Political Constitution of Mexico City, which entered into force in 2018. Article 10.5b of the Political Constitution of Mexico City states:

"The authorities of the City will establish, in accordance with the applicable laws and within the scope of their competences, programmes among which is the 'unemployment insurance' of Mexico City, which provides beneficiaries with the necessary resources and conditions to live a decent life, while they search for a productive activity".

According to National Survey of Occupation and Employment (ENOE) data from the National Institute of Statistics and Geography of Mexico (INEGI), in the third quarter of 2021 the number of unemployed people between 18 years and 64 years/9 months (targeted population of the programme) in Mexico City was 319,484, which represents approximately an unemployment rate of 7 per cent with respect to the economically active population.

Mexico City also faces significant levels of labour informality. Based on the results of the ENOE, 49.3 per cent of all work in the city was informal in the third quarter of 2021. Despite being below that reported at the national level (56.3 per cent), the impact of the COVID-19 pandemic on economic activity has significantly affected the population, many of whom have temporarily abandoned their formal activity.

2. Description of the initiative

The unemployment protection scheme was created in 2007 and institutionalized in 2008 (with the publication of the law). It is comprised of three main forms of assistance:

(a) A monthly economic support of 2,925.09 Mexican pesos (US$140) for up to six months in a two-year period.[79]

79 The official wording used in the law refers to benefits for "up to six months" and can therefore not be considered a legal guarantee: it only limits the maximum duration without establishing a minimum duration.

(b) Free training and skills development courses and workshops provided by the Job Training Institute or other training agencies and organizations.

(c) Employment services that favour the process of reintegration to formal employment, through job banks, employment fairs and other mechanisms of linking and labour insertion.

The eligible population for the programme consists of working people over 18 and up to 64 years/9 months of age.

The unemployment benefit scheme of Mexico City targets the residents of the city who have involuntarily lost their formal employment, as well as priority attention groups. These groups include repatriated Mexican migrants; immigrants; refugees; pre-released and released people from detention centres in Mexico City; people dismissed unfairly for reasons of discrimination; resident ethnic communities; human rights advocates and journalists in a situation of internal displacement for their safety; direct and indirect victims of violent crime and victims of violence; agricultural producers and workers; and tenants and workers of public markets.

In cases in which people laboured in a formal job (with access to social security benefits), they must prove that they worked for a minimum of six accumulated months without interruption. Documents proving the termination of employment, such as legal paperwork or documents from the workplace or employer, must be presented for applicants to qualify for the benefit. Applicants who are unable to certify their entitlement to social security benefits or are in a legal proceeding with their former employer must present a summons or a signed and ratified agreement before the Labour Defense Attorney's Office of Mexico City. Previous beneficiaries regain their eligibility after two years have passed since the last economic support they received.

The unemployment protection programme is provided on a solidarity basis and is very limited in time, serving primarily to support people in the early stages of unemployment.

3. Impact

In the ten years since its establishment in 2007, the unemployment protection scheme has provided benefits for almost 400,000 beneficiaries. In 2018, 30,418 persons benefited from the programme, 58 per cent of them female (according to STyFE figures from January 2019). That represents almost 15 per cent of the total number of unemployed persons in Mexico City. Women are statistically over-represented in the programme, as they made up 43 per cent of the unemployed population of Mexico City.[80]

For the year 2020, following the outbreak of the COVID-19 pandemic, applications for unemployment protection increased significantly and government budgets were put

80 INEGI, National Work and Employment Survey, 2018.

under pressure. Although the aid of 2,641.15 pesos per month was originally planned to be granted for up to six months, these constraints made it possible to grant benefits for only two months. Fortunately, in 2021 the city of Mexico was able to increase the benefit duration to four months maximum (2,724.45 pesos per month).

By 2022, beneficiaries received 2,925.09 pesos per month. The aim is to achieve coverage close to 6.87 per cent of the total unemployed population, ensuring that up to 21,145 people (approximately 10,995 women and 10,150 men) are supported during their job search. Although this is lower than the coverage rates achieved in 2018, the efforts of Mexico City to continue to provide unemployment protection even during times of budgetary constraints is commendable.

4. Challenges and way forward

The unemployment protection scheme is non-contributory and financed from public resources allocated by Mexico City to the STyFE. The initial budget for the programme was about US$26.5 million in 2018 or 502 million pesos (STyFE 2018). For 2022, the programme has a lower budget of 200 million pesos, primarily due to budget constraints.

For budgetary reasons, the programme has not been in a position to achieve full universal coverage. In addition, the duration of the benefits is unpredictable, as it fluctuates with the available budget. It would be desirable for the unemployment protection programme to become a true unemployment insurance scheme that is financed and governed in a tripartite manner by representatives of employers, workers and the Government.

5. References

Alfers, Laura, et al. 2022. *COVID-19 and Informal Work in 11 Cities: Recovery Pathways Amidst Continued Crisis*. WIEGO.

Carter, John, Michel Bédard and Céline Peyron Bista. 2013. *Comparative Review of Unemployment and Employment Insurance Experiences in Asia and Worldwide*. ILO.

ILO. 2017. *World Social Protection Report 2017–19: Universal Social Protection to Achieve the Sustainable Development Goals*.

Mexico. 2022. *Gaceta Oficial de la Ciudad de México, 24 January 2022*. Aviso por el que se dan a conocer las Reglas de Operación del Programa Social, Seguro de Desempleo de la Ciudad de México, para el Ejercicio Fiscal 2022.

———. 2008. *Gaceta Oficial del Distrito Federal, 8 October 2008*. Federal District Protection and Promotion of Employment Act.

Mexico, Government of Mexico City. 2019. *Programa de Gobierno 2019–2024*. *Una propuesta para el Desarrollo Sostenible*.

Perrotini Hernández, Ignacio, et al. 2015. *Evaluación Externa de Impacto del Programa Seguro de Desempleo 2009–2014*. Evalúa CDMX-SEDESO.

Peyron Bista, Celine and John Carter. 2017. *Unemployment Protection. A Good Practices Guide and raining Package. Experiences from ASEAN*. Bangkok: ILO.

STyFE (Ministry of Labour and Employment Promotion of Mexico City). 2021. Tercer Informe de Gobierno: Agosto 2020–Julio 2021.

———. 2020. Segundo Informe de Gobierno: Agosto 2019–Julio 2020.

———. 2018. *Reglas de operación del Seguro de Desempleo. Mexico*.

———. 2017. *Quinta Informe de Gobierno.*

21. Lao People's Democratic Republic and Cambodia: Child and family grants

Nard Huijbregts

Summary

Recognizing the urgent need to give children the best start into life, the Governments of Cambodia and the Lao People's Democratic Republic have recently focused on introducing support to children and their families through social protection systems. Whereas in the past support for children centred around education and healthcare services, both Governments are now increasingly investing in social protection cash benefits.

In Cambodia, the Government introduced its main child grant programme, the National Cash Transfer Programme for Pregnant Women and Children, in 2019. The programme seeks to ease the financial barriers to the uptake of essential health care services and promote better nutrition among pregnant women and children in poor households; ultimately, it aims to promote human capital development.

Prior to the introduction of this national programme, various smaller-scale child and family grants, often in pilot form and with nutrition and health focus, were implemented.

In the Lao People's Democratic Republic, the Mother and Early Childhood Grant (MECG) pilot was launched recently and is one of the Government's main social welfare programmes, which it aims to eventually scaling up nation-wide. The pilot delivers an integrated package of support, consisting of a cash transfer, referrals to health, legal and social services, and behaviour change communication to pregnant women, lactating mothers and children under the age of one year.

Cambodia's and Lao PDR's child grants contribute to the provision of basic income security for children, as mandated by the Social Protection Floors Recommendation, 2012 (No. 202). Through these schemes, both countries have also put in practice several guiding principles of the Recommendation. The study explains more specifically how the countries aim to achieve "universality of protection, based on social solidarity" and have implemented these schemes through "progressive realization, including by setting targets and time frames".

Main lessons learned

- The majority of child and family (pilot) programmes in both countries have a nutrition and health focus, typically linking the cash transfers to additional services and/or behaviour change communication, with programmes often targeted at pregnant and lactating women and their children. Hence, the programmes recognize the potential of realizing impact during the "first 1,000 days" window of opportunity.

- Child and family grants were initially primarily funded and managed by donors and were designed as pilots, which are important in their own right but often limited in their time period and coverage. Substantial advocacy efforts to build a social protection floor for child and family benefits have helped such pilot programmes to reach scale and ensure national ownership, with them being increasingly funded from domestic sources.
- The increased recognition of the relevance of social protection for children and families also reflects both Governments' efforts to develop and implement holistic policy frameworks that better address children and families' needs.
- With support from partners, national social protection strategies and frameworks for children and families have been developed and capacities to design and implement such programmes are being built.

1. Context

Despite significant progress in poverty reduction, human development indicators remain low, with the human development index for Cambodia at 0.59 and for the Lao People's Democratic Republic at 0.61 – both lower than the average of 0.67 for the East Asia and Pacific region. Nutrition is a particular challenge for human development and the development of children in both countries. In Cambodia, one in three children under the age of 5 is stunted. Likewise, malnutrition rates among children under the age of 5 in the Lao People's Democratic Republic are among the highest in the region, with 33 per cent of children being stunted – more than 50 per cent in some provinces. Poverty, social exclusion and gender disparities are the main determinants of a child's nutritional status, with children from the poorest quintile more than twice as likely to be stunted compared to those in the richest quintile.

Ensuring that children have the best possible start in life is a critical priority as deprivations in early childhood affect a child's potential and development throughout life. Recognizing this, Cambodia and the Lao People's Democratic Republic recently expanded social protection for children and their families. Both Governments are now aiming to provide more comprehensive support to their populations, in particular children from early ages. This increasingly takes the form of social protection benefits integrated with social services, such as counselling, birth registration and access to healthcare, among others.

2. Social protection policy frameworks

These developments are firmly grounded in national social protection strategies and frameworks that are focused on rendering social protection more inclusive and integrated, with the ultimate objective of realizing the right to social protection for all.

In Cambodia, social protection has gained renewed attention since the release of the National Social Protection Strategy in 2011 and the subsequent National Social Protection Policy Framework (NSPPF) for 2016–2025, which guides social protection priorities and focuses on enhancing support through social assistance and improving social security systems. As part of the social assistance pillar, protection shall be provided to citizens living below and near the poverty line, with special emphasis on children and pregnant women, people with disabilities and the elderly.

In the Lao People's Democratic Republic, the Government is working towards implementing its first National Social Protection Strategy (NSPS) 2025, which builds on the Government's commitment to universal social protection coverage by building a much-needed social protection floor that protects all Lao people from socioeconomic shocks, environmental disasters, and vulnerabilities. The NSPS identifies nine social welfare programmes to be implemented in the Lao People's Democratic Republic in order to protect people from vulnerabilities; the Mother and Early Childhood Grant is one of these nine programmes.

Child and family grants

To address the prevailing vulnerabilities faced by children and families, Cambodia and the Lao People's Democratic Republic recently introduced a range of child- and family-focused social protection programmes – particularly cash transfers.

Cambodia

In 2019, the Government of Cambodia, through the Ministry of Social Affairs, Veterans and Youth Rehabilitation (MoSVY), introduced its most recent child grant, the National Cash Transfer Programme for Pregnant Women and Children. Through the provision of cash transfers, the programme seeks to ease the financial barriers to the uptake of essential healthcare services and promote better nutrition among pregnant women and children living in poor households. It provides them with cash transfers conditional on visits to health centres, such as for antenatal and postnatal care and institutional delivery.

Before the introduction of the national cash transfer programme, smaller-scale pilots in Cambodia had demonstrated the potential of cash grants to substantially enhance the well-being of children and their families. However, they were donor-driven and ad hoc and time-bound interventions with limited coverage.

Lao People's Democratic Republic

In the Lao People's Democratic Republic, the MECG pilot was launched recently under the leadership of the Ministry of Labour and Social Welfare as part of a joint initiative between the United Nations Children's Fund (UNICEF), ILO and the United Nations Capital Development Fund (UNCDF). The pilot aims to deliver an integrated package of a monthly cash transfer of 150,000 Laotian kip (US$16), referrals for antenatal and postnatal check-ups, birth registration support and behaviour change communication to at least 1,400 pregnant women, lactating mothers and children under the age of 1. The pilot is implemented in the two southern provinces of Attapeu and Savannakhet and will be gradually expanded to other parts of the country. The MECG aims to reduce poverty, enhance nutritional outcomes, reduce socio-economic inequalities and improve gender equality. It also seeks to establish delivery systems, including grievance redressal mechanisms, management information systems and monitoring systems, that can be used for other social protection programmes in the future. It further seeks to provide lessons and experiences that can help the Government to plan, design and implement social protection programmes for other vulnerable groups, such as people with disabilities and elderly people.

In addition, the Reducing Rural Poverty and Malnutrition Project was launched in 2020 under the Ministry of Agriculture and Rural Development, with support from the World Bank. As part of this programme, nutrition-sensitive cash transfers are delivered to poor and near-poor families with pregnant women and children under 2. The cash grants amount to 140,000 Laotian kip (US$15) per household and have been rolled out to date in 881 villages in 12 districts of four northern provinces – Phongsaly, Oudomxay, Huaphanh and Xiengkhuang – all of which have levels of childhood stunting above the national average.

These two recently rolled-out programmes were preceded by other donor-supported child and family grants that achieved only limited coverage.

3. Strengthening systems along the way

With both countries increasingly investing in social protection, efforts are not adequately focusing on strengthening coordination, delivery and financing mechanisms.

In the Lao People’s Democratic Republic, a UN joint programme of the ILO, UNICEF and the United Nations Capital Development Fund supports the Mother and Early Childhood Grant through the piloting and proof of concept of the programme. The MECG pilot will involve setting up the delivery, monitoring and information management systems, which can potentially be used for other social protection programmes in future.

Also in Cambodia, support has focused on strengthening social protection systems for children and their families. At policy level, UNICEF is currently working with the Ministry of Social Affairs, Veterans and Youth Rehabilitation and the National Social Protection Council (NSPC) to develop the Family Package Policy, which is being developed in line with the NSPPF objective to integrate social assistance programmes in the country and offer an integrated package of assistance to families and children. In addition to priority areas for support, the policy presents a financing strategy that aims to streamline financing mechanisms and thereby render the different types of assistance under the package more financially sustainable.

UNICEF also supported the Government in the roll-out of the National Cash Transfer Programme for Pregnant Women and Children. In this process, the capacity of the Government to deliver such services has been assessed and strengthened. For instance, an institutional capacity assessment of MoSVY to deliver social assistance in Cambodia was conducted and a corresponding capacity development plan to address the identified gaps was drafted to strengthen the capacities of the MoSVY.

4. Way forward

In Cambodia, the Family Package Policy is currently in draft form and has yet to be submitted to the Executive Committee of the NSPC. The policy is expected to ensure that in the future, social assistance comprehensively covers Cambodian families' needs over the life cycle, enabling them to overcome poverty and deprivation and invest in human capital in order to accelerate sustainable growth and inclusive development. The policy is also likely to foster more effective and efficient delivery of social assistance by streamlining processes and eliminating overlaps. Furthermore, it strives to establish the necessary linkages between social protection and complementary social services in order to maximize the effectiveness and impacts of social protection investments.

In the Lao People's Democratic Republic, apart from the MECG's implementation and nationwide roll out after the pilot, the Government is preparing the next steps for introducing other social assistance programmes specified under the NSPS, prioritizing vulnerable groups such as persons with disability, unexploded ordnance survivors and gender-based violence victims. Hence, based on lessons learned and newly established systems from the MECG and with technical assistance from its partners, the Government is in the process of setting up the national social protection system as stipulated in the NSPS. In line with the NSPS, the Government will also need to explore innovative and sustainable financing approaches and mechanisms in order to move away from short-term, donor-funded programmes towards a longer-term strategy on the financing of the sector.

5. References

Australia, SPSL. 2015. *Social Protection in the Lao People's Democratic Republic. Frameworks, Vulnerabilities, Coping Strategies and Gaps*.

Economic Policy Research Institute. Unpublished. *Design of National Cash Transfer Programme for Poor Pregnant Women and Children under 2 Years Old*.

ILO. 2020. UN Joint Programme *Leaving No On Behind: Establishing the Basis for Social Protection Floors in the Lao People's Democratic Republic (2020–2021)*.

———. 2017. *Summary Report: Assessment-Based National Dialogue on Social Protection: Lao People's Democratic Republic*.

———. 2015. "Cambodia: A Mechanism to Deliver Coordinated Social Protection Services", Social Protection in Action.

Lao People's Democratic Republic, DPC and MLSW. 2020. *National Social Protection Strategy 2025*.

———. Lao Statistics Bureau. 2020. *Poverty in Lao PDR: Key Findings from the Lao Expenditure and Consumption Survey, 2018–2019*.

Leebouapao, Leeber. 2010. "Report on Social Protection in the Lao PDR". In ERIA Research Report 2009, No. 9, edited by Mukul G. Asher et al, 346–370.

Ministry of Agriculture and Forestry. 2020. *CCT Operations Manual: Reducing Rural Poverty and Malnutrition Project*.

Ministry of Health. 2015. *Success Factors for Women's and Children's Health*.

Save the Children and USAID. 2016. *Cambodia NOURISH Project*.

UNICEF. 2019. *UNICEF in Cambodia Country Programme 2019–2023*.

———. 2018. *Evaluation of the CARD and UNICEF Cash Transfer Pilot Project for Pregnant Women and Children in Cambodia*, Final Report, Volume I.

———. Unpublished. *Family Package Policy Draft*.

UNDP. 2020. *Human Development Report: The Next Frontier: Human Development and the Anthropocene*.

World Bank. 2016. "Cambodia Cash Transfers Help Improve Health and Future of Mothers and Children", Press release, 27 July.

———. 2021. "*The World Bank in Cambodia: Overview*".

22. Indonesia: ILO–Fast Retailing project – a public–private partnership to strengthen social security systems in Indonesia and Asia

Simeon Bond

Summary

In September 2019, Fast Retailing and the ILO announced a partnership to strengthen support mechanisms for unemployed workers in Indonesia through the design of an employment insurance system, the expansion of reskilling training and the improvement of public employment services.

The support provided by the project was relevant and timely, and provided evidence on the value of unemployment insurance which supported Indonesian policy reforms related to the enactment of a national employment insurance scheme in November 2020 via the Omnibus Law on Job Creation. This scheme provides eligible unemployed workers with cash benefits for up to six months, access to labour market information and vocational training. The project also provides support in the implementation of the scheme.

In addition, the ILO–Fast Retailing project developed two e-training packages for unemployed workers: one on information and communications technology and another on entrepreneurship and soft skills. In addition, a training course for employment services staff was developed to build their capacity in offering job-search assistance and career-counselling services.

The provision of basic income security for unemployment persons is one of the guarantees of the Social Protection Floors Recommendation, 2012 (No. 202) that was still missing until recently in Indonesia. The activities of the ILO–Fast Retailing project supported the Government and social partners in the development of a national unemployment protection scheme, contributing to a more comprehensive social protection system in Indonesia and promoting tripartite social dialogue in social protection design and implementation. This was timely in the context of the COVID-19 crisis which highlighted the importance of unemployment benefit schemes to support income security of workers. The scheme is embedded in Law and linked to other policies and measures such as access to employment services and reskilling and upskilling training courses which is aligned with the guiding principles put forward by Recommendation No. 202.

Main lessons learned

- The ILO and Fast Retailing, which is the parent company of the UNIQLO clothing brand, joined forces in 2019 to strengthen the social protection and employment services that are available to workers in Indonesia who face unemployment and job displacement.
- The ILO collaborated with the Government of Indonesia and employers' and workers' organizations to:
  - provide recommendations for the design of an employment insurance scheme to deliver income security to unemployed workers and prevent them from falling into poverty;
  - facilitate a return to employment through improved public employment services; and
  - expand reskilling and upskilling training courses for better employability in a changing labour market.
- The project also promoted South–South[81] cooperation through studies on existing support mechanisms for unemployment in Bangladesh, Cambodia, China, India, Myanmar, Pakistan and Viet Nam.
- The COVID-19 pandemic has shown that sustainable social protection systems, including employment protection measures, are critical in the light of global supply chains, helping preserve business continuity and jobs, and increasing the resilience of workers, enterprises and economies to economic shocks.
- Fast Retailing views the partnership as an investment to ensure sustainable growth in Asia, with improved worker security and skills, increasing productivity and expanding business opportunities. It provided US$1.8 million in funding over the two-year period from September 2019 to August 2021.

1. Context

> **Earning profits, creating employment and paying appropriate taxes are wonderful social contributions, but companies simply have to do more.**
>
> **Tadashi Yanai**, Chairman, President and Chief Executive Office (CEO), Fast Retailing[82]

81 South–South cooperation refers to the technical cooperation among developing countries in the Global South. It is a tool used by states, international organizations, academics, civil society and the private sector to collaborate and share knowledge, skills and successful initiatives in specific areas.

82 Shinya Yamanaka and Tadashi Yanai, "*Creativity of Individuals and the Private Sector; A Key to Shaping the Future for the Next Generation*" (Fast Retailing 2022).

The private sector contributes to socio-economic development by producing and selling goods and services, creating employment, and paying taxes and social security contributions. However, increasingly businesses must also place environmental, social and governance impacts at the heart of their business activities as part of their shared responsibility towards the Sustainable Development Goals (United Nations 2015).

In order to implement systemic changes, it is important that companies collaborate with governments and employers' and workers' organizations (Global Deal 2018). It is in this context that Fast Retailing, the parent company of the clothing brand UNIQLO, partnered with the ILO in a unique public–private partnership to promote social protection and active labour market policies in Indonesia and other Asian countries with significant UNIQLO sourcing bases (Bangladesh, Cambodia, China, India, Myanmar and Viet Nam).

The project is entitled "Unemployment Protection in Indonesia: Quality Assistance for Workers Affected by Labour Adjustment (UNIQLO)". The project promoted employment insurance in Indonesia and strengthened employment services for jobseekers. It also carried out a comparative study on the support mechanisms available to workers in the other sourcing countries mentioned earlier in order to enrich policy debates in Indonesia and promote South–South and triangular cooperation.

Workers on the Asian continent, particularly those in the textile, garment and footwear (TGF) sector, are at high risk of job displacement due to changing employment needs in the region's evolving economies (Chang et al. 2016). However, current social protection mechanisms and labour laws do not effectively protect workers in case of unemployment. Although China, India and Viet Nam have relatively advanced unemployment protection policies, Cambodia, Myanmar and Bangladesh have no unemployment protection schemes in place.

COVID-19 pandemic: supporting workers in times of crisis

The COVID-19 pandemic introduced unique challenges to business activities around the world. The ILO estimates that the pandemic has resulted in a massive loss of jobs (equivalent to 255 million full-time jobs in 2020). Despite some encouraging signs at the end of 2020, labour market recovery stalled in 2021. The ILO now estimates that global hours worked in 2021 decreased 4.3 per cent below the pre-crisis level – a reduction equivalent to 125 million full-time jobs. The garment industry has been particularly affected due to changes in consumer demand and its highly integrated global supply chain.

The pandemic has had a disproportionate impact on developing economies. In the garment global supply chain, many factories in producing countries have reduced or suspended their activities. Some have closed, leading to partial unemployment of workers or lay-offs. In the absence of comprehensive social protection systems in these countries, many affected workers did not receive any severance payment or unemployment benefits. This has left a large number of workers, primarily women, without any source of income. The interdependency between global brands and their suppliers means

Box 8. Unemployment protection

The primary objective of unemployment protection schemes is to guarantee income security in case of the loss of a job or the lack of a job; this can be achieved through unemployment insurance or assistance, employment guarantee programmes or other public employment programmes and/or minimum income guarantee programmes. The Social Security (Minimum Standards) Convention, 1952 (No. 102) requires the provision of cash benefits to unemployed persons capable of and available for work but unable to obtain suitable employment. It sets benchmarks that must be met with respect to the extent of the benefits guaranteed and the qualifying conditions for their provision. In addition, unemployment protection measures are intended to facilitate the return to employment and access to more decent and productive employment through employment promotion programmes, skills development and entrepreneurship support measures. This double objective of unemployment protection schemes is at the core of the Promotion of Employment and Protection against Unemployment Convention, 1988 (No. 168).

Source: ILO 2017.

that maintaining these factories is crucial for business continuity and the survival of the garment industry in the long term. Companies have invested years in establishing supplier networks and hope that production can be scaled up quickly as demand rebounds. For producing countries, the garment industry often constitutes a significant share of the national economy. Sustainable social protection systems, which include unemployment protection schemes, are more important than ever. Box 8 provides a brief description of unemployment protection according to international standards.

2. Description of the initiative

> **Through the ILO partnership, we hope to expand our impact and find solutions to issues faced by all workers in Asia – not just those in our supply chain – through systemic social protection measures and improved working environments across the region.**[83]

Tadashi Yanai, Chairman, President and CEO, Fast Retailing

The Indonesian social protection system did not provide any unemployment protection scheme at the start of the project. As a consequence, laid-off workers had to rely on statutory severance pay and lump-sum withdrawal of old-age savings, if available at all,

83 Fast Retailing, “Fast Retailing Partners with International Labour Organization for Social Protection and Improved Environments for Asian Workers”, press release, 4 September 2019.

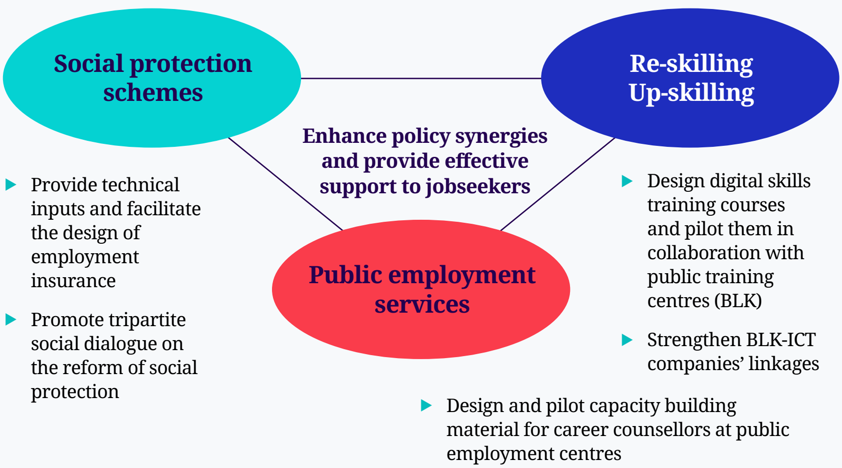
as their main source of income replacement. However, these schemes are not designed to guarantee an adequate level of benefit and in case of insolvency, the employer may no longer be in a position to finance the severance pay. Public employment services (PES) and retraining programmes are also expected to play an important role in facilitating the re-employment of jobseekers and shift workers from a declining sector to emerging sectors.

Under these circumstances, the possibility of establishing a comprehensive unemployment protection system that effectively harmonizes unemployment benefit, PES and reskilling programmes has gained prominence in Indonesian policy discussions (see figure 27).

The ILO–Fast Retailing project aimed to strengthen support mechanisms for unemployed workers in Indonesia by working with the Government and employers' and workers' organizations to:

- provide recommendations for the design of an effective employment insurance (EI) scheme;
- expand reskilling training; and
- improve PES.

Figure 27. Graphical representation of the main ILO–Fast Retailing project areas



Note: BLK stands for Balai Latihan Kerja, which means Vocational Training Center and ICT stands for Information Communication Technology.

Source: author's illustration based on ILO (2020a).

The project made a significant contribution to improving the situation of women, who are over-represented in garment factories, by helping them acquire new skills or develop their own business. The project also learned from existing unemployment protection schemes in Japan and the Republic of Korea and carried out scoping studies into existing support mechanisms for garment workers in Bangladesh, China, Cambodia, India, Myanmar and Viet Nam (see box 9).

Box 9. Detail on ILO–Fast Retailing project outcomes

Outcome 1: National capacity and knowledge improved towards the establishment of an EI scheme

The project conducted background studies to create a reliable basis for policy dialogues on EI. This included labour market analysis, legal reviews, reviews on institutional/financial framework and a series of international comparative benchmarking studies compiling information on existing unemployment protection systems and other existing social protection schemes.[a]

The project worked with employers' and workers' representatives to promote tripartite policy dialogue on the suitable design options of the EI system in Indonesia. This involved facilitating internal and tripartite discussions, providing technical assistance for the drafting of workers and employers' position papers, and organizing expert meetings and workshops.[b]

An actuarial assessment was conducted on the different design options, which also covered labour market and economic implications. The feasibility study also assessed the management and governance aspects, linkages with employment services and vocational training, and the monitoring and evaluation system. The study was considered by the key stakeholders in finalizing the details of the scheme design of the EI system. In addition, 27 national experts (56 per cent of whom were female) received actuarial training under the project.

All these activities contributed to increased momentum towards the development of a new branch of social security in Indonesia and preceded the adoption of an omnibus law (Law No. 11 of 2020 concerning Job Creation of 3 November 2020) on unemployment insurance. This law establishes an unemployment benefit scheme and assigns BPJS Ketenagakerjaan (Social Security Organization in charge of income security, officially using the nickname JAMSOSTEK), to administer the scheme. It also establishes cash benefits for up to six months for eligible unemployed workers and provides them with access to labour market information and vocational training. Subsequently, a government regulation was adopted that specifically covers the unemployment insurance scheme.

The introduction of a new branch of social security is a major step towards the achievement of universal and comprehensive social protection in Indonesia. Nonetheless, some of the labour regulations introduced by the law were opposed by several confederations of trade unions; they successfully pleaded their case to the country's Constitutional Court in 2021, which ordered the Government to amend the law within two years.

Box 9 *(cont'd)*

Outcome 2: Reskilling training and employment placement services are strengthened to assist workers, especially women retrenched from the TGF sector

The project piloted training programmes that helped retrenched workers to move from the TGF sector to other sectors, especially towards the growing information and communications technology (ICT) sector. The Ministry of Manpower (MoM) developed e-learning courses on ICT, entrepreneurship and technical as well as soft skills, with support from the ILO–Fast Retailing project. The curriculum was established through round-table discussions on workers' needs with human resources managers in the ICT sector, with the support of ICT experts. Thereafter, instructors were trained and the courses were piloted.

In addition, a training package on job search assistance and career counselling for PES staff was developed to build their capacity. The package included online and in-person sessions, with the involvement of MoM and PES in their design and development and a subset of 11 MoM and PES officials participating in the pilot.

Outcome 3: National discussion on protection against unemployment is enriched by knowledge-sharing

Country papers were commissioned in Bangladesh, Cambodia, China, India, Japan, Myanmar, the Republic of Korea and Viet Nam to document existing support mechanisms in the TGF sector in case of unemployment and to address gender-based issues in the workplace. The studies in Japan and the Republic of Korea assessed national unemployment systems and informed policy debates in Indonesia. The remaining country papers allowed the ILO and its partners to identify areas where support could be needed in the future.

More information on the project and its activities can be found on its website at *fastretailing-social-protection.org*.

Notes: [a] These studies are available on the project website at fastretailing-social-protection.org. [b] See ILO, "ILO Discussed Trade Unions' Concerns of New Unemployment Protection Programme", press release, 1 December 2020.

3. Collaborating with the ILO: a win-win approach

> **Our company sees this project as a way to proactively drive positive change in the communities where we operate. We believe that these types of multi-stakeholder initiatives are very much needed today to meet the 2030 Agenda for Sustainable Development.**
>
> **Yukihiro Nitta**, Group Senior Vice President of Sustainability, Fast Retailing[84]

In today's environment, more and more businesses are placing social and environmental sustainability as a priority, together with economic performance (UN Global Compact–

84 Yukihiro Nitta, "ILO Global Social Protection Week, Day 1", video, 25 November 2019.

Accenture Strategy 2019). Companies recognize the importance of being accountable to all stakeholders – customers, employees, suppliers, communities, governments, workers and employers organizations, as well as investors – in order to achieve sustainable social and economic growth (Sundham and Starr 2020).

Collaborating with governments and social partners through an ILO project provides companies with the unique opportunity to contribute to the development of national social protection floors and help achieve their sustainability goals and strengthen their role as responsible employers, buyers and leaders in society.

Customers

Customers are increasingly making purchasing decisions based on company values, with purpose-driven business now a core driver of growth and differentiation (Accenture 2018). For Fast Retailing's main brand, UNIQLO, its LifeWear concept is about "clothes made for all, with long lasting design, high quality and functionality...including who made the clothes and how" (Nitta 2019). It is important to Fast Retailing that their customers feel confident that the people who made their clothes did so in an environment "where their health, safety, and human rights are respected and upheld".[85] Partnering with the ILO to support the development of national social protection policies shows customers that companies are committed to fair employment practices and tackling social and systemic challenges.

Workers, suppliers and communities

It can be difficult for companies to guarantee access to comprehensive and adequate social protection for all workers in their supply chains in the context of fragmented and underdeveloped national social protection systems. These gaps in social protection risk lowering efficiency, as research has shown lower levels of productivity for workers without social protection (Lee and Torm 2017; Artz 2010, Jeatha et al. 2015). In addition, companies face a reputational risk if public perceptions are undermined by the evidence of poor working conditions in their supply chains (Ryder 2018).

By collaborating with the ILO, Fast Retailing is helping not only to provide protection to workers in their own supply chains but also to improve the level of social protection available to all workers in Indonesia and across the region. In addition, the COVID-19 pandemic has shown that coordinated approaches among social protection, active labour market policies and job creation programmes are essential for achieving strong, speedy and sustainable recovery (ILO 2020b).

85 Fast Retailing, *Sustainability Report 2020*, 2020.

Investors

Investors have a growing expectation of companies meeting their human rights due diligence requirements and are using more environmental, social and governance metrics to determine a company's value. BlackRock CEO Larry Fink has said that "within five years all investors will measure a company's impact on society, the government, and the environment to determine it's worth".[86] The 2030 Agenda for Sustainable Development calls for the development of national social protection systems, including floors, (target 1.3 of the Sustainable Development Goals (SDGs)). SDG targets 17.16 and 17.17 it also calls on effective public, private and civil society partnerships to support the achievement of the SDGs in all countries. This project contributed to these targets and has provided Fast Retailing with concrete evidence of its contribution to the SDGs on social protection.

4. Way forward

> **By contributing to ILO country projects on social protection or to new innovative sustainable funding mechanisms, you can help to ensure that your supply chains are strong, your business risk is reduced, and that people are protected.**
>
> ▶ **Guy Ryder**, former ILO Director-General, 2018.

The ILO–Fast Retailing project is a unique type of partnership that allows public and private stakeholders to join efforts towards achieving the SDGs. Since the COVID-19 pandemic has brought into sharp focus the gaps in national social protection systems, the ILO–Fast Retailing initiative showcases that partnerships between companies, governments and social partners along the value chain can be a win–win for all parties. The project also contributed to the implementation of the guiding principles of Recommendation No. 202. In particular, it enabled the progressive realization of universal social protection systems and promoted coherence between social protection and employment policies.

To find out more about how the private sector can collaborate with the ILO to extend social protection, please visit the website for the Global Business Network for Social Protection Floors at business.social-protection.org.

5. References

Accenture. 2018. *To Affinity and Beyond: From Me to We, the Rise of the Purpose-Led Brand*.

Artz, Benjamin. 2010. "Fringe Benefits and Job Satisfaction". *International Journal of Manpower* 31 (6): 626–644.

86 Richard Feloni, "BlackRock CEO Larry Fink Says within the Next 5 years All Investors Will Measure a Company's Impact on Society, Government, and the Environment to Determine its Worth", Business Insider,1 November 2018.

BGMEA (Bangladesh Garment Manufacturers and Exporters Association). n.d. "Press Release on Business Climate: Challenges for Growth".

CCSA (Committee for the Coordination of Statistical Activities). 2020. *How COVID-19 is Changing the World: A Statistical Perspective*.

Chang, Jae-Hee, et al. 2016. *ASEAN in Transformation: Textiles, Clothing and Footwear: Refashioning the Future*. ILO.

European Commission. 2020. "Covid-19 – Supporting Social Protection To Help The Most Vulnerable In Bangladesh".

Fast Retailing. 2019. "Fast Retailing Partners with International Labour Organization for Social Protection and Improved Environments for Asian Workers". Press release, 4 September.

———. 2020. *Sustainability Report 2020*.

Feloni, Richard. 2018. "Blackrock CEO Larry Fink Says within the Next 5 Years All Investors Will Measure a Company's Impact on Society, Government, and the Environment to Determine its Worth". *Business Insider*, 1 November.

Global Deal. 2018. "Global Deal: Together for Decent Work and Inclusive Growth". Background paper.

ILO. 2021. *Social Protection Makes Good Business Sense: A Global Business Network for Social Protection Floors*.

———. 2020a. "UNIQLO Project Shares Programme Framework to Tripartite Constituents". *Social Protection News*, 20 February.

———. 2020b. "Social Protection Responses to the COVID-19 Crisis. Country Responses and Policy Considerations". *Social Protection Spotlight*, 23 April.

———. 2017. *World Social Protection Report 2017–19: Universal Social Protection to Achieve the Sustainable Development Goals*.

Jetha, Qayam, and Jurriaan Linsen. 2015. "Survival of the Fittest, and Most Compliant: Evidence on the Relationship Between Firm Survival and Social Protection Compliance". Better Work Discussion Paper No. 19. ILO.

Lee, Sangheon, and Nina Torm. 2017. "Social Security and Firm Performance: The Case of Vietnamese SMEs". International Labour Review 156 (2): 185–212.

Nitta, Yukihiro. 2019. "ILO Global Social Protection Week, Day 1". Video.

Ryder, Guy. 2018. "Invest in Social Protection". 23 October. ILO.

Sundheim, Doug, and Kate Starr. 2020. *Making Stakeholder Capitalism a Reality*. *Harvard Business Review*, 22 January.

UN (United Nations). 2015. Addis Ababa Action Agenda of the Third International Conference on Financing for Development. In *Report of the Third International Conference on Financing for Development, Addis Ababa, 13–16 July 2015*, A/CONF.227/20, Chapter I.

United Nations Global Compact–Accenture Strategy. 2019. *The Decade to Deliver: A Call to Business Action*.

23. Bangladesh, Cambodia, Ethiopia, Indonesia and Lao People's Democratic Republic: From emergency response to social protection system development – ILO–BMZ project to support workers during the COVID-19 pandemic

Gabrielle Smith

Summary

From 2020 to early 2022 the ILO, with financial support from the German Federal Ministry for Economic Cooperation and Development (BMZ), implemented an income support project in Bangladesh, Cambodia Ethiopia, Indonesia and the Lao People's Democratic Republic for workers in the garment sector affected by the COVID-19 pandemic.

The project provided a menu of options: income support to encourage job retention and wage subsidies for furloughed workers. It aimed to protect workers by reducing the impact of the pandemic on their employment and income, and to support business continuity by helping factories to retain the workforce and continue their economic activity. The project linked with national social protection systems in different ways, with the secondary objective of longer-term social protection system-strengthening.

The activities of the project contribute to the implementation of the principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202) and support the establishment of a foundation for national social protection systems that have full tripartite participation of representative organizations of employers and workers. In addition, the activities under the ILO–BMZ project supported national constituents in designing and implementing diverse methods and approaches, including in financing and delivery mechanisms of social protection, and in several of the supported countries significant efforts were made to improve the efficiency and accessibility of complaint and appeal procedures. Lastly, the interventions under the ILO–BMZ project were developed in coordination with national systems, in particular the institutions responsible for policy development and delivery of social protection, to enhance coherence, avoid duplications and build long term solutions, including beyond the crisis.

Main lessons learned

- There is a need to develop robust and universal social protection systems, including unemployment protection schemes, which remain underdeveloped globally.
- In low-income countries and fragile contexts, this requires greater mobilization of domestic resources, complemented by a reliable stream of international technical and financial support to complement at least temporarily national investments. It also requires sustained political commitment to achieve long-term changes.
- In the design of social protection schemes, the ability to scale up or adapt programmes to address needs at times of major crises is crucial for a timely and efficient response to large-scale shocks.
- Where social protection systems are in the early stages of development, emergency social protection responses can be an opportunity to improve systems-building, if they are designed and implemented in line with the guiding principles of international social security standards.

1. Context

The COVID-19 pandemic introduced unique challenges to business activities around the world. The ILO estimates that the pandemic has resulted in a massive loss of jobs (equivalent to 255 million full-time jobs in 2020). The ILO is now projecting that the number of global hours worked in 2022 will still be 2 per cent lower than the pre-crisis level, which is equivalent to 52 million full-time jobs. In the absence of unemployment protection measures, unprotected workers were particularly hard hit by the pandemic. Among the worst affected have been the sectors of the economy working in international export markets, such as the ready-made garment sector. Global and regional supply chains across the world were affected by significant disruptions, linked to the barriers of lockdowns and the cancellation of orders. Many factories in producing countries reduced or suspended their activities or closed completely, leading to partial unemployment of workers or lay-offs. Most workers that were affected did not receive severance payment or unemployment benefits, leaving many workers, primarily women, without a source of income. Urgent action was needed to support companies in paying the wages of furloughed workers and sustain the supply chain for business continuity, as well as to provide some level of income security for affected workers. In April 2020, global brands and manufacturers, as well as employers' and workers' organizations came together to commit to a COVID-19: Action in the Global Garment Industry. These actors committed to take action to protect garment workers' income, health and employment and to support employers to survive during the COVID-19 crisis.

Emerging lessons from the global response to the COVID-19 pandemic in 2020 show the critical importance of establishing strong social protection systems to protect populations against shocks. By the end of 2021, more than 200 countries or territories had planned or introduced social protection emergency measures, including unemployment benefits, wage subsidies, sickness benefits and social assistance cash transfers, of which 50 per cent were new programmes. In many low- and middle- income countries in which national social security systems were still emerging, these experiences highlighted major gaps in the coverage of social security, with many countries having no unemployment benefit scheme at all. They also highlighted the need to strengthen underlying systems and capacities, with countries with low capacities commonly experiencing challenges and delays in responding to the crisis. While the COVID-19 pandemic exposed the existing limitations in social protection for workers, it also presented opportunities. Governments, with support from partners, took steps to modify, adapt or strengthen institutions and delivery systems for social protection, while new programmes were established to fill gaps in social protection provision. Even if most of the responses were emergency measures, they offered the potential to contribute to strengthening long-term social protection systems. The COVID-19: Action in the Global Garment Industry similarly highlighted the need – and the opportunity – to work together to establish sustainable systems of social protection for workers, thereby also supporting their employers.

It is in this context that the ILO, with funding from BMZ, embarked on a multi-country project at the end of 2020, entitled "Protecting Garment Sector Workers: Occupational Safety and Health and Income Support in Response to the COVID-19 Pandemic". It aimed to support workers and enterprises in countries in which the garment sector had been badly affected by the crisis. Between October 2020 and December 2021, the project helped finance and organize income-support measures to furloughed or laid-off workers in five countries in the form of cash transfers for job retention or laid-off garment sector workers, or wage subsidies for furloughed workers, and provided support in occupational safety and health (OSH) services in an additional two countries.[87] The primary objective of the income-support component was to protect workers and their families, cushion enterprises against income losses and support companies in retaining workers to facilitate a speedy recovery. The secondary objective was to work with and through national social protection systems in order to serve as a basis for developing more comprehensive, adequate and sustainable social protection in the future.

2. Description of the initiative

Each country included in the ILO–BMZ project had a different level of social security system development, including differences in institutional capacities, coverage of workers and progress in digitalization of delivery systems. Accordingly, each country programme was context-specific in its design and implementation and its ambition for strengthening national social protection systems.

87 The income support component was implemented in Bangladesh, Cambodia, Ethiopia, Indonesia and the Lao People's Democratic Republic. The project was also implemented in Madagascar and Viet Nam but only included an OSH component.

In the Lao People's Democratic Republic, the Government, through the National Social Security Fund (NSSF), already provided a range of social security benefits to garment sector workers, including unemployment benefits. However, many workers that were registered with the NSSF did not receive unemployment benefits when they were laid off, either because they had been registered for less than one year or because their employers had not contributed consistently to NSSF. The administrative system of the Lao Social Security Organization (LSSO) was relatively robust, but limitations in delivery mechanisms (for registration, payment of benefits, and complaints and feedback) limited access to benefits. The ILO–BMZ project focused on filling the gaps in the Government's social protection response to the pandemic, targeting those NSSF members that could not receive the unemployment benefit. The cash transfer was implemented in partnership with the LSSO and leveraged their existing delivery systems, such as a pilot for a mobile money payment mechanism for workers without a bank account, and the design and implementation of a complaints and feedback mechanism managed by the social partners. ILO aimed to demonstrate a "proof of concept" on using existing national structures for shock response. The aim was for delivery system adaptations to be sustained and to strengthen the social protection system in the future.

In Indonesia, the social security system was well established and provided a wide range of benefits to workers.[88] The Government was making steady progress towards the digital transformation of government services, including social protection, with online services that enabled workers and employers to register for social security services, pay contributions and file or monitor claims. Prior to the onset of the COVID-19 pandemic, the Government and social partners had already taken steps to introduce unemployment insurance. As a result, a law on unemployment insurance was passed in February 2021 with operations due to begin in 2022. Therefore, workers did not have any unemployment protection when the COVID-19 pandemic hit. The ILO–BMZ project in Indonesia consisted of two phases. Phase 1 contributed to the furlough payments of workers, supporting factories to maintain employment. Phase 2 provided a salary compensation fund for workers who lost their jobs during the pandemic. Since no delivery system for unemployment benefit existed, the programme designed a web-based portal, through which workers could apply online and through which bank transfers, queries and complaints could be managed. The aim was to learn from the use of these delivery mechanisms to inform the design of the forthcoming unemployment insurance scheme.

In Bangladesh, Cambodia and Ethiopia, unemployment benefit schemes were non-existent and not part of the immediate priorities of the national social protection policy agenda. In these countries, the ILO worked in partnership with the Governments and social partners on the design and implementation of cash transfers for job retention or laid-off workers, or wage subsidies for furloughed workers, in order to fill the gap in

88 The Social Security Card was provided by JHT (Jaminan Hari Tua/Old Age Protection); JKK (Jaminan Kecelakaan Kerja/Employment Injury Insurance); JK (Jaminan Kematian/Survivors' benefits) and JP (Jaminan Pensiun/Pensions).

social security for workers while hoping to provide lessons for future development of the national social protection system for workers.

In Bangladesh, given the absence of a social security system, the project established a tripartite coordination mechanism involving the Ministry of Labour and Employment and employers' and workers' organizations, and also created an ad hoc delivery mechanism for income support for job retention. This support aimed to complement the government-led stimulus package to the garment sector, targeting smaller factories that benefited less from the Government's package.

In Cambodia, a cash-for-training programme was implemented in partnership with the Ministry of Labour and Vocational Training and leveraged data and social security delivery systems of the National Social Security Fund (NSSF). The programme invested in institutional mechanisms for tripartite social dialogue in order to support its design and implementation. While aiming to initiate discussion on the need for unemployment benefit, the ILO also aimed to further demonstrate "proof of concept" on the use of social security systems for shock response.

In Ethiopia, the project provided income support for job retention to social security members who were still employed, leveraging data from the Private Organizations Employees' Social Security Agency (POESSA). The project developed a web-based administrative system, through which the Government could handle beneficiary registration, benefit payments, and register and respond to beneficiaries' complaints. The intention is that these delivery systems would then transition to POESSA.

3. Impact

The ILO–BMZ project reached more than 144,000 workers in 2021–2022.[89] It provided much-needed income support to those who were out of work and enabled others to be retained in employment. A post-distribution monitoring conducted in the Lao People's Democratic Republic showed that 86 per cent of surveyed factory managers considered that the project had helped to retain workers during the period in which benefits were paid out.

Experiences with the project firmly demonstrated the importance of working with national social security institutions to implement emergency responses – or when such institutions do not yet exist, of developing tripartite platforms that can guide the implementation of emergency responses. In both cases, such projects can serve as a foundation for longer-term system strengthening. This impact is in line with the overarching guiding principles set out in Recommendation No. 202 of the overall responsibility of the State in designing and implementing national social protection systems.

89 Not including figures for Bangladesh, which were not yet available yet at the time of preparation of this chapter (February 2022).

Enhancing delivery of services. In Indonesia and the Lao People's Democratic Republic, the ILO–BMZ project piloted digital innovations for registration, payment and complaints and grievances systems. The project provided a vehicle to test these systems, demonstrating their benefits and informing future system-strengthening efforts. In the Lao People's Democratic Republic, the LSSO is currently expanding the mobile money payment mechanism to support the expansion of unemployment protection coverage. In Ethiopia, there are plans to transfer the web portal to POESSA as institutional capacity develops. These improvements are aligned with several social security guiding principles related to transparent, accountable and appropriate delivery mechanisms, as well as efficient and accessible complaint and appeal procedures, set out in Recommendation No. 202.

Establishing social dialogue mechanisms. In Bangladesh, Cambodia and Ethiopia, the project established structured processes to facilitate social dialogue on social protection. This increased mutual trust between the respective Governments and social partners; improved knowledge of the collective responsibilities of all stakeholders; instilled a sense of collective ownership of the system; and underscored the need for transparency. These processes established the foundations and provided an entry point for future, longer-term collaboration between the respective Governments and social partners on social security system-strengthening, including for unemployment benefit schemes. As a result, all stakeholders are engaged through tripartite discussions, in line with Recommendation No. 202.

Influencing the development of unemployment protection. In Bangladesh, Cambodia, Ethiopia and Indonesia, the pandemic highlighted the gaps in social protection for workers, particularly in unemployment protection. In each country, the ILO–BMZ project took steps to seek to influence policy debates on, or planned investments for, unemployment benefit schemes. In Bangladesh, the ILO led feasibility studies to inform policy dialogue on the affordability and benefits of unemployment protection. A similar activity was carried out in Ethiopia. In Indonesia, experience from the ILO–BMZ project informed the implementation of the unemployment insurance scheme that has since been launched. In Cambodia, while there is still a need to move forward with policy discussions on unemployment benefit, the ILO is using the experiences of the COVID-19 pandemic and the ILO–BMZ project to highlight the need to progress with the full implementation of the social security law. The ILO hopes that these developments will help to progressively realize universal social protection and help establish clear targets and time frames as set out in Recommendation No. 202.

Demonstrating importance of shock responsive social protection. In Cambodia and the Lao People's Democratic Republic, the project provided a "proof of concept" on the ability of national social security systems to implement an emergency social protection response. This contributed to the development of a new shock-responsive social protection framework in Cambodia under the National Social Protection Council. In the Lao People's Democratic Republic, it will inform policy dialogue on the need for investment in national systems for shock-responsive social protection and emergency cash assistance.

Increasing engagement of the private sector on social security. Brands, manufacturers, employers' and workers' organizations and civil society organizations came together in April 2020 to commit to a COVID-19: Action in the Global Garment Industry. The 130 organizations that endorsed the Call to Action committed to "take action to protect garment workers' income, health and employment and support employers to survive during the COVID-19 crisis, and to work together to establish sustainable systems of social protection for a more just and resilient garment industry".

National Call to Action working groups have provided an important social dialogue mechanism for national constituents, together with global brands, to help solve problems related to the design and implementation of cash transfer and wage-subsidy mechanisms, including as part of the ILO–BMZ project, which provided a vehicle through which global brands and employers' and workers' organizations could implement their commitments. This underlines the need to achieve solidarity in financing while seeking an optimal balance between the responsibilities and interest of contributors and beneficiaries, as set out in Recommendation No. 202.

In Bangladesh, the guidance developed by the Call to Action on the appropriate role played by businesses in the supply chain to support the strengthening of social protection schemes has been helpful in securing financial support from the private sector for the new Employment Injury Insurance Scheme funded by the Netherlands and Germany. National working groups have also provided a platform through which the industry can review future social protection needs and contribute to the development and strengthening of social protection systems, in line with national social protection priorities and international social security standards.

4. What's next?

Lessons from the ILO–BMZ project will influence the future direction of the ILO's engagement on social protection for workers, both in countries and globally.

In countries, these short-term programmes are being embedded in longer-term strategies to support social security system-strengthening. In Ethiopia, the ILO plans to mobilize additional resources to support the drafting of policy, legal, institutional and implementation frameworks for unemployment benefit schemes and to link unemployment protection with employment and active labour market policies. Similarly, in Indonesia the ILO will continue to provide support for the implementation of the unemployment protection scheme. In Ethiopia, Indonesia and the Lao People's Democratic Republic, the ILO is supporting the integration of digital solutions within social security institutions. In Cambodia, the ILO is committed to strengthening the capacity of employers' and workers' organizations to engage in social dialogue on matters of social security, supporting the creation of appropriate institutional mechanisms for social dialogue, and will continue to advocate for enacting provisions of the Social Security Law on unemployment insurance. In Bangladesh, the ILO will share the findings of the unemployment benefit feasibility study with the tripartite committee for discussion of next steps and supporting the development of a social security management information system. The ILO will also support the establishment of the employment injury insurance scheme, which will constitute the first branch of the national social security system in Bangladesh.

5. References

ILO. 2021a. "ILO Monitor: COVID-19 and the World of work. Eighth Edition: Updated Estimates and Analysis".

———. 2021b. "*Social Protection Monitor: Social Protection Responses to the COVID-19 Crisis Around the World*".

———. 2020a. "*COVID-19: Action in the Global Garment Industry*".

———. 2020b. "Social Protection Responses to the COVID-19 Crisis: Country Responses and Policy Considerations". *Social Protection Spotlight*, 23 April.

———. 2022. *World Employment and Social Outlook: Trends 2022*.

OECD (Organisation for Economic Co-operation and Development). 2020. "Supporting People and Companies to Deal with the COVID-19 Virus: Options for an Immediate Employment and Social-Policy Response".

SPIAC-B (Social Protection Inter-Agency Coordination Board). 2021. "Delivering Social Protection in Times of COVID-19: Considerations Regarding Outreach, Registration, Selection and Payments". Background brief on social protection delivery systems prepared by the SPIAC-B Working Group on Social Protection and COVID-19.

UN (United Nations). 2020. *Policy Brief: The World of Work and COVID-19*.

24. Argentina: Emergency family income support during the COVID-19 pandemic

Oscar Cetrángolo and Florencia Calligaro

Summary

Faced with the rapid onset of the COVID-19 pandemic, governments reacted with a wide variety of emergency policies to mitigate the impact of the crisis on society and the economy. While social protection is widespread in Argentina, it has not yet succeeded in providing universal income security in case of unemployment, especially for informal and self-employed workers. As a result, the COVID-19 crisis brought hardships to many.

In response to the crisis, the Government created an emergency income support measure called "emergency family income", targeting formal unemployed, self-employed, informal and domestic workers. By the end of 2019, this group accounted for 26 per cent of the labour force and 59 per cent of them lived in poverty (DNEIG 2020). Although the programme was designed to provide a one-off payment per household, it was extended to provide three payments in total. Depending on the future evolution of the Argentinean economy, the possibilities of continuing this component of social protection will surely be the subject of future debate in post-pandemic times.

In line with the principles set forth in Recommendation No. 202, this country experience highlights the need for comprehensiveness and universality of social protection – including for persons in the informal economy – and for ensuring the financial, fiscal and economic sustainability of the social protection system.

Main lessons learned

- The persistence of informal employment makes it difficult to extend social protection, particularly because of difficulties in collecting and paying contributions.
- Argentina has developed a comprehensive social protection system, including old-age, survivors', disability, maternity, and health benefits; it has also developed conditional cash transfers for households with children. However, unemployment protection remains limited to salaried workers in the formal sector (Carter et al. 2013).
- The covariate shock on the economy and livelihoods induced by the COVID-19 pandemic forced the Government to adopt exceptional measures, including a programme to provide income security to informal economy workers.
- While the programme was successful in reducing the negative impacts of the crisis, its financial sustainability remains uncertain.

- It is essential to explore ways to sustain income security guarantees in case of unemployment and to transform the emergency programme into a longer-term unemployment protection scheme.

1. Context

Prior to the onset of the COVID-19 pandemic, the Argentinean economy already faced several challenges. In 2019, gross domestic product (GDP) had contracted by 2.2 per cent and unemployment rates had risen to 8.9 per cent. More than 35 per cent of the population lived in poverty[90] and more than half of those under 18 years of age were classified as being poor (INDEC 2020).

The labour market structure consisted of formal employees (47 per cent), informal employees (26 per cent) and the self-employed (27 per cent). The low level of formal employment has limited the expansion of social protection to all people of working age (Cetrángolo and Curcio 2020).

In this context, few income-support measures were in place when the COVID-19 crisis hit, which led to a reduction in the employment rate of almost 10 percentage points by the second quarter of 2020 (Maurizio 2020). The resulting impact on the livelihoods of many workers necessitated the Government to rapidly adopt a set of emergency measures, including the reform of existing programmes, such as the Universal Child Allowance, the Pregnancy Universal Allowance and income transfers for the elderly, as well as the creation of a new emergency family income (IFE) for the working-age population outside of formal employment.

2. Description of the initiative

The IFE programme was implemented in March 2020 to assist households in coping with loss of income due to the health crisis and lockdown measures. The programme is non-contributory and provides monetary benefits to people between 18 and 65 of age who were either unemployed, held informal jobs, were domestic workers or were *monotributistas* in lower-income categories.[91] Applicants must hold Argentinean citizenship or must have been a legal resident for the past two years. Families in which at least one member holds a formal job or receives unemployment benefits, pensions or social plans (with the exception of the Universal Child Allowance, the Pregnancy Universal Allowance or *Progresar* student scholarship) are ineligible.

---

90 According to the National Statistics Institute, a household is poor if its income is not enough to purchase a set of essential goods and services. As of December 2019, the poverty line for an adult ranged from 10,200 pesos (US$145) per month for the northwest region to 14,800 pesos (US$210) per month for the southern region.

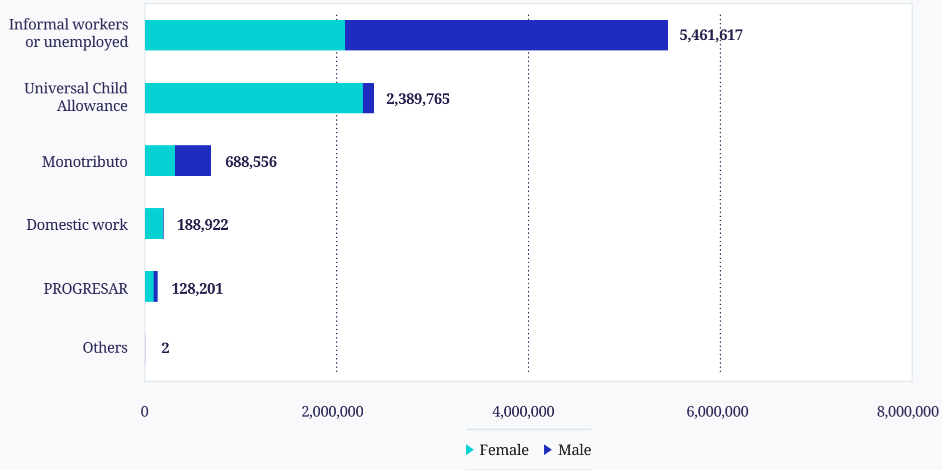
91 *Monotributistas* are low-income workers who are eligible to file under a simplified tax collection mechanism, which also provides them with access to social protection at reduced contribution rates. For more information, see Cetrángolo et. al (2018).

The IFE was initially intended to be a one-time transfer of 10,000 Argentina pesos (US$142),[92] equivalent to almost 60 per cent of the monthly minimum wage in Argentina. However, due to the ongoing COVID-19 crisis, two additional transfers for the same amount were made in June and August 2020.

Nearly 13 million people applied for the IFE and more than 9 million households were accepted, accounting for 20 per cent of the Argentinean population and one third of the active-age population (ANSES 2020). In less developed provinces such as Santiago del Estero, Chaco, Formosa, Corrientes and Salta, beneficiaries accounted for more than 40 per cent of the population, indicating geographic disparities in the hardship caused by the COVID-19 pandemic (ANSES 2020).

The success of the programme is a testimony to the extreme vulnerabilities faced by informal or unemployed workers, who constitute a significant part of the Argentinean workforce and were without any form of income protection when the COVID-19 crisis first hit. Informal or unemployed workers account for 62 per cent of IFE beneficiaries or almost 5.5 million people (see figure 28).

Figure 28. Beneficiaries of the Argentinian IFE scheme, by group/employment status and gender



Source: ANSES (2020).

92 Amount expressed in United States dollars using the average reference exchange rate of the Central Bank of the Argentine Republic for 2020 (70.59 pesos per US$1).

When analysing the gender of beneficiaries, a higher share of women (56 per cent) may be observed compared to men (44 per cent). There are three reasons for this (ANSES 2020). First, women are overrepresented in the lower-income professions; second, priority was given to women applicants in the event of multiple applications from a single household; and third, more than one quarter of IFE benefits were granted to beneficiaries of the Universal Child Allowance and domestic workers, two groups in which women make up the majority (95 and 97 per cent, respectively).

3. Impact

First, the IFE provided coverage – albeit temporarily – to 5.5 million people who were previously excluded from the social protection system. Secondly, the IFE was particularly successful in reaching the poorest, including 89 per cent of those in the lowest income decile. Previous social protection interventions, such as the Universal Child Allowance and the Pregnancy Universal Allowance, had reached only 61 per cent of this group. Third, the IFE shielded the economy by mitigating the impacts of the crisis on livelihoods. A government study on the impact of the first payment made under the IFE estimated that it prevented a 5 to 6 percentage point increase in poverty and a 4 to 7 percentage point increase in extreme poverty (Argentina 2020).

In terms of finances, IFE programme costs amounted to 236.17 billion pesos (US$3.3 billion) in 2020, equivalent to about 1 per cent of GDP and 15 per cent of the Government's total COVID-19 pandemic response package for 2020 (ANSES 2020). The Government's emergency measures were financed mainly through extraordinary taxes and assistance from the Central Bank to the Treasury. Those measures led to an increase in the Government's budget deficit, which reached 6.5 per cent of GDP in 2020, up from 0.5 per cent of GDP in 2019. A long-term financing strategy that encompasses the collection of taxes or social security contribution will be required to sustain income-security measures for those reached by the IFE in the long term.

4. What's next?

The COVID-19 pandemic has highlighted the need to expand income-security measures for self-employed workers and workers in the informal economy, who were not protected by existing unemployment insurance schemes in Argentina. Introducing such measures is possible, as highlighted by the experience of the IFE. However, incorporating such temporary measures into the national social protection system will require additional feasibility studies and inclusive national social dialogue in order to reflect the views of all tripartite stakeholders and ensure adequate and sustainable financing.

5. References

ANSES (National Social Security Administration, Argentina). 2020. *Boletín IFE I-2020: Caracterización de la población beneficiaria*.

Argentina, Jefatura de Gabinete de Ministros. 2021. *Informe No.129. Honorable Cámara de Senadores de la Nación*.

Argentina, Ministerio de Economía, Ministerio de Producción, Ministerio de Trabajo, Empleo y Seguridad Social. 2020. *Impacto del Ingreso Familiar de Emergencia en la pobreza, la indigencia y la desigualdad*.

Cetrángolo, Oscar, et al. 2018. "Regímenes Tributarios Simplificados". In *Políticas de Formalización en América Latina: Avances y Desafíos*, edited by José Manual Salazar-Xirinachs and Juan Chacaltana, 107–136. ILO.

Cetrángolo Oscar, and Javier Curcio. 2020. *Los programas sociales para atender los efectos de la pandemia en Argentina en su primera etapa*. CECE.

DNEIG (Dirección Nacional de Economía, Igualdad y Género, Argentina). 2020. *Ingreso Familiar de Emergencia. Análisis y desafíos para la transferencia de ingresos a trabajadores/as precarios/as*.

Carter, John, et al. 2013. *Comparative Review of Unemployment and Employment Insurance Experiences in Asia and Worldwide*. ILO.

INDEC (Instituto Nacional de Estadística y Censos, Argentina). 2020. "Incidencia de la pobreza y la indigencia en 31 aglomerados urbanos". Informes Técnicos 4(4).

Maurizio, Roxana. 2020. "Impactos en el mercado de trabajo y los ingresos en América Latina y el Caribe. Segunda edición". Nota Técnica: Panorama Laboral en tiempos de la COVID-19. ILO.

UN (United Nations). 2020. *Policy Brief: The Impact of COVID-19 on Children*.

25. Mexico: Mexican Social Security Institute pilot programme for domestic workers

Helmut Schwarzer and Marta Cebollada Gay

Summary

In May 2019, the Mexican Federal Labor Law was adapted to mandate the affiliation of domestic workers into the Mexican Social Security Institute (IMSS) (art. 337). The reform of the Social Security Law to include domestic workers in the mandatory regime of the IMSS is currently under approval by the Chamber of Deputies.

The reform is expected to end the historical discrimination faced by domestic workers, who could only voluntarily enrol in social security. Mexico has one of the lowest formalization rates in Latin America among domestic workers, ranging from 2.5 to 5 per cent over the past 20 years (ILO 2017). The recent legislative and executive changes, as well as Mexico's ratification of the Domestic Workers Convention, 2011 (No. 189) in 2019, have been major drivers of these reforms. The reform efforts were preceded by the launch, in April 2019, of an IMSS pilot programme for the formalization of domestic workers in Mexico.

Mexico's pilot programme for domestic workers is based on the key principles of the Social Protection Floors Recommendation, 2012 (No. 202). It promotes the universality of social protection, solidarity in financing and social inclusion, including for those in the informal economy, and was established after consultations with representatives of domestic workers as well as non-governmental organizations advocating for the rights of these workers.

Main lessons learned

- The inclusion of domestic workers into the national contributory social protection system can be realized even without subsidies of the social security contributions.
- Domestic work has unique characteristics, in which a single employee may have several employers. It is important to account for such specific features in the design and operations of a scheme.

- Thanks to the intense mobilization of trade unions and civil society actors representing domestic workers, their rights to social security were recognized and established by law.
- The Constitutional Court, by enforcing the constitutional right to social security, can be a strong driver of policy change and the promotion of universal social protection.
- Despite Mexico's efforts to increase the legal coverage of domestic workers and the effective implementation of a pilot scheme, further efforts are required to increase effective coverage, including awareness-raising campaigns among domestic workers and their employers and the implementation of adapted control, complaints and appeals mechanisms.

1. Context

In Mexico, there are more than 2.2 million domestic workers, of whom only 4.75 per cent have access to social health protection. In addition, more than 90 per cent of these workers are female).[93] Domestic work is regulated by the Federal Labour Law.

The adaptation of the Federal Labour Law in May 2019 was mandated by a ruling of the Second Chamber of the Supreme Court of Justice (SCJN) on 5 December 2018, who ruled in favour of a domestic worker who sued her employers in a labour lawsuit. The Court deemed that the exclusion of domestic workers from the social security regime was unconstitutional.

The SCJN ruling also ordered the IMSS to implement a "pilot programme" for providing access to social security for domestic workers in the first half of 2019. The SCJN mandated that the pilot should establish effective administrative procedures for the enrolment of domestic workers and the collection of their contributions, taking into account the unique characteristics of the sector, such as a single worker having several employers. According to the SCJN, the pilot programme was to be implemented for 18 months, during which the administrative procedures should be established and shown to function well.

2. Description of the initiative

On 30 March 2019, the IMSS launched a pilot programme for the enrolment of domestic workers in social security on the same terms granted to other workers.[94] It provides domestic workers and their dependants, including their spouses or cohabitants, children (up to the age of 16 or 25 if studying) and parents (when living in the same household as the domestic worker) with access to all IMSS benefits.

93 National Occupation and Employment Survey and National Institute of Statistics and Geography (INEGI).

94 The five insurance policies included in the Social Security Law cover: (1) occupational illness; (2) disability and life insurance; (3) illness and maternity; (4) retirement; and (5) childcare and social services.

The IMSS was advised by international institutions such as the ILO in the design and development of its pilot programme. In addition, the IMSS organized discussion forums with representatives of the National Union of Domestic Workers (SINACTRAHO), employers, civil society associations, academics and other government institutions, such as the Federal Labor Secretariat, the National Council for the Prevention of Discrimination and local institutions. Core elements of the programme's design were shaped through social dialogue and coordination with key stakeholders.

The IMSS pilot programme was presented on the occasion of International Domestic Workers Day (30 March 2019) and includes some innovative aspects based on international experiences. Domestic workers can affiliate either online or at IMSS subdelegations, through a simplified administrative procedure in which only minimal data must be submitted, such as workers' details and place of employment, employers' details and the salary paid. The system also allows a worker to declare more than one employer, recognizing this unique feature of domestic work. Recording all employers enables IMSS to collect contributions of the different employers and allows workers to enjoy higher pension entitlements.

Contributions to the pilot programme are calculated on the basis of workers' salaries and the number of days worked and were shared between the employer(s) and the worker, the former paying a more significant share. The payment of contributions must be made before the 20th day of each month in order to secure benefit entitlements for the subsequent month. If contributions payments are not made on time, workers automatically lose their entitlements for the following month.

In a second phase of the pilot programme, which began in November 2020, the responsibility for the registration and payment of contributions was transferred to employers exclusively. In other words, each employer must pay the corresponding contribution directly to IMSS, based on the days worked by the worker and the salary reported in the online system of the pilot programme.

3. Impact of the initiative

The pilot programme led to a sharp increase in the number of domestic workers registered with IMSS. As of January 2022, 43,158 domestic workers were affiliated in the pilot programme – a number 11 times greater than the number of domestic workers who were registered under the previous voluntary scheme. Their registration provides them with access to social security and thereby supports them on their path towards formalization.

In addition, the pilot programme had a positive impact on the coverage of dependants of domestic workers. An estimated 27,500 dependants of affiliated domestic workers are covered under the pilot programme, who may have otherwise been left without social security coverage.

The need for domestic workers to record their work and wages has improved data availability. The IMSS finds that the average daily wage of domestic workers affiliated to the pilot programme is 230.05 Mexican pesos, which is above Mexico's official minimum wage for domestic workers, at 187.92 pesos per day.

However, uptake remains low. While registration figures for the first three years of the pilot programme show a growth in affiliation, overall, only 2 per cent of all domestic workers in Mexico are affiliated with the pilot programme.

According to data from the National Institute of Statistics and Geography of Mexico (INEGI), between the third quarter of 2019 and the third quarter of 2020 almost 500,000 domestic workers lost their jobs – roughly one fifth of total employment in the sector. Nearly all of those laid off were female (98 per cent). The Government did not implement an income support measure for the domestic workers who lost their jobs due to the pandemic. The only measure implemented was a credit facility for domestic workers registered in the pilot programme.[95]

4. Way forward

The pilot programme has some areas for further improvement. Although the multi-employer system is recognized, domestic workers who work part-time and therefore do not reach the minimum wage are unable to register as, at the moment, this is a prerequisite of the programme. Also, the fact that benefits are only provided for the month following the payment of contributions may be problematic for some workers and is not in line with the general system, under which entitlement to benefits starts when registration is completed.

A final point of improvement is ensuring consistency between the benefits offered to domestic workers and those offered to formal workers. For example, domestic workers do not have access to the Institute of the National Housing Fund for Workers' Housing Savings Insurance, a scheme that is otherwise accessible to all formal workers in Mexico.

The ratification of Convention No. 189 by Mexico on 13 December 2019 supported the further extension of social protection coverage to domestic workers and their progressive inclusion in the general social security system. The remaining highest-priority challenge is to enforce the desired mandatory affiliation of domestic workers in social security. This will require policies for communicating workers' obligations and incentives, in which trade unions should play an integral role, as well as the enactment of inspection measures.

95 In 2020, the IMSS offered a credit for domestic workers of 25,000 pesos (around US$1,250), which they had to repay over the next three years at an interest rate of about 6 per cent. Approximately 5,000 domestic workers enrolled in the IMSS pilot programme benefited from this credit.

Another challenge for the future is the transition of domestic workers from the pilot programme to the general regime. While this is desirable, it is important that the possibility for a domestic worker to be linked to several employers remains in place.

5. References

Cebollada Gay, Marta. *Hacer visible lo invisible Formalización del trabajo del hogar remunerado en México: una propuesta de política pública*. Mexico, CONAPRED.

ILO. 2020. *Pilot Test for the Incorporation of Domestic Workers into the Mexican Social Security Institute: Study of results and recommendations for the Mandatory Regime.*

———. 2017. *2017 Labour Overview: Latin America and the Caribbean*.

———. 2016a. *Policies to Formalize Paid Domestic Work in Latin America and the Caribbean*.

———. 2016b. "Social Protection for Domestic Workers: Key Policy Trends and Statistics". Social Protection Policy Paper 16.

———. 2015. *2015 Labour Overview: Latin America and the Caribbean*.

Chapter 3: Security in old age and disability

26. Cambodia and Viet Nam: Improving women's access to old-age pensions

Betina Ramírez López and Quynh Anh Nguyen

Summary

Cambodia and Viet Nam are making huge efforts to improve social protection during old age, but more needs to be done to include women and design gender-responsive social protection systems that are fair and sustainable.

The pension systems of Cambodia and Viet Nam are in different stages of development. Cambodia has just started the establishment of its pension system. With the support of the ILO, the Government of Cambodia has just launched its first pension scheme for workers in the private and public sectors, which has been delayed to 2022 due to COVID-19. Viet Nam has gradually made progress towards building an old-age pension system through a mix of social insurance and tax-financed pensions.

Despite the progress made, the majority of elderly people cannot expect to receive a pension when they reach the retirement age. Women face more adverse circumstances that affect their pension entitlements. They usually have lower participation in the labour market, shorter or interrupted careers due to care responsibilities, higher rates of vulnerable employment, and lower incomes than men.

Improving women's access to old-age pensions in Cambodia and Viet Nam contributes to a social protection system that is based on non-discrimination, gender equality and responsiveness to special needs, while it also supports the system's progressive realization, including by setting targets and time frames, both key principles of the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- In Cambodia and Viet Nam, women tend to have lower access to adequate pensions than men. Gender imbalances in the labour market, both in terms of participation rates and earnings, are not sufficiently accounted for in the design of pension systems.
- Pension design matters for gender equality. To ensure that men and women benefit equally, systems must better address women's lifecycle risks and their burden of care, helping to prevent the inequalities encountered by women to accumulate in old age.

- To realize the right to old-age income security for all, greater emphasis and resources need to be allocated to the reduction of gender inequalities in old age. Tax-funded elements, including non-contributory pensions, have the potential to address existing gaps across gender and income groups. Mechanisms to recognize and reward care and other kinds of societal contributions (such as unpaid work) can also help to reduce gender inequalities.
- Gender-responsive social protection systems contribute to enhancing women's empowerment and opportunities, with greater positive impacts on their families and communities.

1. A window for the expansion of pensions in Cambodia and Viet Nam

There is currently a positive momentum in Cambodia and Viet Nam for significant reform and expansion. While Cambodia has just launched, in July 2022, its first contributory pension scheme for private sector workers under the National Social Security Fund, the Vietnamese Government has recently approved the Master Plan on Social Insurance Reform (MPSIR) which reflects its clear commitment to achieve universal social protection coverage. Facing population ageing and persistent informality, these countries are seeking new ways to enhance income security of older persons; this could be a unique opportunity to make the overall social protection system more gender sensitive.

Despite strong commitments, both countries still face challenges in extending pension coverage. Of the population above retirement age (55 years of age in Cambodia and 60 years of age in Viet Nam), only 9.0 per cent in Cambodia and 39.9 per cent in Viet Nam enjoy access to a pension. This is compared to an average of 31.5 per cent for South-East Asia as a whole (ILO 2017). In 2019, only 16 per cent of women in Viet Nam aged 65 and over received a social insurance pension, compared to 27.3 per cent of men. In addition, women's contributory periods are, on average, four years shorter than those of men. As a consequence, the value of men's pensions exceeded women's pensions by an average of 19.8 per cent in 2019 (ILO,2021a).

Although in both countries women account for the majority of all active contributors and have on average more years of service than their male counterparts, persisting gender inequalities in the labour market continue to compromise their pension coverage and benefits.

2. Gendered labour markets

There are a number of inequalities that women face during the course of their lives that tend to accumulate in old age and affect their pension entitlements. Firstly, women have lower participation in the labour market during their working age. In Cambodia and Viet Nam, 69.9 and 61.2 per cent of women, compared to 82.9 per cent and 73.7 per cent of men, respectively, participate in the labour market. Secondly, as a consequence of their heavier burden of care, women are also more likely to have shorter or interrupted careers and higher rates of vulnerable employment than men (ILO 2018b).

Another factor influencing the gender pension gap is the fact that women have lower incomes than men. Globally, women earn, on average, 16 per cent less than men (ILO 2018c). In Viet Nam, private sector female workers earn, on average, 9 per cent less than men (ILO 2018a), while in Cambodia women earn 43.7 per cent less than men (ILO 2017a). In Viet Nam, the average insurable earnings of women working in the private sector were only 11.6 per cent of those attained by men. Such discrepancies are also found in the public sector, albeit less distinct. It is particularly concerning to note that the gap has been increasing over the past five years (ILO 2021b). Particularly in contributory pension systems, all these features affect women's pension coverage as well as the level of their benefits.

In Viet Nam, the high take-up of lump sums in the pension system further affects the accumulation of contribution records, with women being the majority recipients of termination lump sums taken after one year of discontinued insurance. In 2019, about 69 per cent of lump sums were taken by women below the age of 35. This indicates a link between women's broken careers and childbirth, and that other short-term benefits, such as maternity and unemployment insurance, might not be sufficient to support women during this period.

3. Impact of the design of the pension schemes on old-age protection for women

Governments can do more to ensure that social protection programmes, specifically pensions, are designed, implemented and monitored by taking the different experiences of men and women into account. Several key design features are relevant for women's entitlement to contributory pension schemes:

Benefit formulas

A key feature affecting gender outcomes in pensions is the pension formula, that is the rules which specify how benefit levels are calculated. Formulas which closely reflect earnings and contributory histories tend to result in lower benefits for women, unless mechanisms are in place to compensate for labour market disparities between men and women (Arza 2015).

The Vietnamese Government is currently assessing how the pension formula can be designed to better address redistributive objectives and reduce gender inequalities emerging from the labour market. Currently debated measures include instituting an alternative pension formula to support workers with frequent career interruptions, often women, by placing a higher weight on the first years of contribution through the accrual rate (1.75 per cent for the first 15 years, 1.25 per cent for subsequent years).[96] This measure has been introduced in Cambodia's new pension scheme to allow the system to be more meaningful to the average worker (ILO 2017b).[97]

Minimum eligibility conditions

A gender-relevant design feature in pension systems is the eligibility conditions. Long eligibility periods can present a real obstacle to qualify for a pension, and often act as a deterrent to participate in the system. Women tend to face more difficulties than men to build up long contributory histories. For example, in Viet Nam, insured women at the age of 37 have an average contributory history of just 12.6 years, thus failing to meet the 20 years of required contributions when they leave the formal labour market (ILO 2018a).[98] The Vietnamese Government's recent decision to reduce the qualifying period from 20 to 10 years will benefit those with short working careers, the bulk of whom are women.

Care credits

Care credits are a way to compensate women and men for recognized periods spent outside the labour market, such as the time dedicated to taking care of others. Such credits are added to the contributory history, for example in the form of an additional pension-qualifying year, as done in Uruguay (Arza 2015). Credits may be granted even for births that happened before participation in the social insurance scheme. Such a measure may encourage women to move from the informal to the formal economy. While care credits are now fairly common in almost all European Member States, where they had a positive impact on women's replacement rates (D'Addio 2012; Fultz 2011), it has not yet been adopted in Viet Nam or Cambodia.

In the case of Viet Nam, the introduction of child-care credits could provide an incentive for women to maintain their contributions in the pension system instead of opting for lump sums, as such credits may help them fulfil the eligibility criteria for receiving an old-age pension in the future. ILO estimates suggest that granting an 18-months credit per child could increase women's pensions by 8.3 per cent in Viet Nam, nearly eliminating the gender gap in the pension value of private sector workers (ILO, 2021c).

Retirement ages

In Cambodia, the statutory retirement age for men is 60, while women can retire five years earlier at the age of 55. In Viet Nam, the Government increased the retirement

96 The rate at which pension builds up as member service is completed in a defined benefit pension plan. It is equal to the income replacement rate divided by the number of contributory years.

97 Annex 1 of Sub-Decree No. 32 SD/E dated 4 March 2021 concerning Social Security Scheme on Pension for Persons Defined by the Provisions of the Labour Law.

98 Female workers in Cambodia and Viet Nam tend to leave the formal labour market around the age of 40 because the sectors in which they usually work tend to fire workers at that age for productivity reasons.

ages of men (to 62) and women (to 60) in 2019, thereby also narrowing the gap between them. ILO estimates show that the new regulations in Viet Nam will lead to a decrease in the gender gap in replacement rates of one to two per cent, which, although a positive development, will not be sufficient to fully overcome the gap. While the younger age of retirement for women allows them to stop working earlier, they will also receive lower monthly pension benefits because they have fewer years of work to accumulate contributions.

Through its ongoing reform process, Viet Nam had an opportunity to address this disparity but ultimately maintained a gap[99] based on the argument that early retirement was a way to compensate women for the additional burden of care they face over the course of their lives. In reality, however, by playing into traditional norms of gender roles, such policies reinforce inequality rather than reducing it.

Benefit indexation

Benefit indexation is another factor that can greatly affect gender equality, given that women face higher risks of benefit depreciation over their longer lifespans. Cambodia has agreed to index their new pensions to price inflation, while Viet Nam is discussing a mechanism which also accounts for wage growth. While these are important steps, regular indexation has not yet been considered for non-contributory pensions.

Multi-tiered child benefits

The identified linkage between childbirth and early withdrawal from the pension system could be addressed through the introduction of new short-term benefits such as multi-tiered family/child benefits, which may help to close gender gaps in Viet Nam's labour market and its pension system. Such benefits actively promote women's formal employment and access to social protection benefits. For example, child benefits provide an incentive for women to maintain their contributions in the pension system, rather than withdrawing a lump sum. In addition, providing a multi-tiered child benefit incentivises the inclusion of women into the Vietnam Social Security (VSS) system and encourages women to continue their contribution payments, thereby growing their contributory years and eligibility to access an old-age pension, while also giving them access to a range of other VSS benefits across the lifecycle, ILO (2021a).

Type of affiliation

Given the strong link between gender and informality, efforts to extend contributory coverage to informally employed workers have the potential to greatly benefit women. In this context, attempts to extend coverage through voluntary affiliations of self-employed

99 Retirement ages will be increased to 60 and 62 for women and men, respectively.

workers have rarely been effectively implemented. In Viet Nam, for example, only 1.3 per cent of all workers have signed up for voluntary participation in the contributory system although in theory, all self-employed workers and unpaid family workers, the majority of whom are women, are eligible (ILO 2018a). This could be due to the low attractiveness of the voluntary insurance, especially for women, as it provides only long-term benefits, while women covered under the compulsory social insurance enjoy maternity benefits and other short-term benefits. International experiences show that introducing mandatory participation has had more impact on increasing coverage.

4. Non-contributory pensions

Given the labour market context outlined above, the limitations of contributory pension systems to offer adequate protection for their populations have increasingly led many countries to recognize the role of State funding in the provision of old-age protection, and to introduce tax-funded pension schemes and/or tax-funded elements in their contributory pension schemes. As labour markets evolve, it is fair to consider whether Cambodia and Viet Nam could further strengthen these elements to cover a substantial portion of the populations.

While both Viet Nam and Cambodia have stated their intention to reach universal coverage in their respective strategies and resolutions, the contributory model continues to be the only one embedded in national legislation.[100] This is the case even in Viet Nam, where the social pension for all older persons above the age of 80 has been in place since 2002. In both cases, the lack of legislation for non-contributory pensions has limited the State's role in financing minimum income security in old age.

Tax-funded schemes, particularly universal pensions, are the most effective way – at least in the short-term – to provide a basic level of protection to women and men who did not have the opportunity to build up sufficient entitlements in the contributory systems. Such non-contributory programmes can play a key role in ensuring women's access to at least a basic pension. Simulations show that the pension-tested,[101] multi-tier model which Viet Nam intends to roll-out is likely to benefit women as they are most likely to lack contributory pensions. It is estimated that around 65 per cent of the recipients would be older women. The social pension can have progressive distributional impacts across gender and income groups: the relative increase in per capita incomes resulting from a social pension is higher among women and the poorest, than among men and the rich (Kidd et al 2019).

However, the capacity of non-contributory pensions to fulfil their potential depends on the level of coverage and benefit values offered (Arza 2015). In most cases, non-

100 The Government of Cambodia is currently working on a revision of the 2002 Social Security Law which encompasses the new general scheme for private and public sector formal workers, but not the non-contributory pension endorsed in the 2016 National Social Protection Strategy.

101 A pension-tested benefit is only available to those who are not covered by any other pension scheme.

contributory pensions provide a very modest level of benefits, insufficient to ensure adequate protection in old age or fully compensate for the lack of contributory coverage. The social pension in Viet Nam, currently set at 360,000 Vietnamese dong per month, corresponds to just 7.0 per cent of GDP per capita (equivalent to 18 per cent and 24 per cent of the national urban and rural poverty lines, respectively), making it one of the lowest-value pensions across low-income and middle-income countries (Kidd et al. 2019). Moreover, because non-contributory pensions continue to be framed as components of an independent "social assistance" system, they remain narrowly targeted and detached from the contributory system – often excluding the "missing middle" (people in the informal economy, not among the most vulnerable).

Universal or pension-tested benefits can foster old-age income security for everyone more effectively than means-tested benefits. Since the latter are often based on an assessment of household income or assets, they only provide few married women with a pension in their own right. Moreover, means-tested benefits tend to impose burdensome and often stigmatizing requirements on people, particularly women (Cookson 2018). In Cambodia, the Government's current intention to introduce a means-tested pension as part of a broader household benefit called *Family Package* would mean that most older persons would not have access to any pension (Ramírez López 2018).

The ILO has estimated that a universal pension covering all older persons aged 60 and above would cost as little as 0.9 per cent of GDP in Cambodia. A universal pension covering all older persons aged 65 and above would cost 0.47 per cent of GDP in Viet Nam. Although means-tested schemes are estimated to cost less (for example, 0.01 per cent of GDP in 2017 to 0.06 per cent in 2026 in Cambodia), their administration is much more complex, requiring capacities that many low-income and middle-income countries lack. Ultimately, a move away from selective schemes to universal approaches requires greater investment from the Central Government in financing at least minimum income security in old age for all. This would mean a shift in thinking on the part of both local and Central Government authorities that public financing is necessary to achieve coverage and incentivise participation. In addition, countries need to find new ways of increasing fiscal space, such as reprioritizing public expenditures, increasing tax revenues or contributory revenues (Ortiz et al. 2017).

5. Way forward

The provision of adequate social protection during old age is not only a matter of rights, but also important for ensuring the sustainability of the social protection system and transforming the lives of women in a future world of work which leaves no one behind (Commission on the Status of Women, 2019; SPIAC-B 2019).

While the envisaged measures in Cambodia and Viet Nam are likely to have an impact on gender equality in old age, greater efforts are needed to ensure their participation. The design of contributory pension systems should take the diversity of women's lives into account. Further measures could include mechanisms to compensate for gender inequalities in paid work, earnings and unpaid work (such as contribution credits). Developing and strengthening multi-tier pension systems, comprising a combination of social insurance and non-contributory pensions, can help ensure that all people have access to adequate pensions in old age.

Furthermore, addressing gender inequality in pension systems requires comprehensive, holistic policy responses in different areas, including gender-responsive pension system design, labour market policies, better reconciliation of work and family life as well as access to culturally- and gender-responsive public care services of high quality.

6. References

Arza, C. 2015. "The Gender Dimensions of Pension Systems: Policies and Constraints for the Protection of Older Women", UN Women Discussion Papers. UN Women.

CSW (Commission on the Status of Women). 2019. *Social Protection Systems, Access to Public Services and Sustainable Infrastructure for Gender Equality and the Empowerment of Women and Girls*. UN Women.

Cookson, T. 2018. *Unjust Conditions: Women's Work and the Hidden Cost of Cash Transfer Programs*. Oakland, California: University of California Press.

D'Addio, A. 2012. *Pension Entitlements of Women with Children: The Role of Credits within Pension Systems in OECD and EU Countries: Nonfinancial Defined Contribution Pension Schemes in a Changing Pension World*. World Bank.

Fultz, E. 2011. *Pension Crediting for Caregivers: Policies in Finland, France, Germany, Sweden, the United Kingdom, Canada and Japan*. Washington D.C.: Institute for Women's Policy Research.

ILO. 2017. *World Social Protection Report 2017–19: Universal Social Protection to Achieve the Sustainable Development Goals*.

———. 2018a. *Report to the Government: Actuarial Valuation as at 31 December 2015 of Long-term Benefits Administered by the Viet Nam Social Security Organization*.

———. 2018b. *Asia-Pacific Employment and Social Outlook 2018: Advancing Decent Work for Sustainable Development*.

———. 2018c. *Global Wage Report 2018/19: What Lies Behind Gender Wage Gaps*.

———. 2021a. "Expanding Social Insurance Coverage in Viet Nam: The Case for the Introduction of a Multi-tiered Child Benefit".

———. 2021b. *Adapting Social Insurance to Women's Life Courses: A Gender Impact Assessment of Viet Nam*.

———. 2021c. "Increasing Gender Equality in Social Insurance Pensions in Viet Nam", *Policy Brief*.

Kidd, Stephen, Bjorn Gelders, and Anh Tran. 2019. *Potential Impacts of Social Pensions in Viet Nam*. ILO.

Ortiz, Isabel, Matthew Cummins, Kalaivani Karunanethy. 2017. *Fiscal Space for Social Protection and the SDGs: Options to Expand Social Investments in 187 Countries*. ILO.

Ramirez-López, Betina. 2018. *An Adequate and Sustainable Pension Scheme for the Private Sector*. ILO.

Social Protection Inter-Agency Coordination Board (SPIAC-B). 2019. *Social Protection to Promote Gender Equality and Women's and Girls' Empowerment: Joint Statement to the 63rd Session of the Commission on the Status of Women*.

27. Kenya: Inua Jamii Senior Citizens' Scheme

Richard Chirchir and Anh Tran

Summary

The Inua Jamii Senior Citizens' scheme is a tax-financed pension-tested social pension offering universal pension coverage for all citizens of Kenya once they reach 70 years of age. The programme, implemented since 2018, marks a significant milestone for the expansion of the lifecycle approach to social protection in Kenya, since all citizens are now entitled to a minimum income guarantee in their old age.

Based on this successful experience, the Government of Kenya is progressively building a more comprehensive social protection system providing income security across the life cycle and addressing the challenges faced not only by the elderly, but also children and people with disabilities. Investment in social protection has grown from 4.3 billion Kenyan shillings in 2011/12 (0.1 per cent of GDP) to a projected 39.5 billion shillings in 2022/23 (0.3 per cent of GDP).

Through the Inua Jamii Senior Citizens' scheme and other programmes, Kenya's shows concrete commitments towards the development, financing and implementation of a national social protection floor putting in practice some of the guiding principles put forward in the ILO Social Protection Floors Recommendation, 2012 (No. 202), such as those of universal protection, social solidarity progressive realization and respect for the rights and dignity of people covered.

Main lessons learned

- The Inua Jamii Senior Citizens' scheme has demonstrated that investing in social protection is feasible in a lower middle-income country when there is political will and commitment from the national Government.
- The rapid enrolment of older persons aged 70 years and above into a universal social protection scheme was made possible through electronic registration. It required effective coordination by the Government and the mobilisation of all departments within the Ministry of Labour and Social Protection. The scheme used innovative mechanisms for the registration and enrolment of recipients offering them the choice between several operators for the payment of their pensions.
- In its first year of implementation, the universal social pension has helped increase older people's sense of dignity and self-worth by giving them financial independence and limiting their reliance on family members for basic needs.

- By providing individual entitlements rather than a household transfer, the pension empowers older women who are gaining control over their own funds.

1. Why is a pension needed?

Despite a 10-percentage point decrease in the national poverty rate from 2005/06 to 2015/16, a high proportion of Kenyans continue to live on low incomes. The most recent measure of poverty in 2015/16 indicated a poverty incidence of 36.1 per cent, based on the national poverty line set at 133 shillings (US$1.31) per day.[102] Furthermore, around 80 per cent of the population live on less than 280 shillings (US$2.75) per day. While their physical capacity to work reduces, many older persons continue to engage in productive activities. The majority of older persons in Kenya have been active in the rural and informal economy and are left out of formal savings schemes, while those in the formal economy – that have contributed to the National Social Security Fund (NSSF) – only have access to a lump sum benefit and therefore have no guarantee of a regular, predictable pension in old age. The prevalence of disability increases with age: in 2010, approximately 12 per cent of the population between the ages of 65 and 69 years had a severe disability, 17 per cent between the ages of 70 and 74, and 25 per cent of those over the age of 75 years. As a result, older persons are more likely to be faced with significant healthcare costs which need to be met through out-of-pocket payments, causing financial barriers to accessing healthcare services. Many older persons in Kenya struggle with care responsibilities: 19 per cent of older women live in skipped generation households, compared to 8 per cent of older men, with the responsibility of caring for (grand) children. Furthermore, older women are more likely to live alone: 18 per cent compared to 8 per cent of older men. Without the ability to earn an independent income, older persons in Kenya are susceptible to neglect and abuse when they are unable to contribute to their family and the community, and may face growing isolation while losing the support of family members.

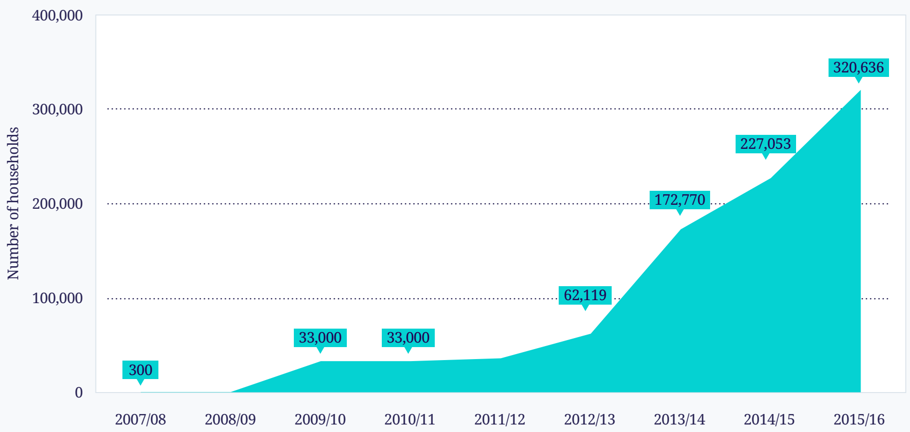
2. How did the Inua Jamii Senior Citizens’ Scheme evolve?

Recognising that older persons in Kenya face significant challenges while many are financially dependent on other family members who struggle to earn sufficient income themselves, the Kenyan Government has prioritised older people in the expansion of access to social protection and the provision of Kenya’s first universal scheme.

Prior to the introduction of the universal pension, the main cash transfer programme for older persons in Kenya was the Older Persons’ Cash Transfer (OPCT), a poverty targeted household benefit which reached around 23 per cent of households with a member aged

102 Kenya Integrated Household Budget Survey 2015/16. 2005/06 poverty line has been revalued based on 2015/16 basket using 2005/06 prices.

Figure 29. Growth in number of recipient households of Kenya's Older Persons' Cash Transfer, from 2007/08 to 2015/16



Source: Single Registry. Retrieved from http://mis.socialprotection.go.ke:20307/.

65 years and above, making it one of the largest cash transfer programmes in Kenya at the time. The implementation of the Inua Jamii Senior Citizens' Scheme has been the result of the Government's progress in expanding access to social protection for citizens of Kenya in their old age, as demonstrated by the rapid expansion of households receiving the OPCT during recent years (see figure 29). Current recipients of the OPCT aged 65–69 years will remain on the programme until they reach the age of 70 years, after which they will be transferred to the universal pension.

Furthermore, acknowledging that a universal social pension is more politically sustainable, the Inua Jamii Senior Citizens' Scheme has played a role during the national election in 2017. The scheme was advocated by the Harmonised Jubilee Coalition, the ruling political party in Kenya, as demonstrated in its 2013–2017 manifesto which included universal coverage of cash transfers for older people. Evidence from the 2015/16 Kenya Integrated Household Budget Survey illustrates significant challenges in the targeting effectiveness of the OPCT, with an exclusion error of approximately 50 per cent of eligible households for the OPCT and the Cash Transfer for Orphans and Vulnerable Children (CT-OVC), which uses a similar targeting mechanism. The Inua Jamii Senior Citizens' Scheme reduces the number of older persons that are excluded from income support with more transparent selection criteria, while reaching the majority of older persons living in poverty.

3. What does the Inua Jamii Senior Citizens' Scheme look like?

- The Inua Jamii Senior Citizens' scheme reaches approximately 763,000 older persons aged 70 years and above, over 60 per cent of which are women.
- Recipients of the scheme are entitled to 2,000 shillings (US$17.4) per month, which is paid bi-monthly into an account with one of four commercial Payment Service Providers (PSPs).[103]
- The current level of investment in the Inua Jamii Senior Citizens' Scheme benefits amounted to approximately 18.3 billion shillings (0.15 per cent of GDP).

Institutional arrangement: In recent years, the Government has taken significant steps in strengthening coordination and bringing greater cohesion in the social protection sector, with the creation of the State Department of Social Protection, Pensions and Senior Citizens' Affairs in 2017 within the Ministry of Labour and Social Protection. This department includes several units such as the Social Protection Secretariat, which leads on policy and coordination of the social protection sector, and the Directorate of Social Assistance (DSA) which oversees the implementation and delivery of the cash transfer programmes. Six departments within DSA are responsible for identifying and registering recipients, grievance and case management, payments of pensions, the Management Information Systems, Monitoring and Evaluation and communications. At county or sub-county levels where DSA has no offices, it works through local officers of the Department of Social Development.

Legal framework: The Inua Jamii Senior Citizens' Scheme is not anchored in a legal framework, meaning that it could face potential discontinuation by successive governments. However, the Constitution of Kenya of 2010 and the National Social Protection Policy (NSPP), 2012 offer a framework for the development of the social protection sector. Article 43 (3) of the National Constitution states that '*every person has the right … to social security*' and that '*the State shall provide appropriate social security to persons who are unable to support themselves and their dependants*'. The NSPP outlines the goal to build a social protection system guaranteeing income security across the lifecycle, in line with the Constitution, ensuring that: '*All Kenyans live in dignity and exploit their human capabilities to further their own social and economic development*'. It included the commitment to establish a universal old age pension.

Registration: The implementation of the Inua Jamii Senior Citizens' Scheme marks a significant effort by the Government to shift from paper-based to electronic registration using Open Data Kit software and biometric identification. Over a period of less than a month, half a million older persons aged 70 years and above were registered and enrolled in the scheme in July 2017 through meticulous planning and effective mobilisation of all

103 The OPCT programme pays 2,000 shillings per month to a household. If there are multiple older people in the household, the total payment is still only 2,000 shillings.

departments within the Ministry and through mass media campaigns, with the national leadership deployed at regional levels to oversee the registration process. The Ministry of Labour and Social Protection is currently in its planning stages to implement either a periodic or continuous enrolment system to continue the registration and enrolment of new older persons aged 70 and above into the scheme.

Payment process: The universal pension operates an innovative payments model which has allowed recipients to register with one of four commercial Payment Service Providers offering the recipients an opportunity to choose their preferred service provider. Each recipient has obtained an account and an automated teller machine (ATM) card through which the bi-monthly pension payment is paid, providing recipients with more freedom to withdraw their pension funds at any time at a bank or authorised bank agents and avoid long queues at collection points. The collaboration between the Government and commercial PSPs aims to enhance the financial inclusion of Inua Jamii programme recipients.

However, the large scale of the initial registration process has led to several logistical challenges in the early stages of implementation. The Government has limited oversight on the delivery of payments by the PSPs while facing challenges in implementing effective communication channels to ensure that adequate information is received by recipients. Furthermore, the rapid roll-out of the pension scheme has led to challenges in ensuring the predictability of payments, leading to delays in the processing of payrolls.

Complementary schemes: All older persons aged 70 years and above who receive the universal social pension also gain membership of the National Hospital Insurance Fund (NHIF), with their contributions paid by the Government, at a rate of 500 shillings (US$4.8) per month. The NHIF meets the cost of inpatient treatment, up to certain limits based on the costs of treatment in Government hospitals and other facilities.

Contributory schemes for citizens of Kenya in their old age: Among the recipients of the Inua Jamii Senior Citizens' Scheme some had previously contributed to the NSSF and are entitled to a lump sum benefit upon retirement. An estimated 4 per cent of older persons receive the Civil Service Pension Scheme (CSPS) which does offer a reliable, regular transfer, funded on a defined contribution basis, and are therefore not entitled to the Inua Jamii Senior Citizens' Scheme.

4. What is the impact on older people's lives?

Early monitoring exercises performed by the Government of Kenya have discovered that older persons are regaining their dignity through the pension by limiting the reliance on family members for basic needs. Preliminary findings from a qualitative research study of the universal pension and its effects on a rural community in Nandi County have demonstrated that the pension has increased older persons' sense of self-worth. As a result of their individual entitlement to the pension, older persons are gaining more financial independence when compared to the OPCT which is at household level. The pension significantly impacts the lives of older women, for whom the pension has increased their level of decision-making and ability to open small businesses such as the rearing of chicken. Six months after implementation, the pension was found to have been spent primarily on food, clothing, livestock and improving agriculture.

The expansion of access to social protection through the Inua Jamii Senior Citizens' Scheme will likely have a significant impact on poverty, as demonstrated through simulated impacts of other cash transfer schemes in Kenya. Overall, the poverty rate among recipient households fell from 71 per cent before social transfers to 64 per cent after social transfers. Household consumption across recipient households increased by 11 per cent, on average, while consumption increased by 20 per cent within the poorest consumption quintile.

5. What's next?

The Government is continuing its efforts to overcome early implementation challenges in the Inua Jamii Senior Citizens' scheme and to improve the regularity of payments, while working towards the registration and enrolment of new older persons aged 70 and above. A midline impact evaluation is currently being undertaken, which will provide the opportunity to review design specifications, such as adjustment of the eligibility age. As the official retirement age in Kenya is 60, there is currently a gap in pension coverage, as those between the ages of 60 and 70 years are not yet guaranteed a minimum income when they retire, while the OPCT only covers a limited number of households with older persons aged 65 years and above. The draft investment plan produced by the Ministry of Public Service, Gender, Senior Citizens Affairs, and Special Programmes' Directorate of Social Assistance outlines the Government's commitment to expand the pension to reach those aged 68 years and above from 2020/21 and those aged 65 years and above from 2022/2023.

The Inua Jamii Senior Citizens' Scheme marks an important step for Kenya in its aim to grow investment in regular and predictable social security schemes as part of an inclusive lifecycle social protection system. However, further work will be required to realise the full inclusivity of the pension scheme. These include:

- Institutional arrangements for the scheme require more effective management at subcounty and local levels to improve case management and eliminate barriers that inhibit older persons from accessing their entitlement.
- A periodic or continuous registration process needs to be put in place to ensure all eligible citizens are enrolled into the scheme upon reaching the age of 70 years.
- Communication channels need to be enhanced to ensure that all recipients receive adequate information about the payments model and are able to use the grievance process.

- More needs to be done to build the understanding of citizens that the Inua Jamii Senior Citizens' Scheme is a universal rights-based scheme rather than social assistance.
- Recipients of the Civil Service Pension Scheme should be entitled to a minimum income that is equivalent to the amount of the Inua Jamii Senior Citizens' Scheme with an NHIF cover.

6. References

Chirchir, R. 2018. "Making Smart Use of Technology: How Electronic Registration Made Kenya's Universal Pension Possible". Development Pathways blog.

Development Pathways. Forthcoming. *Older Persons' Evolving Sense of Self-worth in a Changing Social Policy Context: Experiences of the Inua Jamii Universal Pension Programme in a Rural Community in Nandi County*.

Didi, P. 2018. "Key Informant Interview with the Head of the Monitoring and Evaluation Team at the Social Assistance Unit". 6 December.

Kidd, S., M. Greenslade, A. Barrantes, J. Woodall, B. Gelders, and K. Kabare. Forthcoming. *Kenya Social Protection Sector Review*. Unpublished draft of report prepared under the direction of WFP, UNICEF and the National Social Protection Secretariat Kenya.

Kidd, S., and M. Greenslade. Forthcoming. *Kenya Social Protection Investment Plan*. Unpublished draft of report prepared under the direction of WFP, UNICEF and the National Social Protection Secretariat Kenya.

Malu, V. 2018. *Delivering Cash Transfers Through More Innovative Approaches – Case for Kenya*.

Ministry of Gender, Children and Social Development. 2011. K*enya National Social Protection Policy*.

Mwasiaji, W., K. Reidel, E. S. Mistiaen, J. Sandford, and M. M. Munavu. 2016. *Inua Jamii: Towards a More Effective National Safety Net for Kenya*. World Bank.

N.a. (n.d.) *Kenya Medium Term Expenditure Framework*, 2016/17–2018/19.

N.a. (n.d.). Transforming Kenya, Securing Kenya's Prosperity, 2013–2017. *The Shared Manifesto between The National Alliance (TNA), The United Republican Party (URP), The National Rainbow Coalition (NARC) and The Republican Congress Party (RC)*.

N.a. (2016). *Consolidation Strategy and Action Plan. Project document of the Inua Jamii Programme*.

28. Mexico: Towards universal non-contributory pensions for older persons and those with permanent disability

Helmut Schwarzer and Marta Cebollada Gay

Summary

On 1 December 2018, Andrés Manuel López Obrador was sworn in as President of Mexico for a six-year term from 2019–2024. One of his social priorities has been the extension of pension coverage for older persons and those with permanent disabilities.

As a result, on 8 May 2020, the Decree on the Political Constitution of the United Mexican States was adopted, which established the right to a non-contributory pension for these persons in constitutional law. The Government aims to achieve universal pension coverage for older persons by the end of 2022.

The reforms undertaken in Mexico contribute to the creation of a nationally defined social protection floor providing income security for persons with disabilities and older persons. The reforms contribute also to apply some of the principles established in the Social Protection Floors Recommendation, 2012 (No. 202), on ensuring universality of protection based on social solidarity; ensuring that benefit entitlements are prescribed by national law; and ensuring that schemes operate on a non-discriminatory basis, improve gender equality and are responsive to special needs.

Main lessons learned

- In 2018, 70 per cent of those aged 65 years and above received an old-age pension or a social transfer. Through constitutional reform, the Government aims to increase this rate to 100 per cent by the end of 2022.
- According to the Government, in 2019 only 23 per cent of women and 40 per cent of men were contributing to a pension scheme, meaning the vast majority of those reaching retirement age will need to rely on non-contributory pensions.
- Thanks to the doubling of the benefit amounts of the non-contributory pension scheme from 2013 to 2019, the current benefit level of 1,925 Mexican pesos per month is close to the urban extreme poverty line of 1,950 pesos per month.

- In addition, and as suggested by the National Council for the Evaluation of Social Programmes (CONEVAL), it is important to complement this support with access to health care, decent housing and nutrition. In addition, more efforts are needed to increase the uptake of contributory pensions for workers in the informal economy, who represent more than 50 per cent of the working population.

- The recognition of these rights in the Constitution mandates the State to fulfil the right to universal old-age and disability pensions.

1. Context

One of the cornerstones of the López Obrador Government (2019–2024) is combating poverty and social inequality. Until its election, the Mexican system was known for its non-contributory and targeted Prospera cash transfer programme. One of the new Government's first measures was to establish two universal social protection schemes: one for universal scholarships to teenagers attending upper secondary education in public schools (Becas Benito Juarez) and a universal old-age pension.

The design of the new Pension for the Welfare of Older Persons is based on the lessons learned from previous initiatives. In 2007, during the administration of President Calderón (2006–2012), the "70 and over" programme was created to provide income support of 500 pesos per month, paid every two months, to persons aged 70 and over living in towns of up to 2,500 inhabitants. It also promoted the use of banking services by beneficiaries. It was accompanied by outreach activities to promote inclusion in the public non-contributory healthcare system (People's Health Insurance Scheme). The programme was modified in 2009–2010 to include towns of up to 30,000 inhabitants. During the period from 2013 to 2018, under the administration of President Peña Nieto (2012–2018), the targeted population of the pension for older adults programme included adults aged 65 and over with a minimum of 25 years of residence in the country and who did not receive a higher pension from another source. This was a targeted programme aimed at older adults living in conditions of poverty, vulnerability, underdevelopment and marginalization. The amount of support was increased to 525 pesos in 2014.

2. Description of the reforms

Pension for the Welfare of Older Persons

In 2019, with the new administration of Andrés Manuel López Obrador, the Government created a universal non-contributory pension, entitled "Pension for the Welfare of Older Persons", which provides financial support of 1,275 pesos per month, paid every two months and delivered through direct payments to bank cards held by beneficiaries. The programme started with a goal of 8.5 million beneficiaries and is aligned with the

National Development Plan 2019–2024 in its axis for social policy, seeking to improve well-being among the population and reverse Mexico's enormous social inequalities.

This programme aims to improve the welfare of older persons by recognizing them as rights holders and giving them access to a guarantee of basic income security, in line with the social protection floor concept. As a first step, the programme included the Mexican and resident population aged 65 and above in indigenous communities, older persons aged 68 and above in the rest of the country, and older persons aged between 65 and 67 registered as active beneficiaries of the previous "Prospera" programme.

The new programme enables registration using documents that are easily accessible (proof of identity, proof of address and unique population registry code[104] or birth certificate). The registration process is managed by the Ministry of Welfare through its offices and local branches spread throughout the country. Benefit payments are preferably made through bank transfers, although they may be provided in cash if a beneficiary lives in a locality without sufficient banking infrastructure or does not have access to the banking system. The design of the programme was guided by the results of a welfare census conducted by the Ministry of Welfare in 2018 and 2019, which were published in 2020. [105]

In 2022, the Government's Pension for the Welfare of Older Persons universalized eligibility to include all those aged 65 years and above and the pension increased to a monthly benefit of 1,925 pesos,[106] paid every two months. The programme also provides a funeral grant of 1,925 pesos. By the end of 2022, the Government aims to achieve universal coverage. The amounts of the non-contributory pension are near Mexico's urban extreme poverty line.

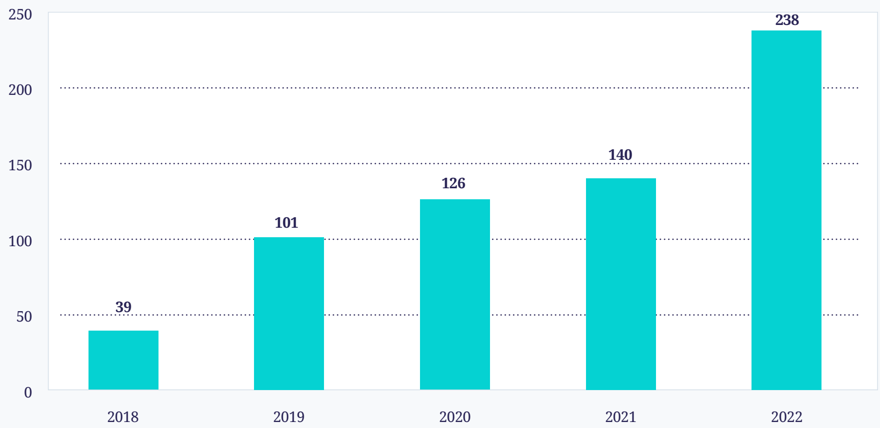
As a result of the new programme's goal to provide universal coverage, the Government's budget for old-age pensions has increased significantly in recent years. For 2022, the programme has been allocated a budget of 238 billion pesos (see figure 30). Through the reform, Mexico provides the largest universal pension scheme for older persons by number of beneficiaries in the Latin American region.

104 *Clave única de registro de población.*

105 Mexico, Ministry of Welfare, *Censo del Bienestar*, 2020.

106 According to CONEVAL, the urban poverty line by income in Mexico for 2022 is 3,997.24 pesos and the rural line is 2,837.57 pesos. The extreme poverty line by urban income for 2022 is 1,950.26 pesos and the rural line is 1,496.32 pesos.

Figure 30. Mexican government budgets for old-age pensions, 2018–2022 (in billions of Mexican pesos)



Source: Fundar, "*Gasto Público. Mismas Prioridades, pero Cambios Importantes*", 2022.

Welfare Programme for Persons with Permanent Disabilities

A second priority for the Government during its six-year term from 2019 to 2024 is the establishment of a non-contributory programme for persons with disabilities, also under the remit of the Ministry of Welfare. Its objective is to reduce the barriers that prevent the full realization of the economic and social rights of children and adolescents, young adults and indigenous persons with permanent disabilities.

The targeted beneficiary population of 1 million persons with disabilities has already been reached by 2022. This new programme had a budget of 8.5 billion pesos for the year 2019, while for 2022 its budget was increased to 18 billion pesos.

According to CONEVAL, 48.6 per cent of people with a disability were in a situation of poverty in 2018, while 9.8 per cent lived in extreme poverty. A lack of educational opportunities, access to social security and nutrition are the three main challenges faced by them.

The programme seeks to extend coverage to any person aged up to 29 years with a permanent disability, while persons with a permanent disability living in indigenous, African American or marginalized communities are eligible until the age of 65. At the beginning of the programme, beneficiaries received 2,550 pesos in economic support every two months (1,275 pesos per month, the same amount as was given for the Pension for the Welfare of Older Persons). For 2022, the amount will be 2,800 pesos every two months (1,400 pesos per month, lower than the current Pension for the Welfare of Older Persons benefit). Pension payment is made through electronic and non-electronic transfers. The programme includes a funeral grant of 1,400 pesos in the event of a beneficiary's passing. It also includes in-kind support for people with a permanent disability between 0 and 17 years of age. In-kind support includes the delivery of vouchers for rehabilitation services in public or private healthcare providers accredited by the National Health System. The Ministry of Welfare and its offices and local branches are responsible for the administration of the benefit.

Similar to the Pension for the Welfare of Older Persons scheme, the Welfare Programme for Persons with Permanent Disabilities is non-contributory. Transfers are provided unconditionally, with the aim of reducing administrative costs. The delivery of benefits is also quicker and less costly than the delivery of non-monetary benefits (food and services) and enables persons to choose how they spend their benefits.

As of early 2022, the Government is seeking to introduce a universal pension for persons with a permanent disability, in cooperation with state governments. The Government would contribute 50 per cent of the budget, with state governments contributing the remaining 50 per cent. This would allow all people with permanent disabilities to access a pension, irrespective of age or location.[107]

3. Impact of the reforms

According to the results of the 2020 census, there are 10.3 million persons aged 65 or over, of whom 54 per cent are women. Ensuring that persons of old age have access to adequate pensions will become increasingly important since their share in the population is expected to rise in the future. In 2010, those aged 65 years or above accounted for 6.18 per cent of the population; by 2020, this share had grown to 8.19 per cent.

The reforms conducted by Mexico guarantees social protection to all the 10.3 million older persons and the more than 1 million persons with a disability, who otherwise may have been left without any protection. These groups combined represent nearly 9 per cent of Mexico's entire population. The increases in benefit amounts in recent years have further contributed to improving the adequacy of benefits, which are currently close to the urban extreme poverty line. In a country in which 55.7 million persons live in poverty, of whom 10.8 million live in extreme poverty, these programmes offer crucial protection from (extreme) poverty for older persons and those living with a disability.

107 Mexico, Ministry of Welfare, "Secretaría de Bienestar sienta las bases para la universalidad de la Pensión para Personas con Discapacidad", 25 February 2022.

4. Way forward

The universal non-contributory pension is one element of Mexico's pension system, which also encompasses social insurance and individual account schemes. It should be emphasized, however, that non-contributory cash transfer benefits are no substitute for formalization policies. The combination of a two-pronged strategy would be preferable, combining a horizontal vision based on universal social protection transfers with contributory social protection schemes that are adapted to informal economy workers (56 per cent of the work force). Further social protection policies should be linked to labour formalization policies in order to ensure access to higher levels of protection for more people, as well as a broader tax and contribution base for social security. While the benefits provided by universal schemes help to prevent extreme poverty, increasing the uptake of contributory pensions would provide better income security in old age.

Lastly, in order to guarantee the future of the universal pension and disability schemes, sustained political will and adequate and sustainable budgetary resources are required. Enshrining the right to these schemes in law would be a first step towards improving their sustainability and would help beneficiaries to exercise their rights in practice.

5. References

CONEVAL (National Council for the Evaluation of Social Programmes, Mexico). 2020. P*obreza y Personas Mayores en México*. ILO.

ILO. 2018. "Social Protection for Older Persons: Policy Trends and Statistics 2017–19", Social Protection Policy Paper 17.

Lindert, Kathy. 2013. "Unconditional and Conditional Cash Transfers". Social Safety Nets Core Course. World Bank.

OECD (Organisation for Economic Co-operation and Development). 2021. "Estadísticas tributarias en América Latina y el Caribe 2021 – México".

29. Lesotho: Providing universal old-age pensions

Thea Westphal

Summary

The Old Age Pension (OAP) is a non-contributory, tax-funded and universal pension targeted to all citizens over the age of 70. The OAP also benefits other household members, particularly children.

With more than 4 per cent of its population above the age of 70, Lesotho has a larger share of older people than many countries in sub-Saharan Africa. All citizens of Lesotho over 70 years of age, with the exception of retirees from the Civil Service, are entitled to a monthly pension benefit of 850 Lesotho Maloti, equivalent to US$55. The OAP was introduced to lift older persons out of poverty and is the largest regular cash transfer in Lesotho, covering about 83,000 persons (4.5 per cent of the population). While coverage of eligible elderly persons is approximately 100 per cent, the OAP programme benefits more people indirectly.

Prior to the OAP's introduction, only war veterans and civil servants received a pension, covering less than 3 per cent of older persons in Lesotho.

Lesotho's efforts to provide a universal old-age pension is in line with key principles of the Social Protection Floors Recommendation, 2012 (No. 202), including the universality of protection based on social solidarity as well as ensuring transparent, accountable and sound financial management and administration.

Main lessons learned

- The high prevalence of HIV/AIDS in Lesotho often leads older persons to become the main caregivers for their orphaned grandchildren. In such cases, the Old Age Pension also benefits children.
- Lesotho's implementation of the Old Age Pension shows that it is possible to cover a whole age group even when part of the population lives in remote areas.
- The OAP has always been fully funded and administered by the Government, which is proof that even a country with limited financial resources can afford a universal programme.

- Regular adjustments in benefit amounts indicate the continued commitment from the Government to improve adequacy of benefits.
- The OAP in Lesotho demonstrates that in the initial years, the administration of a universal non-contributory pension scheme can be done manually.
- Lesotho's OAP experience shows that a universal social protection scheme which has high coverage can help garner political support among people and can be a key factor in the re-election of a government.

1. Why is the OAP needed?

Lesotho's share of elderly people is larger than in other sub-Saharan African countries. This can mainly be attributed to outmigration of young people and the impact of the HIV/AIDS pandemic on the working age population. The HIV/AIDS prevalence rate is 21.1 per cent and has significantly reshaped the country's demographics. Life expectancy is only 55 years and an estimated 130,000 children have lost their parents to the HIV epidemic. Often, older Basotho become the primary caretakers of their grandchildren. In rural areas, 8 per cent of households are skip-generation households.

Furthermore, the incidence of poverty is high with 49.9 per cent of the population living on less than US$1.90 a day. Households with people above 59 years of age experience higher food poverty than the general population (39.3 per cent compared to 34.2 per cent).

Against this backdrop, the Government of Lesotho established the OAP in 2004 under the Lesotho Old Age Pension Act No. 3. The OAP provides a basic income guarantee for older persons with the ultimate objective of lifting them out of poverty. In doing so, Lesotho became a pioneer in the provision of universal benefits for older citizens in sub-Saharan Africa.

From the beginning, the OAP has been a nationally driven effort. The main drivers behind the OAP are the political will and commitment of the Government. The OAP played a significant role in the election outcome in 2007. In post-election surveys, voters indicated that the introduction of the old-age pension was a strong motivation to vote for the then-governing party.

2. How is the OAP implemented?

The OAP is administered by the Ministry of Social Development (MOSD), whilst the benefit amount is announced in the annual budget by the Ministry of Finance. Currently, pensioners receive a monthly payment of 850 Maloti (US$55).

At the outset of the OAP, a village-by-village registration and sensitization exercise of local communities was carried out by the District Administration, traditional village chiefs, and Members of Parliament.

Payment process: New applicants must now approach the Auxiliary Social Welfare Officers of the MOSD or Community Council Offices to register. Applicants are required to provide proof of identity (national identity card, passport, or voter card). These applications are then sent to the MOSD Central Office for entry into the OAP's management information system, as well as cross-verification with other national government records.

MOSD transfers OAP benefit funds to multiple payment points across the country on a monthly basis. These funds are physically carried by the army to the payment points, which are mostly located in buildings of the national post. Successfully registered beneficiaries receive a monthly pension, which they collect from their preferred payment point. To confirm eligibility, the identity cards of beneficiaries are scanned at the pay points using a mobile application which contains information on the amounts due to each beneficiary. Beneficiaries may also elect a representative to collect their pension on their behalf.

On a few occasions, remote payment points are served by helicopter because of weak road infrastructure. The national army provides security at service points and while transferring the OAP funds.

MOSD Central Office and District Management staff conduct random checks of payment points regularly to ensure beneficiary satisfaction with the OAP service delivery. They also record any complaints and queries arising during these checks and provide feedback on actions taken to address previously raised concerns. Service queries are usually handled at the district level, although some cases may be escalated to the Central Office.

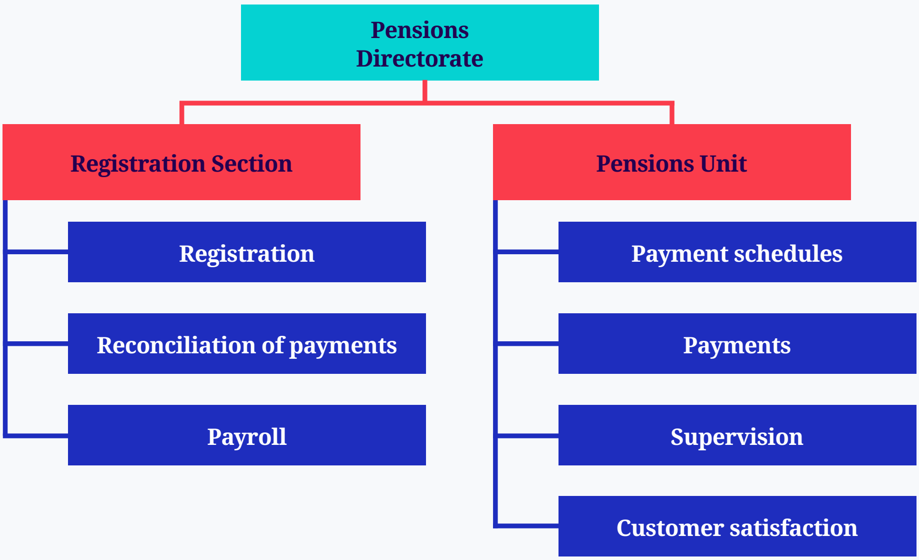
The OAP has gradually improved its operations from a paper-based system to introduce a centralized management information system (MIS) called the Government of Lesotho Social Assistance Benefits System (GOLSABS). The MIS enhancement has allowed for the systematic identification and removal of 'ghost' pensioners, through linkages to other national data bases, which had so far been a challenge.

The OAP GOLSABS management information system has also enhanced the efficiency and accuracy of payment reconciliations, facilitated by the scanning of beneficiary IDs at the respective pay points. Previously, all payroll payment reconciliations were done manually, a cumbersome process, which was prone to errors.

A review undertaken by the World Bank has highlighted residual weaknesses in the OAP payment systems. Of note is OAP's heavy reliance on cash payments, recommending a shift to more secure and cheaper digital payment methods. The MOSD is piloting mobile payments in nine pay points.

Financing: The OAP is financed by general taxation, which largely comes from revenues of the Southern African Customs Union. The total cost is about 2.0 per cent of GDP or 4.5 per cent of total government spending. The Government has pledged to increase benefit amounts on an annual basis. Although OAP utilizes existing structures

Figure 31. Institutional set up of Lesotho's old-age pension



Source: Authors' elaboration.

and government actors, the administrative costs are quite high, estimated at around 20 per cent of the total OAP budget.

Complementary services and transfers provided as part of the wider national social protection system include free primary health care at government health facilities and free anti-retroviral treatment medication for HIV/AIDS patients. MOSD also provides additional support services to the elderly, such as hearing aids or other assistive devices.

Figure 31 shows the institutional set up of OAP.

3. What is the OAP's impact on people?

In addition to the elderly, the OAP has benefitted grandchildren in numerous skip-generation households. Studies estimate that beneficiaries spend as much as 20 per cent of the benefit amount on dependent and orphaned children.

A large portion of the pension is spent on food, which has had a positive effect on food security. The number of beneficiaries who say they rarely or never had enough food declined from 20 per cent to 10 per cent after the introduction of the OAP.

Beneficiaries also reported spending on heating material, clothes, and education-related costs, such as school uniforms, shoes, and books (Thulo and Croome 2006). Beneficiaries are also able to make purchases on credit from local merchants using future OAP payments as guarantees. Finally, the OAP has contributed to empowering older persons by improving their financial status in the household and giving them a feeling of dignity (Wahenga 2007).

4. What's next?

Lesotho has made considerable progress in building its national OAP. However, there is room for improvement.

- Expanding the use of digital payments.
- Lowering the eligibility age for the OAP.
- Regular auditing and timely removal of the deceased.
- Improving case management and referral mechanisms to complementary services for the elderly, and their households. This can be achieved through the integration of the OAP management information system and the National Information System for Social Assistance (NISSA) which administers other MOSD social protection programmes geared towards the poor and vulnerable.

5. References

Beales, S. 2007. "How Older People Spend Their Pensions – Universal Benefits: Delivering Rights and Reducing Poverty", PowerPoint presentation, Feb. 2. HelpAge International.

Bureau of Statistics (Lesotho). 2013. *Lesotho Demographic Survey*, 2011. Maseru.

———. 2008. *2008 Integrated Labor Force Survey* (Maseru).

Cohen, Barney, and Jane Menken (eds.). 2006. *Aging in Sub-Saharan Africa: Recommendations for Furthering Research*. Washington, D.C.: The National Academies Press.

Giovannetti, G. 2011. "Social Protection for Inclusive Development. A New Perspective in EU Cooperation with Africa", Robert Schuman presentation, Nairobi, 10 March.

Government of Lesotho. 2014. *National Policy on Social Development*. Maseru.

———. 2014. *National Social Protection Strategy*. Maseru.

Monchuk, V. 2013. *Reducing Poverty and Investing in People: The New Role of Safety Nets in Africa*. World Bank.

Olivier, Marius, Francis Andrianarison, and Maria McLaughlin. 2013. *Study on Social Protection in Sub-Saharan Africa*. European Commission.

Oxford Poverty and Human Development Initiative. 2015. *Lesotho Country Briefing*. Oxford: University of Oxford.

Pelham, Larissa. 2007. "The politics behind the non-contributory old age social pensions in Lesotho, Namibia and South Africa", CPRC Working Paper 83. Chronic Poverty Research Centre.

Smith, W. James, Emma Mistiaen, Melis Guven, and Morabo Morojele. 2013. "A Safety Net to End Extreme Poverty", Africa Social Safety Net and Social Protection Assessment Series, Social Protection and Labor Discussion Paper No. 1409. World Bank.

Thulo, T., and D. Croome. 2006. "Furthering National Action to Realise Commitments to Social Transfers in Africa", paper presentation, Lisbon, 4 Oct.

Wahenga. 2007. "Old Age Pension, Lesotho", Reba Case Study Brief Number 3. Johannesburg: Regional Hunger and Vulnerability Program.

World Bank. 2014. *Lesotho: Systematic Country Diagnostic*.

World Food Programme. 2015. *Lesotho: Current issues and what the World Food Programme is doing*.

Chapter 4: Towards universal health coverage

30. Costa Rica, Indonesia, Lao People's Democratic Republic, Rwanda, and Viet Nam: Integrating social health protection systems

Henrik Axelson and Lou Tessier

Summary

Social health protection (SHP) designates a series of public or publicly organized and mandated private measures to ensure effective and affordable access to health care as well as income security in case of sickness (ILO 2008). Several countries have moved towards integrated SHP systems with a single pool or with a single institution managing different pools. This study summarizes the main features and lessons learned of the experiences of Costa Rica, Indonesia, Lao People's Democratic Republic (PDR), Rwanda, and Vietnam.

ILO standards provide guidance on ensuring financial protection and effective access to health care, including the Medical Care Recommendation, 1944 (No. 69) and the Social Security (Minimum Standards) Convention, 1952 (No. 102), as well as the Social Protection Floors Recommendation, 2012 (No. 202). These standards take account of the diversity of approaches to ensure financial protection against the cost of medical care, as first defined in Recommendation No. 69: social health insurance and national health service, and combination of such models.

Recommendation No. 202 recognizes the need to put universality of coverage as a central objective of social protection systems, using taxes, social security contributions or a combination of both. In practice, and as illustrated in this country brief, most countries rely on a combination of such mechanisms to extend coverage to all.

Main lessons learned

- Building a coherent SHP system that provides comprehensive coverage to all members requires coordination and harmonization across schemes and sectors, including reducing fragmentation and inefficiencies of existing programmes.
- Proven success factors for the establishment of comprehensive SHP systems include a strong political commitment, the existence of a conducive policy and legal framework,

and the availability of subsidies to provide coverage to population groups with insufficient contributory capacities.

- While integrated systems facilitate risk-sharing between population groups, it is critical to design the system so that redistribution promotes equity.
- Integrating SHP schemes at the administrative and policy levels is helpful, but not sufficient to guarantee equity. Special efforts are required to ensure that the entire population is covered, especially the rural population and vulnerable groups.
- Ensuring that members of SHP are aware of their rights and obligations is often a challenge, especially in countries where a large part of the population live in rural areas and operate in the informal economy. Context-specific approaches can be effective in increasing awareness of their rights.

1. Context

In many countries, the historical processes of development of social health protection systems have not necessarily been comprehensive or uniform, leading to high fragmentation of schemes. To address fragmentation, several countries have moved, or are moving, towards a unified SHP system with a single pool or single institution managing different schemes. The benefits of moving towards a more integrated system and merging risk pools, such as a single social health insurance fund, have been demonstrated in countries such as Mongolia, the Philippines, and the Republic of Korea (Chu, Kwon, and Cowley 2019). In some countries, such as Costa Rica, Indonesia, Lao PDR, Rwanda, and Vietnam, the integration of SHP schemes has been used to extend coverage and reach a wider scope of populations covered (see table 9) regardless of their employment status. Building a coherent SHP system that provides comprehensive coverage to all members requires coordination and harmonization across schemes and sectors, including reducing fragmentation and inefficiencies of existing programmes.

Several reasons motivated the integration of SHP schemes. An integrated system can lead to more equitable access to health care when the benefit package is harmonized across population groups (Myint, Pavlova, and Groot 2019). A single integrated system replacing separate SHP programmes can reduce costs in the long-run because integrated programmes can share resources and because administrative costs are reduced due to economies of scale (BMZ 2019).

Integration facilitates strategic purchasing strategies that can contain costs while ensuring quality. An integrated SHP system can simplify enrolment through unified procedures and facilitates support to beneficiaries, for example through one-stop windows or service centres, which reduce the opportunity costs for applicants, increase the accessibility and inclusiveness of the system and improve the cost-effectiveness of beneficiary services for different programmes (Askim et al. 2011; Ebken 2014).

Table 9. SHP coverage and health financing indicators

Country	Protected persons (%) (affiliated to a SHP scheme)	UHC Service Coverage Index (SDG 3.8.1)	Incidence of catastrophic expenditure (%) (SDG 3.8.2)	Domestic government spending on health as % of GDP	Out-of-pocket (OOP) as % of current health spending
Costa Rica	89.9	78	7.4	5.3	22.3
Indonesia	81.3	59	4.5	1.4	34.8
Lao PDR	93.6	50	3.0	1.0	41.8
Rwanda	83.0	54	1.2	2.6	11.7
Vietnam	90.2	70	8.5	2.3	43.0

Sources: ILO World Social Protection Database, WHO Global Health Expenditure Database and UHC Data Portal.

The advantages of an integrated system can cut across the three financing functions of revenue-raising, pooling, and strategic purchasing:

- The **revenue-raising function** benefits from economies of scale in an integrated scheme. For contributory or partially contributory schemes, since contributions are collected from fewer schemes, the administrative cost of revenue raising can decrease. Contribution compliance can also be improved by strengthening administration and by tasking a single agency with the collection of contributions (ILO 2019a; 2016a). For non-contributory (tax-financed) schemes, having a single institution responsible for SHP can facilitate transparent communication with the ministry of finance and avoid issues of coordination and tension over resource allocation between different programmes.
- **Pooling of revenues** is strengthened because there are fewer schemes to manage and cross-subsidization across population groups becomes easier. In Lao PDR, the National Health Insurance (NHI) scheme was launched in 2016 as part of reforms to integrate and expand SHP. One important feature of the SHP reform was to subsidize contributions for a wide range of population groups, including the poor and vulnerable. This supported the scale up of enrolment in the new scheme nationally rapidly, expanding coverage to almost the whole population (ILO 2019b). In Rwanda, the introduction of a centralized risk pool with electronic transfers and billing contributed to considerable improvements in financial management (USAID 2016).
- **Purchasing of services** becomes more effective and efficient because of increased purchasing and negotiation power of the SHP authority. An integrated SHP system can also reinforce integration of service delivery. In Costa Rica, social health insurance and health care services are provided through a single, publicly funded, integrated purchaser-provider, the *Caja Costariciense de Seguridad Social* (CCSS). Responsibility for service delivery used to be divided: CCSS was responsible for providing hospital

care and the Ministry of Health (MOH) was responsible for public health services and primary health care (Pesec, Ratcliffe, and Bitton 2017). During reforms in the 1990s, responsibility for providing primary health care was transferred from the MOH to the CCSS to facilitate the integration of primary, secondary, and tertiary care, and thus of preventive and curative services. The MOH retained the stewardship function of the overall health system to direct the system, lobby for new legislation where necessary, and set quality standards of care. The decision to integrate the primary health care functions of the MOH and the CCSS was a critical first step in creating a comprehensive primary health care system. The integration enabled all population health to be managed by one agency with one set of goals and one budget and also ensured that both preventive and curative services were equally represented in the new model.

2. Success factors

Political commitment

Bringing together a variety of stakeholders around a common vision and motivation for a unified SHP system is critical to successful integration. To do so requires navigating a landscape of actors with their own priorities and agenda and existing programmes that may resist integration into a single, comprehensive universal social protection (USP) system (BMZ 2019). In Vietnam, political leadership behind universal health care was inspired, among various factors, by the desire to prevent social unrest (The Economist 2014). Political support was leveraged to develop and enforce related laws and regulations and guarantee adequate funding for the SHP system in Vietnam (ILO 2019b). In Costa Rica, the President played an important leadership role in moving towards an integrated SHP system for universal health coverage (UHC) and managed to bring together the MOH and the agency responsible for health insurance (Vargas and Muiser 2013).

The political economy of health reform is highly complex and may generate diverging views between stakeholders. Therefore, social dialogue with government institutions, employers, workers, civil society, academics, and UN agencies and others, is fundamental to generate a broad political consensus for SHP reforms (Ortiz et al. 2019). Boxes 10 to 14 provide information on the integration of social health protection systems in Costa Rica, Lao PDR, Rwanda, Indonesia and Viet Nam.

Progress in SHP coverage in Rwanda was achieved through political commitment and a strong, decentralized network of health facilities and health workers, and the use of collective action and mutual support (ILO 2016b). The President harnessed political power to promote local accountability for advancing the UHC agenda by signing performance contracts with district mayors for meeting certain indicators (Rosenberg et al. 2015). The reform was an integral goal of the overall socio-economic development strategy of the Government.

Political commitment can also be generated through pressure from civil society. The merger of Indonesia's SHP system and move to a single-payer system started after citizens

▶ Box 10. Integrating social health protection systems – the example of Costa Rica

Social health insurance and health care services in Costa Rica are provided through a single, publicly funded, integrated purchaser-provider, the CCSS. Mandatory health insurance for city-dwelling, lower-income worker was introduced in 1941, followed by universal health insurance for all workers and their families in 1961, and extension of insurance to the uncovered subsidized by the national budget. The CCSS provides universal health care insurance by combining social security schemes for four groups into a single national pool: salaried workers and their families, self-employed workers and their families, pensioners and dependents, and fully subsidized beneficiaries. The CCSS also manages sickness and maternity benefits, disability, old age, and death benefits. Costa Rica was among the first countries to achieve UHC. CCSS currently covers 90 per cent of the population.

brought legal actions to hold the Government accountable to implement the 2004 law on the National Social Security System, which stipulated that benefits should be uniform for all members (Global Financing Facility & World Bank 2019). This example illustrates the importance of having a rights-based approach as a condition for the operationalization of the schemes and effective access.

Legal framework

A conducive policy and legal framework are important catalysts of an integrated SHP system. In Vietnam, the first Health Insurance Law was adopted in 2008 and rendered coverage mandatory for children under six, the elderly, the poor and near-poor

▶ Box 11. Integrating social health protection systems – the example of Lao People's Democratic Republic

The National Health Insurance (NHI) scheme was launched in 2016 as part of reforms to integrate and expand SHP in Lao PDR and was further reinforced in the National Health Insurance Strategy 2017–2020. The strategy provides a road map with timeframes guiding the gradual transfer of functional responsibilities from individual schemes to the National Health Insurance Bureau (NHIB), currently under the management of the MOH. The National Health Insurance Law was passed in 2018. Workers in the formal sector are enrolled in a mandatory system funded by contributions from employers and workers. Other groups of the population are subsidized by a taxed-based system. Members must pay a small co-payment at facility level, but the poor and mothers and children under five are exempt from this requirement. The management of the schemes covering the informal sector has been consolidated under the NHIB. With the launch of NHI, SHP coverage increased from 32 per cent in 2015 to 91 per cent in 2018, which is higher than the 80 per cent government target for 2020. However, out-of-pocket (OOP) expenditure still constitutes the largest proportion of revenues of health facilities, highlighting the need to assess the adequacy of benefits.

(ILO 2019b). The law stipulated that the Government should fully subsidize those groups identified vulnerable or with no contributory capacity and should partially subsidize near-poor and students. The law also integrated the Health Care Fund for the Poor in the social health insurance scheme, which created an integrated, single risk pool.

Policy and governance

Designing and implementing a robust policy framework is critical when moving to an integrated system. Governments with an explicit commitment in their health policies and strategies to expand SHP coverage, such as Indonesia, Rwanda, and Vietnam, have reached the highest population coverage (USAID 2018). In Lao PDR, the NHI scheme launched in 2016 was further reinforced in the National Health Insurance Strategy 2017–2020. The strategy provides a road map with timeframes guiding the gradual transfer of functional responsibilities from individual schemes to the National Health Insurance Bureau (NHIB), currently under the management of the MOH.

Governance arrangements are also of vital importance since SHP mechanisms are complex systems to manage. One study found that Indonesia, Rwanda and Vietnam – countries with high population coverage – score high on governance, including reliable insurance supervision and legislation, political commitment and effective management (Global Financing Facility and World Bank 2019). Social dialogue and participation are also key to ensuring that SHP is responsive to the needs of the protected population and gives a voice to the stakeholders. Representation in the governance bodies of institutions in charge of SHP of workers and employers scheme members and those who represent the interests of patients is a key element of good governance (ILO 2019e).

▶ Box 12. Integrating social health protection systems – the example of Rwanda

The SHP system in Rwanda consists of the Rwandaise d'Assurance Maladie (RAMA), which provides medical insurance to civil servants and employees of state-owned enterprises, military medical insurance, which provides basic insurance coverage to military personnel, community-based health insurance (CBHI) schemes (Mutuelles de Santé) for formal and informal sector members. In 2010, Rwanda moved towards integration by setting up the Rwanda Social Security Board (RSSB), which oversees implementation of the SHP for the formal sector, informal sector, and the military, to improve the financial management and efficiency of the system. In 2014, it was decided that managerial responsibility for the CBHI programme would move from the MOH to RSSB. This transition began in July 2015.

Subsidized contributions

Governments in the countries that have integrated their SHP system and managed to substantially increase coverage have all allocated significant subsidies to the coverage of certain population groups with insufficient contributory capacities (ILO 2019c). In

▶ Box 13. Integrating social health protection systems – the example of Indonesia

Indonesia's social protection system consists of contributory schemes (health insurance and employment insurance programs) and non-contributory schemes (tax-financed social assistance programmes). The national health insurance scheme Jaminan Kesehatan Nasional (JKN) was launched in January 2014 by consolidating previously fragmented health insurance schemes and assistance programs at national and provincial levels (ILO 2019c). An important factor in the launch of the integration national scheme was the pressure to integrate vertical programmes such as HIV/AIDS in a broader approach to financing the health system. JKN is funded predominantly by member contributions but also fully subsidizes contributions for the poorest 40 per cent of the population through the health insurance subsidy system. In May 2019, JKN covered 83 per cent of the population.

Lao PDR, the Government shifted to a tax-based financing model, complemented by direct co-payments, at the time of the merger of SHP schemes. Under this model, contributions from workers in the informal sector have been replaced by public subsidies that are transferred to the NHI fund on behalf of workers in the informal sector and the poor and vulnerable.

Through these subsidies, the Government managed to scale up the new scheme very quickly and expanded coverage to almost the entire population. Indonesia, Rwanda and Vietnam made social insurance enrolment mandatory and subsidized – partially or fully – enrolment for low-income groups.

Integration within coordinated social protection systems

Connections with the rest of the social protection system are also fostered by integrated SHP systems. In Rwanda, there is a centralized social registry called Ubudehe, which is

▶ Box 14. Integrating social health protection systems – the example of Viet Nam

The national health insurance programme was introduced in 1992 at the same times as Viet Nam enshrined the right to health care and protection for all citizens in its Constitution for the first time. The Health Care Fund for the Poor was launched in 2003, a government financed SHP mechanism for the poor, ethnic minorities in selected mountainous areas, and all households living in communes officially designated as highly disadvantaged. The first Health Insurance Law of 2008 launched Vietnam's move towards an integrated SHP system. Following revision of the Health Insurance Law in 2014 and a series of policies and regulations aimed at expanding mandatory enrolment to the entire population, population coverage reached 87.7 per cent in 2018. According to the Asian Development Bank, 71.5 million people were covered by social health insurance in 2015.

a household database constructed through periodic social censuses. Similarly, Indonesia has created a unified database for social protection called Basis Data Terpadu (Barca and Chirchir 2014). In Costa Rica, the CCSS administers both medical care benefits and social assistance benefits such as maternity benefits.

In this context, making use of performant information systems can also be, with the right design and protection of personal data, a useful tool.

3. Challenges and attention points

While there are several benefits of integrating SHP systems, a careful design is necessary. Although integrated systems facilitate risk-sharing between population groups, it is crucial to design the system so that redistribution promotes equity. In Vietnam, poorer rural provinces tend to indirectly subsidize the richer and more urban provinces, because health service utilization, and therefore costs, is lower in rural areas (Chu, Kwon, and Cowley 2019). In Lao PDR, utilization rates for members of the scheme for formal sector workers are significantly higher than for the informal sector and the former health equity funds, which means that a prerequisite for successful integration is to identify and address the root causes of inequities in utilization (Ministry of Health of Lao PDR 2018). In Rwanda, social health protection scheme members in the poorest quintile had significantly lower utilization rates and experienced higher catastrophic health spending than the better-off, which may be due to a co-payment level that is too high for the poor (Lu et al. 2012).

These examples demonstrate that integrating SHP schemes at the administrative and policy levels is helpful but not sufficient to guarantee equity. Special efforts are required to ensure that the entire population is covered, especially the rural population, vulnerable groups, and so on, and have (i) adequate access to service provision meeting the requirements of availability, accessibility, acceptability and good quality, and (ii) equal information about their rights and how to access them. Integration may require revising the benefit package accordingly and making additional investments in infrastructure, equipment and training of personnel in order to foster equity. At the same time, it also requires that financing mechanisms are equitable, take account of contributory capacities of individuals and households, the progressivity of existing taxation systems, and are designed in a way that also takes into account broader policy objectives.

Ensuring that members of SHP are aware of their rights and obligations is often a challenge, especially in countries where a large part of the population live in rural areas and operate in the informal economy. For example, in Lao PDR, many poor people appear not to fully take advantage of their rights due to a lack of awareness (Ministry of Health of Lao PDR 2018). There are examples of effective approaches to increasing awareness on rights. The national health insurance scheme in Indonesia developed a mobile application that among other things provides information regarding the programme, member rights and obligations, relevant regulations, procedures to access services, and complaint mechanisms (ILO 2019d).

It is also important that SHP systems carry out regular beneficiary surveys to access to up-to-date information on what beneficiaries perceive is working well and which areas need improvement. Another challenge faced by several countries is geographic access to services. Rwanda has invested in its health system by building a decentralized and strong network of health facilities and health workers to increase effective geographical access to health care.

4. Impact

There are several examples of positive impact of integrated SHP systems. In terms of utilization of health services, the integration of SHP to extend SHI coverage had a positive impact in Vietnam (M. Palmer et al. 2015). For example, in 2010–2012, the student health insurance and free health insurance programmes increased the number of health care visits of children by 13.6 per cent and 66.1 per cent, respectively (ILO 2019b). Another study found that social health insurance has significantly increased utilization of maternal health care services in Indonesia (Wang, Temsah, and Mallick 2017). In terms of health outcomes, a study of Rwanda's compulsory CBHI scheme found that it contributed to dramatic reductions in under-five mortality, infant mortality and maternal mortality (Lu et al. 2012). A study of Vietnam's health insurance programme found that it had a positive impact on the height-for-age and weight-for-age of young school children, and body mass index of adults (Wagstaff and Pradhan 2005).

In terms of financial protection, a study of the CBHI scheme in Rwanda found that the scheme reduced annual per capita out-of-pocket spending by about 3,600 Rwandan Francs (about US$12) (Sydavong et al. 2019). A study of Vietnam found that covered individuals with disabilities spent 84 per cent less on health care than those uncovered (M. G. Palmer and Nguyen 2012). Social health insurance increased the likelihood of using inpatient care and health centres and reduced health expenditure (M. Palmer 2014). In terms of cost containment, analysis found that some measures have already led to efficiency gains at central level in Vietnam. For example, the MOH and Vietnam Social Security (VSS), the health insurance implementer, jointly organized a national drug tender, which saved hundreds of billions of Vietnamese Dong (ILO 2019b).

5. References

Askim, Jostein, Anne Lise Fimreite, Alice Moseley, and Lene Holm Pedersen. 2011. "One-stop Shops for Social Welfare: The Adaptation of an Organizational Form in Three Countries". *Public Administration* 89 (4): 1451–68.

Barca, Valentina, and Richard Chirchir. 2014. *Single Registries and Integrated MISs: De-Mystifying Data and Information Management Concepts*. Canberra: Australian Government – Department of Foreign Affairs and Trade.

BMZ. 2019. *A Systems Perspective on Universal Social Protection towards Life-Long Equitable Access to Comprehensive Social Protection for All*. A discussion paper in the German Health Practice Collection.

Chu, Annie, Soonman Kwon, and Peter Cowley. 2019. "Health Financing Reforms for Moving towards Universal Health Coverage in the Western Pacific Region". *Health Systems & Reform* 5 (1): 32–47.

Ebken, Cormac. 2014. "Single Window Services in Social Protection: Rationale and Design Features in Developing Country Contexts". Single Window Services in Social Protection. Eschborn: Gesellschaft für Internationale Zusammenarbeit.

Global Financing Facility, and World Bank. 2019. *Social Health Insurance in GFF Countries: Opportunities and Pitfalls*. Washington D.C.

ILO. 2008. "Social Health Protection: An ILO Strategy towards Universal Access to Health Care". Social Security Policy Briefings.

———. 2016a. "Mongolia: A One-Stop Shop for Accessible, Transparent and Efficient Public Service Delivery". Social Protection in Action Country Brief.

———. 2016b. "Rwanda: Progress towards Universal Health Coverage". Social Protection in Action Country Brief.

———. 2019a. "Brazil: Protecting Self-Employed Workers through a Monotax Mechanism". Social Protection in Action Country Brief.

———. 2019b. "Viet Nam: expanding Social Health Protection: Towards Equitable Coverage in Viet Nam". Social Protection in Action Country Brief.

———. 2019c. "Extending Social Security to Workers in the Informal Economy: Lessons from International Experience". Issue Brief 1.

———. 2019d. "Indonesia: Easing Access to the National Health Insurance through a Mobile Application". Social Protection in Action Country Brief.

———. 2019e. "Towards Universal Health Coverage: Social Health Protection Principles". Social Protection Spotlight.

Lu, Chunling, Brian Chin, Jiwon Lee Lewandowski, Paulin Basinga, Lisa R. Hirschhorn, Kenneth Hill, Megan Murray, and Agnes Binagwaho. 2012. "Towards Universal Health Coverage: An Evaluation of Rwanda Mutuelles in Its First Eight Years". *PLoS One* 7 (6): e39282.

Ministry of Health of Lao PDR. 2018. "Key Features of the Official Social Health Protection Schemes in Lao PDR". Vientiane: National Health Insurance Bureau.

Myint, Chaw-Yin, Milena Pavlova, and Wim Groot. 2019. "A Systematic Review of the Health-Financing Mechanisms in the Association of Southeast Asian Nations Countries and the People's Republic of China: Lessons for the Move towards Universal Health Coverage". *PloS One* 14 (6): e0217278.

Ortiz, Isabel, Anis Chowdhury, Fabio Duran-Valverde, Taneem Muzaffar, and Stefan Urban. 2019. *Fiscal Space for Social Protection: A Handbook for Assessing Financing Options*. ILO.

Palmer, Michael. 2014. "Inequalities in Universal Health Coverage: Evidence from Vietnam". World Development 64: 384–94.

Palmer, Michael G., and Thi Minh Thuy Nguyen. 2012. "Mainstreaming Health Insurance for People with Disabilities". *Journal of Asian Economics* 23 (5): 600–613.

Palmer, Michael, Sophie Mitra, Daniel Mont, and Nora Groce. 2015. "The Impact of Health Insurance for Children under Age 6 in Vietnam: A Regression Discontinuity Approach". *Social Science & Medicine* 145: 217–26.

Pesec, Madeline, Hannah Ratcliffe, and Asaf Bitton. 2017. *Building a Thriving Primary Health Care System: The Story of Costa Rica*. Ariadne Labs.

Rosenberg, J. et al. 2015. "Implementing Universal Health Coverage: The Experiences in Thailand, Ghana, Rwanda, and Vietnam". Harvard Medical School, Brigham and Women's Hospital.

Sydavong, Thiptaiya, Daisaku Goto, Keisuke Kawata, Shinji Kaneko, and Masaru Ichihashi. 2019. "Potential Demand for Voluntary Community-Based Health Insurance Improvement in Rural Lao People's Democratic Republic: A Randomized Conjoint Experiment". *PloS One* 14 (1): e0210355.

The Economist. 2014. "Limping along – Health Care in Vietnam". *The Economist*. Accessed November 20, 2019.

USAID. 2016. "Health Insurance Profile: Rwanda". African Strategies for Health. Washington, DC.

USAID, Health Policy Plus, and National Team for the Acceleration of Poverty Reduction. 2018. "The Financial Sustainability of Indonesia's National Health Insurance Scheme: 2017–2021". Washington D.C.

Vargas, Juan Rafael, and Jorine Muiser. 2013. "Promoting Universal Financial Protection: A Policy Analysis of Universal Health Coverage in Costa Rica (1940–2000)". *Health Research Policy and Systems* 11 (1): 28.

Wagstaff, Adam, and Menno Pradhan. 2005. "Health Insurance Impacts on Health and Nonmedical Consumption in a Developing Country". Vol. 3563. World Bank Publications.

Wang, Wenjuan, Gheda Temsah, and Lindsay Mallick. 2017. "The Impact of Health Insurance on Maternal Health Care Utilization: Evidence from Ghana, Indonesia and Rwanda". Health Policy and Planning 32 (3): 366–75.

31. Costa Rica: Ensuring universal health protection

Fabio Durán-Valverde and Maria Giulia Gaede Senesi

Summary

The Costa Rican public health system has been strengthened over the course of several decades and is widely considered to be a success story – one of the most successful in the Latin American region.

Costa Rican residents have nearly universal access to a full range of healthcare services and enjoy effective protection from catastrophic health costs. This translates into tangible health outcomes.

According to the 2018 annual report of the Pan American Health Organization (PAHO)/World Health Organization (WHO), Costa Rica has the lowest infant mortality rate in Central America and is ranked 60th of the 184 countries reviewed. It also has one of the world's highest life-expectancy rates, at 79 years, according to PAHO/WHO.

The Costa Rican public health system is closing the final gaps towards the universality of protection based on social solidarity, including in its financing, while high-quality public services help enhance the delivery of social protection benefits. These characteristics constitute a few of the guiding principles set out in the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- The social health protection model based on a social insurance scheme is a viable option for advancing towards universalization. However, it requires financial mechanisms to subsidize the contributions of self-employed workers with low contributory capacity, as well as a strong commitment from the State to fund coverage for poor people who are unable to pay social security contributions.
- The universalization of social health protection is a process that takes time – even decades – to be consolidated, owing to the complexities of financing, organization, and service provision
- The development of a comprehensive healthcare model that is provided with adequate funding and infrastructure leads to improved health outcomes.

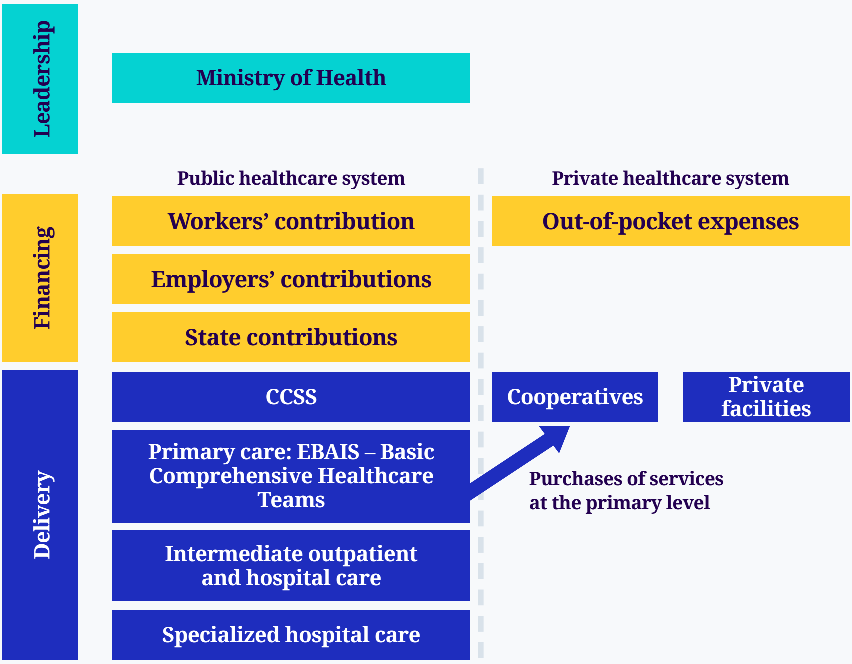
- Costa Rica has shown that there are strong synergies between investments in health and other sectors, such as education and access to basic services, which contribute to improving the state of health of the population. This calls for attention to be paid to intersectoral coordination in social policy design.

1. How does the system work?

The Ministry of Health oversees the performance of essential health functions and takes a leadership role in the sector. The Costa Rican Social Security Fund (CCSS) is the agency responsible for public health insurance and the provision of health care services. Figure 32 provides an overview of the CCSS.

The CCSS model provides access to quality health care services for all. Solidarity in financing ensures members' financial protection in case of sickness, according to their needs and not their means. Social dialogue helps build a national consensus on the design and implementation of the national social health insurance. The Costa Rican system seeks

Figure 32. Overview of the Costa Rican health system



Source: Authors' elaboration.

to ensure universal access to affordable, available and adequate health services using a people-centred approach.

Legal considerations

The Constitution of Costa Rica recognizes the "right to life". The General Health Act of 1973 defines the health of the population as a public good and holds the State responsible for maintaining it, through the health system.

Package of benefits

Costa Rica has one of the region's most integrated health systems, wherein the health of the population is seen as a social product and not solely the outcome of the work of health-service providers. The benefit package offered through the CCSS includes general, specialist and maternity care; hospitalization; medicine; dental; auditory and limited optometry services; and appliances (at reduced cost) (SSA and ISSA 2019).

Network of healthcare providers

The CCSS is the sole public agency responsible for providing health services to different population groups (SSA and ISSA 2019). It has an extensive network of hospitals, clinics and medical professionals that provide healthcare at individual and community levels. It is organized by levels of care and is divided territorially into seven programmatic regions. Primary and emergency medical care are guaranteed for all in Costa Rica; for the other levels of care, registration under some form of health insurance, whether contributory or non-contributory schemes, is required. Primary-level care constitutes the gateway to the health services system, where comprehensive healthcare services are offered. Basic comprehensive healthcare teams (EBAIS) are in charge of primary care. Secondary health services consist of specialized consultations and essential surgical treatment. The tertiary level provides specialized healthcare, such as complex medical and surgical treatments, in national hospitals.

Since the late 1980s, the CCSS has also been indirectly providing almost 7 per cent of first-level outpatient consultations through agreements with private-sector health cooperatives. This collaboration has set in motion strategies for improving effective coverage by reducing waiting lists, leading to improved health outcomes.

Health insurance financing

The system comprises two social health protection regimes: a contributory regime for insured persons, including employed and self-employed workers and pensioners, as well as any dependent family members; and a non-contributory regime for persons on low incomes. Overall, approximately 90 per cent of the population is insured.

The contributory regime is financed through tripartite contributions on labour income: 5.50 per cent from the worker, 9.25 per cent from the employer and 0.25 per cent from the State, making for a total contribution rate of 15 per cent. The non-contributory regime for vulnerable groups is financed via general taxes, such as through special duties on electronic lottery gambling activities and the sale of cigarettes and alcohol. In the case of low-income self-employed workers, a State subsidy that accounts for their individual capacity to contribute is in place. The insurance system is universal for all workers receiving an income, including those in the informal economy.

In 2019, domestic general government health expenditure as a share of GDP was 5.3 per cent. Income from social contributions hovered around 5.1 per cent of GDP, representing approximately 70 per cent of current health expenditure (CHE) for 2019 (WHO 2020). The share of household out-of-pocket payments has also decreased in recent years, falling from 32.7 per cent of CHE in 2005 to 22.3 per cent of CHE in 2019.

2. How was this progress achieved?

The health sector has been the subject of a process of continuous improvement, which began with the introduction of public health programmes and the creation of the Ministry of Health early in the twentieth century.

During the last 30 years of the twentieth century, Costa Rica made successive efforts to improve the coverage and scope of social security services in an integrated manner, including through the comprehensive health system reform launched in the 1990s. The Decentralization Act of 1998 created Community Health Boards to oversee the delivery of local health services, which increased community responsiveness and engagement in establishing health-related priorities and performance targets at the local level. Efforts to establish the EBAIS community primary services teams represent a successful example of ambitious reform, although many challenges remain. Primary care functions as a solid foundation for the rest of the health system and serves as a positive model for other health systems at all stages of development.

3. What are the main results in terms of impact on people's lives?

Social health protection is nearly universal in Costa Rica and its health outcomes are comparable to those seen in most developed countries. In 2019, life expectancy at birth was 82.9 years for women and 77.7 years for men (UN 2019). The country has performed remarkably well in terms of infant mortality, with a rate of 7.5 deaths per 1,000 births in 2019.

The high level of public expenditure on health, coupled with the emphasis on universal coverage and primary care, have contributed to this significant achievement. Nonetheless, waiting lists for specialized services remain a challenge and negatively affect user satisfaction and public confidence.

4. Challenges and way forward

Despite all the progress made, key challenges must still be overcome to guarantee an equitable, sustainable and high-performance healthcare system for present and future generations. Key challenges include the following.

- Ensuring financial sustainability. Although social health protection coverage is near-universal, compliance in paying contributions needs to be improved, with 15 per cent of the taxpayers evading contribution payments.
- Improving effective access to quality health care for populations living in rural areas.
- Due to long waiting lists and perceptions of low quality, some beneficiaries choose to visit private facilities and pay out of pocket. Enhancing quality, reducing waiting lists and increasing the satisfaction of public health services could reduce the amount of out-of-pocket expenses and increase public support in the system.
- Limited social dialogue in policy design. It is crucial to systematically engage with social partners on the design of policies, including for social health protection. The need to increase social dialogue was also noted by Michelle Bachelet, the United Nations High Commissioner for Human Rights, during a visit to the country in 2019 (OHCHR 2019).

5. References

Carrillo Lara, Rafael, et al. 2011. *Informe del equipo de especialistas nacionales nombrado para el análisis de la situación del seguro de salud de la CCSS*. CLACSO.

Costa Rica. General Health Act of Costa Rica. 1973.

Durán Valverde, Fabio, and Fernando Herrero. 2001. "El sector privado en el sistema de salud de Costa Rica". Serie Financiamiento del Desarrollo No. 109. ECLAC.

INEC (National Statistics and Census Institute). *Mortalidad Infantil y Evolución Reciente 2018*.

OECD (Organisation for Economic Co-operation and Development). 2017. "Assessment and Recommendations". In *OECD Reviews of Health Systems: Costa Rica*.

OHCHR (Office of the United Nations High Commissioner for Human Rights). 2019. "Bachelet encourages Costa Rica to continue creating spaces for dialogue and social participation".

PAHO (Pan American Health Organization). 2002. *Perfil del Sistema de Servicios de Salud de Costa Rica*.

———. 2017. "*Costa Rica*". In *Health in the Americas + Summary: Regional Outlook and Country Profiles*.

PAHO and Costa Rica, Ministry of Health. 2004. *Perfil del sistema de servicios de salud de Costa Rica*.

Sauma, Pablo. *Análisis de experiencias internacionales sobre sistemas nacionales de salud: el caso de Costa Rica*. ECLAC.

SSA (United States Social Security Administration) and ISSA. (International Social Security Association) 2019. *Social Security Programs Throughout the World: The Americas, 2019*.

UN (United Nations). 2019. *2019 Revision of World Population Prospects*. Department of Economic and Social Affairs.

UNICEF (United Nations Children's Fund). 2018. *Non-Rounded Estimates of Neonatal Mortality Rates by Country*.

WHO (World Health Organization). 2020. "Global Health Expenditure Database".

World Bank. 2015. *Central America Social Expenditures and Institutional Review: Costa Rica*.

32. Lao People's Democratic Republic: Moving towards universal social health protection

Mathilde Mailfert and Marielle Phe Goursat

Summary

In just a decade, Lao PDR has made impressive progress towards universal health coverage (UHC). From 10.8 per cent in 2008, effective social health protection coverage increased to 93.6 per cent of the population in 2019 and remained at that level since then. However, out-of-pocket (OOP) payments remain high and effective access to quality health services remains a challenge for a significant share of the population.

Lao PDR's efforts towards universal social health protection contribute to the first guarantee of the Social Protection Floor which is to provide access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability, and quality. They also contribute to the implementation of several guiding principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202), such as ensuring that systems offer universal protection based on social solidarity, that benefits are prescribed by national law, and the delivery of social security systems is made through public services.

Main lessons learned

- Voluntary, contributory insurance schemes are not an efficient and sustainable option for covering workers in the informal economy in low and middle-income countries, especially in settings where people's understanding of insurance is low and poverty widespread. The financial sustainability of such schemes is also threatened by adverse selection.
- Quick and successful implementation of a universal scheme is possible when the government's political commitment translates into increased and adequate budgetary allocations to social health protection, and when special efforts are dedicated to building management capacities at both national and decentralized levels.
- Any government committed to UHC should ensure that sufficient funding is allocated to subsidize the enrolment of workers in the informal economy and poor and vulnerable households in social health protection.

- Establishing broad risk pooling is possible in countries that previously operated fragmented social health protection schemes. It requires strong leadership and cross-sector collaboration united around the objective to strengthen redistribution and enhance cost-effectiveness of the administration of social health protection.
- Social health protection schemes contribute to increasing the demand for health care services. Hence, parallel efforts need to be dedicated to strengthening the supply of health care services, particularly at the primary level, in order to ensure availability of quality health services.

1. Process

In a context of high health protection scheme fragmentation at the end of the 2000s, the policy process has focused on how to improve efficiency and offer greater financial protection to the Lao population. The adoption of Decree No. 470/PM in 2012 and its subsequent implementation by the National Health Insurance Bureau (NHIB) under the Ministry of Health (MOH), have been at the cornerstone of health financing reforms in Lao PDR. The NHIB is currently the main purchaser of health services for the Lao population. Health schemes covering people in formal employment are still managed by the National Social Security Fund (NSSF), the Ministry of Defence (military personnel) and the Ministry of Public Security (police personnel) but are being transferred to the management of the NHIB.

Lao PDR committed to achieve universal health coverage by 2025 in its 8th Health Sector Development Plan (Ministry of Health 2016). Over the past ten years, the Government of Lao PDR has been very active in reforming and adjusting health financing policies to progress towards universal health coverage – gradually building the social health protection system over different phases, as described below.

The State Authority for Social Security (SASS, in 1995) and the Lao Social Security Organisation (LSSO, in 2001) schemes were established to cover public and private employees and their dependants respectively, under the management of the National Social Security Fund under the Ministry of Labour and Social Welfare (MOLSW).

Police and Military personnel are covered separately by the Ministry of Public Security and the Ministry of Defence respectively.

From the early 2000s, other programmes have been set up, targeting workers in informal employment and the self-employed through the voluntary and contributory Community-Based Health Insurance (CBHI, since 2002) and the Poor and Vulnerable through the fully subsidized Health Equity Fund (HEF, since 2004). Results were mixed, with limited coverage due to low enrolment rates under the voluntary CBHI and targeting inaccuracies with HEF. As a consequence, only 10.8 per cent of the population was covered by a social health protection scheme in 2008 (Ministry of Health 2017b).

The Free Maternal, Neonatal and Child Health (FMNCH) services policy implemented in 2010 was successful in improving health service utilisation, however, informal direct payments remained significant at facility level, which limited financial protection for the intended beneficiaries who still underwent high levels of out-of-pocket expenses.

Indeed, despite all these efforts, OOP expenditure still amounted to 41.8 per cent of total health expenditure in 2019 (World Health Organization 2021).

In 2012, the Decree No. 470/PM provided the legal basis for the creation of a National Health Insurance (NHI) Fund, aimed at gathering all MOH and MOLSW schemes under one umbrella managed by the NHI Management Committee (MC) and its Secretariat the NHI Bureau. Established as a department of the Ministry of Health, the NHIB is in charge of carrying out all health insurance functions for the coverage of the entire population.

As a first step, the implementation of the NHI scheme started in 2016 with the merger of the schemes under the MOH only (CBHI, HEF and FMNCH). The scheme was rapidly rolled out to all provinces in Lao PDR in 2016–2017. By the end of 2022, only Vientiane Capital was not included under the NHI scheme and only provided protection to the workers in informal employment through voluntary registration with the public CBHI scheme.

Along with the merger of MOH social health insurance schemes, Lao PDR made a major policy shift in 2016 with the adoption of a tax-based financing model, complemented by direct co-payments. Under this model, contributions are no longer collected from workers in informal employment and are replaced by public subsidies transferred to the NHI Fund on behalf of workers in informal employment and the poor and vulnerable.

Through these public subsidies, the Government managed to scale up the new scheme nationally in a very rapid manner, expanding coverage almost to the whole population. In 2017, the NHI strategy adopted as a target a minimum of 80 per cent of the population covered by a social health protection scheme by 2020 (Ministry of Health 2017a). This financing strategy shift allowed Lao PDR to achieve this target in 2018, two years ahead of the objective set in the strategy.

The second step of the merger – which consists in merging the NSSF, Police and Military schemes with the NHI Scheme – started with a pilot in the provinces of Vientiane and Sekong in October 2018. The nation-wide roll-out started in July 2019 and now covers all provinces except Vientiane Capital.

2. Legacy

Inspired by the neighbouring Thai Universal Coverage Scheme (UCS) model, the NHI scheme was successful in overcoming challenges associated with enrolling and collecting contributions from workers in informal employment by offering systematic coverage at the facility level. Upon presentation of the family book and a low co-payment (5,000 Lao kip – approximately US$0.45 – for the lower level of the health facility), any previously uninsured Lao citizen can now access public health facilities in Lao PDR (with the exception of Vientiane Capital).

During the last decade, different views have been expressed on the desired status of the Ministry of Health and its mandate to cover the entire population – in both formal and informal employment – as well as its capacity to successfully implement health insurance functions. Indeed, in terms of capacity, the NSSF historically was better rooted at national, provincial and district levels, had a broader expertise in contracting with health care providers and in the overall management of health financing functions (revenue collection, pooling, purchasing) guaranteeing the separation of purchasing and providing functions. Nevertheless, MOH benefited from the experience in extending coverage to workers in informal employment and poor and vulnerable populations of former CBHI and HEF management teams. Following the adoption of Decree No. 470, NHIB human resources were significantly scaled up to handle the expanded mandate of the Bureau. In addition, and although NHIB enjoys only limited autonomy from the MOH, it can rely on a separate account from the MOH, which gives some degree of flexibility and facilitates the process for the disbursement of funds to all levels.

3. Results

Funding and financial protection

The health sector still suffers from chronic underfunding despite the government's commitment to increase its allocation to health. In 2011, the National Assembly set the goal of an allocation of 9 per cent of general government expenditures to the health sector by 2020. This allocation did increase from 4.7 per cent in 2010–2011 to 7.4 per cent in 2019 (including external funding). However, it remains behind national commitments and lower than the Association of Southeast Asian Nations (ASEAN) average (8.5 per cent in 2019 excluding external funding). This low level of public funding is correlated with high out-of-pocket spending (41.8 per cent in 2019 (World Health Organization 2021). In addition, Lao PDR is still highly dependent on external funding for health (21.2 per cent in 2019).

The funding gap is particularly detrimental to guaranteeing health care services that are available and of acceptable quality. It may also not allow to finance the demand for services in the long term (for example in the form of subsidies of health insurance contributions for workers in informal employment and the poor and vulnerable segments of the population), and the NHI scheme's operations have been suffering from insufficient and delayed allocations from the Ministry of Finance.

Population coverage

The launch of the public subsidies through the NHI scheme enabled a rapid and significant increase in social health protection coverage in Lao PDR. This amounted to

93.6 per cent of the population in 2019. In total, NHI covered 74 per cent of the population (Ministry of Health 2017b), while SASS and LSSO covered 6 per cent and 3 per cent respectively in 2017.

Benefit package

The NHI benefit package is rather generous, covering most health services in the public sector and at each level of care, with few exclusions – the latter corresponding to services such as private rooms or drugs not belonging to the list of essential medicines. It does not duplicate benefits already covered by other programmes such as employment injuries and traffic accidents, malaria, tuberculosis, HIV/AIDS.

Supply-side readiness

Important challenges remain in terms of effective access to health services. According to the MOH Services Availability and Readiness Assessment conducted in 2014, 59 per cent of facilities had the required tracer items and amenities to provide basic health services to the population. This indicator conceals geographical variations as well as variations across services. A survey carried out by the World Bank highlighted low service readiness for basic obstetric care (World Bank Group 2016). For instance, less than 25 per cent of the facilities surveyed had lifesaving maternal health drugs and supplies available.

Utilisation of services

Between 2011–12 and 2017, skilled birth attendance progressed significantly, from 41.5 per cent to 64.4 per cent (Ministry of Health and Lao Statistics Bureau 2012; Lao Statistics Bureau 2018). Similarly, while 43.8 per cent of women aged 15–49 years did not receive antenatal care in 2011–12, this percentage decreased to only 17.9 per cent in 2017. This translated into impressive improvements in outcomes, such as maternal mortality ratio, which plunged from 250 deaths per 100,000 live births in 2012, to an estimated 185 deaths per 100,000 live births in 2017 (WHO 2021). Under-five mortality, also decreased from 68 to 44 per 1,000 live births between 2010 and 2019. Yet, utilisation of services in Lao PDR remains relatively low, with 53.9 per cent and 5.6 per cent for NHI insured for out-patient care and in-patient care respectively and persisting inequalities in both health utilisation and health outcomes – across socioeconomic quintiles, ethnic groups and geographical locations.

4. Way forward

The Government of Lao PDR has recently made progress with the implementation of the long-planned transfer of contribution revenues from SASS, LSSO and Police schemes to the NHI scheme, under the leadership of the NHIB, for the integration of schemes. The merged scheme is currently operational throughout the country, with the exception of Vientiane Capital.

It is expected that the merger of the fragmented schemes under the NHI, established as a single purchasing agency, will improve administrative efficiency, as well as reassert the role of the NHIB as the single purchaser of health services in Lao PDR. In this context, there are still some debates over the status of the NHIB and the necessity to separate it from the MOH, in order to achieve full autonomy and implement a purchaser-provider split. In this context, the next steps will also include moving towards strengthened strategic purchasing, with the review of health care provider payment mechanisms and the introduction of incentives for greater quality in health care provision. Together with the benefit package, payment mechanisms will also help to move away from the current imbalance towards hospital based-care and reinforce primary health care.

The implementation of the NHI scheme reform nationwide will also have important financial implications for health facilities, which used to rely primarily on Revolving Drug Funds, representing an important source of cash flow. These revenues have significantly decreased with the scale up of the NHI scheme (which covers drugs). Health facility revenues will now strongly depend on the NHI channel, hence the requirement for timely and adequate financial allocations to NHIB and health facilities.

The other major objective of the merger is to increase risk pooling, with a more inclusive and bigger pool based on solidarity in financing, in order to ensure that the risk related to financing health interventions is borne by all the members of the pool and not by sub- groups/sub-pools. In the short term though, in the absence of sufficient analysis allowing to measure the extent and direction of cross-subsidies, the option of temporarily maintaining two separate pools (one for "NSSF members" and one for the rest of the population) under the single agency is being considered.

Ensuring financial sustainability of the NHI scheme, while preserving its achievement in term of population coverage and adequacy of benefits, is at the heart of the NHI Strategy 2021–2025. The NHI is currently severely underfunded. With the current level of financial allocation to NHI, Lao PDR will not only be unable achieve its UHC objectives, but it may also reverse its achievements of the past decade. Active mobilization of the Ministry of Finance will be particularly instrumental in increasing awareness on the urgency of sustainability and budget deficit issues, to increase government budget for NHI, including through pro-health taxes.

Additionally, boosting the formalization of the economy and increased compliance of the private sector will expand the coverage of NSSF, leading to increased NHI revenues from contributions, but also through a broadened overall tax base.

Ensuring solidarity in financing and equity in accessing benefits should be the core principles underlying the design of social health protection schemes. It is also of crucial importance to design a system that guarantees benefit entitlements and more specifically effective financial protection, with very limited direct payment in a way to avoid hardship and prejudice to effective treatment. Last but not the least, in the efforts to harmonize the main features of the scheme, attention should be paid to ensure that the design of the social security system provides incentives for workers in formal employment to join the system. Hence, in line with the ILO bi-dimensional approach, higher levels of protection should be progressively achieved through comprehensive social security systems.

5. References

Banzon, E., and A. de la Cruz, M. Mailfert. 2017. *A Rapid Assessment of the Financial Management of the National Health Insurance scheme of Lao PDR*.

Blaakman A. *Design a Minimum Health Services Package and Financing Arrangements to be Subsidized by the Joint ILO-WHO Project in Vang-Vieng District (2014–2015)*.

Lao Statistics Bureau. 2018. *Lao Social Indicator Survey II 2017, Survey Findings Report*. Vientiane: Lao Statistics Bureau and UNICEF.

Mailfert, M., and M. Phe Goursat. 2019. *Design of the Unified National Health Insurance Scheme in Lao PDR*. ILO.

Ministry of Health. 2018. *National Health Accounts Report*. Vientiane.

———. 2016. *Eighth National Health Sector Development Plan 2016–2020*. Vientiane.

———. 2017a. *National Health Insurance Strategy 2017–2020*. Vientiane.

———. 2017b. *Report on Progress of HSDP Implementation under National Health Insurance Bureau 2017 and Plan for 2018*. Vientiane.

———. 2014. *Service Availability and Readiness Assessment Survey Report*. Vientiane.

Ministry of Health and Lao Statistics Bureau. 2012. *Lao PDR Lao Social Indicator Survey (LSIS) 2011–12*. Vientiane.

World Health Organization. 2021. "The Global Health Observatory".

World Bank Group. 2016. *Maternal and Child Health Out-of-Pocket Expenditure and Service Readiness in Lao PDR*.

33. Thailand: A national health insurance beneficiary registry based on national identification numbers

Thibault van Langenhove and Netnapis Suchonwanich

Summary

Built on a partnership between the Ministry of Interior and social health protection schemes, the national health insurance beneficiary registry facilitates access to health care for all and ensures that health services better respond to the needs of patients.

Launched in 2001, the Universal Coverage Scheme (UCS) covers all residents not covered by other social health protection schemes, namely the private employees' Social Security Scheme (SSS) and the Civil Servants' Medical Benefit Scheme (CSMBS).

A national registry of beneficiaries has been built based on the population database maintained by the Ministry of Interior (MOI). It is shared by the three social health protection schemes. Identification of UCS beneficiaries is made by removing from this complete database those covered by SSS and CSMBS. The national identification (ID) number is used by health-care providers to verify eligibility, track delivered services, settle claims, and build a shared medical record for each patient.

Thailand's efforts to expand social health protection coverage and establish a national registry of beneficiaries are in line with key principles of the Social Protection Floors Recommendation, 2012 (No. 202). In particular, they promote the universality of protection based on social solidarity, inclusion of person in the informal economy, and build on the establishment of transparent, accountable and sound financial management and administration.

Main lessons learned

- Thailand's UCS highlights the importance of national database systems for achieving universal health care. The unique national ID number is used to guarantee that all the population has access to health coverage and monitor utilization of health-care services and financial transactions.
- The use of the national ID numbers has led to improvements in the efficiency and transparency of the national social health protection system's management, as well as prevented misuse of public resources.

- Additional identification systems had to be developed to cover those residents who are not part of the national ID card system, such as minorities and migrant workers.
- The development and maintenance of the shared database system rely on clear cooperation outlined in a memorandum of understanding (MoU) signed by the MOI and the National Health Security Office (NHSO). The Registration of Residential Inhabitant Act, B.E. 2534 (1991), provides the MOI with authority to share data with other government agencies according to their specific missions.

1. The need for a shared database to achieve universal coverage

Despite the gradual extension of health protection coverage in Thailand since the 1970s, at the turn of the millennium it was clear that more needed to be done to improve access to health care and finally achieve universal coverage. In 2001, approximately 30 per cent of the Thai population (18 million people) had no health coverage and would bear the entire burden of health-care costs, although exemptions from the payment of fees were granted by hospitals on a case-by-case basis.

To reach these people, the UCS was launched in six provinces in April 2001, in an additional 15 provinces in June 2001, and nationwide in April 2002. The principle of the UCS is simple: it aimed at covering the 76 per cent of the population not covered by other social health protection schemes, which mainly are (a) the SSS for private sector employees and (b) the CSMBS for government employees and government retirees, as well as their spouses, dependants under 20 years old, and parents.

One of the preconditions of the UCS implementation was to be able to identify its beneficiaries and to guarantee all Thai residents have access to one of the existing social health protection schemes.

2. A registry identifying the beneficiaries thanks to a unique ID number and a health smart card

At the beginning of the UCS implementation the proportion of beneficiaries who were eligible to more than one scheme was high (around 10 per cent). On the contrary, many residents were not registered in any of the existing schemes. The need to identify UCS beneficiaries among Thai residents led to the joint establishment by the three national health social protection schemes of a national health insurance beneficiary registry. The NHSO – an autonomous institution created to manage the UCS – was designated to compile and maintain this registry.

In order to compile a complete registry of all Thai citizens, NHSO uses the national civil registration database, established and maintained by the National Civil Registration Office, MOI. By law, this office is responsible for registering all births, deaths, marriages, divorces, and migrations. A unique 13-digit identification number is generated for each

Figure 33. Characteristics of the Thai national ID number

- The ID number consists of 13 digits, each with a specific meaning.
- The last digit is a checksum used to prevent fraud.
- It is unique for each Thai person from cradle to grave.
- The MOI generates the ID number at the time of birth registration.
- The ID number is printed on the national ID card.

Source: Elaborated by the author.

Thai citizen at the time that their births are registered in the national civil registration database. National ID cards are issued to citizens when they reach the age of 7 years old (see figure 33).

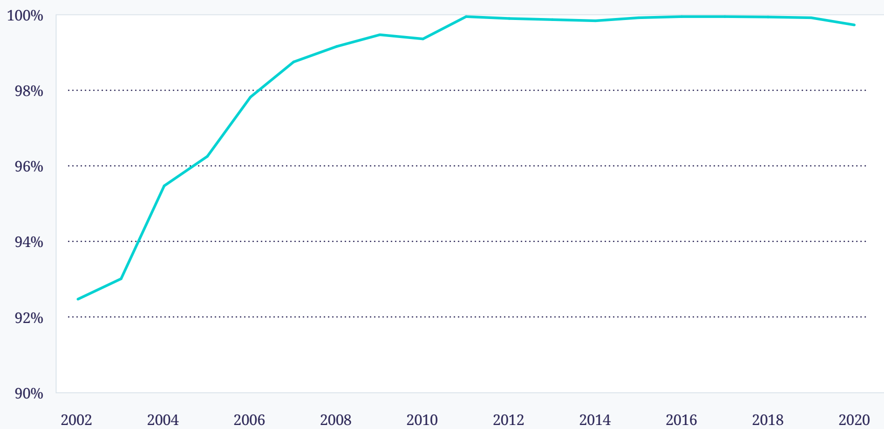
National ID numbers are used to register children at school, apply for driving licenses, and request many other documents. Since 2001, national ID numbers are also used to identify a citizen upon delivery of health-care services, track their utilization of services throughout the health-care system, settle claims, and ensure that health-care procedures are consistent across different health-care facilities.

The National Civil Registration Office and the managers of the three health insurance schemes dynamically update the population data on a daily basis by adding births, removing deceased citizens, and recording shifts in memberships across the three schemes. The list of UCS beneficiaries is produced based on the comprehensive MOI Database, excluding SSS and CSMBS beneficiaries.

In accordance with ILO Recommendation No. 202, the UCS is not designed only for Thai people, but for all residents of Thailand. Although the issuance of national ID cards is restricted to Thai people, the MOI still issues national ID numbers for non-Thai residents (the first digit of the ID number identifies that the person is non-Thai). Based on these unique ID numbers, health cards for foreigners are delivered by NHSO at the time of registration. Despite them not being "smart", health cards for foreigners perform similar functions (that is identification of the beneficiary, unique ID that can be used to search information in the database, among other functions). Registered migrant workers are entitled to health services provided by the Ministry of Public Health and the Social Security Office. In addition to the national registry, an administrative database stores information tied to national ID numbers for all outpatient and inpatient care, as well as medical and service transactions. Discharge summaries, claims under diagnosis-related groups, and patients' annual expenditures covered by health social protection schemes are all linked to the patients' unique ID number. Thus, the system can provide for each resident information on the current affiliation status as well as historical transactions across the different social health protection schemes. Upon delivery of services, health-care professionals can access the patient's profile, including their personal medical records. This guarantees that all patients are provided quality health care that responds to their needs.

Figure 34 shows the increase of the coverage of social health protection in Thailand.

▶ Figure 34. Social health protection coverage in Thailand, 2002–20



▶ Source: National Health Security Office, 2020

3. Next steps

Thailand plans to increase the efficiency of the national health-care system by decreasing fraud, human error, and overhead costs. The electronic administration of claims, which uses information from the shared database system, has made fraud virtually impossible and reduced administrative costs. Through increased collaboration between the National

Civil Registration Office and the three social health protection schemes it is expected that the health insurance beneficiary registry will be updated on a more frequent basis, allowing for more information to be shared and delays in sharing information reduced. In 2019, the *Thailand Health Information Exchange project* was established under the Government Big Data Institute, which aims to facilitate the exchange and analysis of health service information.

The close collaboration between NHSO and MOI has led to improvements in Thailand's births and deaths registration system. For example, one project (initiated in 2011) between NHSO, MOI, Ministry of Public Health, and UNICEF aims to directly and electronically send information on new-borns from the hospital delivery room to MOI's database. This online birth registration system will progressively replace the previous one where parents register their new-borns at a district office within 15 days of delivery. The online birth registration system was implemented nationwide in 2013 and is now available in all public hospitals.

4. References

Health Insurance System Research Office. 2012. *Thailand's Universal Coverage Scheme: Achievements and Challenges, an Independent Assessment of the First 10 Years (2001–2010)*. Nonthaburi.

———. 2015. *Official website*.

ILO. 2014. "Thailand: Universal Health Coverage". Social protection in action: Innovative experiences.

Ministry of Public Health andThai Health Promotion Foundation. 2008. *Thailand health profile, 2005–2007*. Bangkok: The War Veterans Organization of Thailand.

NHSO. 2020. *Annual Report – Fiscal Year 2020*.

Sakunphanit, T. 2008. *Universal health care coverage through pluralistic approaches: Experience from Thailand*. Bangkok: ILO.

Scheil-Adlung, X. 2014. *Universal Health Protection: Progress to date and the way forward, Social Protection Policy Papers No. 10*. Geneva: ILO.

Schmitt, V., T. Sakunphanit, T., O. Prasitsiriphol. 2013. *Social protection assessment based national dialogue: Towards a nationally defined social protection floor in Thailand*. Bangkok: ILO.

34. Indonesia: Easing access to the national health insurance scheme through a mobile application

Sinta Satriana

Summary

In an effort to expand coverage and improve the quality of its services, Indonesia's national social health insurance scheme (Jaminan Kesehatan Nasional, JKN) has launched a mobile application for the scheme. The application improves accessibility for participants while at the same time reducing the workload for the administrator.

Indonesia is developing one of the biggest single-payer social health insurance systems in the world, aiming to cover its entire population of over 260 million. JKN unified the previously segmented health insurance schemes into one organization under BPJS Kesehatan. Since its implementation in 2014, JKN has extended health insurance coverage from less than 50 per cent to more than 80 per cent of the population.

In an effort to further expand membership and improve services, the National Health Insurance Administrator (BPJS Kesehatan) launched Mobile JKN, a mobile application that allows people to register, view billing information, pay monthly contributions, select or change the primary healthcare provider, set appointments with healthcare providers, and file complaints, all from their cellular devices.

The development of the Mobile JKN contributes to the provision of high-quality public service that enhance the delivery of social security systems and helps to reach efficiency and accessibility of complaint and appeal procedures, both core principles of the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- The JKN scheme has achieved notable progress in extending coverage in a relatively short amount of time. However, reaching the last mile towards universal health coverage proves to be a significant challenge, particularly in ensuring coverage for workers in informal employment and their families, who do not qualify for contribution subsidies.
- Reaching universal health coverage and providing sufficient services require a concerted effort using various innovations. In a vast country like Indonesia, an

innovative mobile application has not only helped people to access services, but also significantly reduced the administrator's workload.

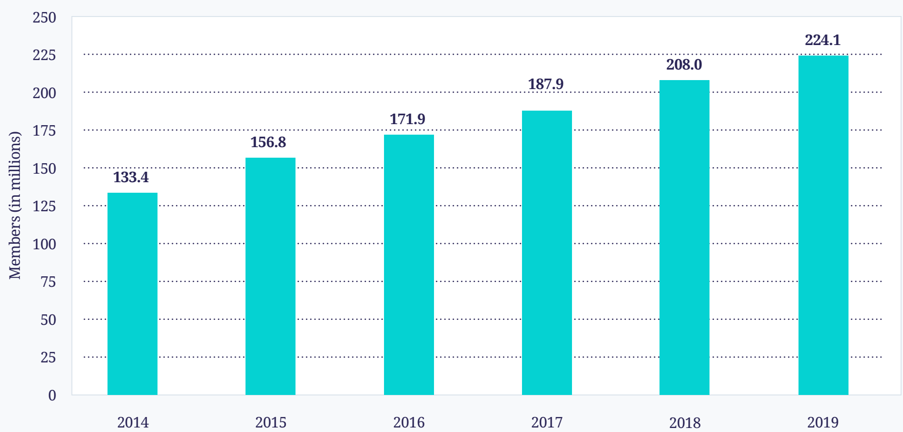
- BPJS Kesehatan's collaboration with local governments and service providers is essential for improving outreach and usability of Mobile JKN. For this, clear guidelines, sound monitoring and data protection measures are required.

1. Easing access to JKN in Indonesia

Indonesia is developing one of the biggest single-payer social health insurance systems[108] in the world, aiming to cover its entire population of over 260 million. The national social health insurance scheme JKN started implementation in January 2014 by consolidating previously fragmented health insurance and assistance programmes at national and provincial levels. These included those for public sector employees, formal private sector workers, low-income people and a pilot programme for workers in the informal economy, which covered 121.6 million (47 per cent of the population) in January 2014 (TNP2K 2015).

As of October 2022, JKN has covered over 246.46 million people or around 89 per cent of the population, a significant stride towards reaching Universal Health Coverage (UHC) (BPJS Kesehatan 2022) (see figure 35).

Figure 35. Coverage of Indonesia's JKN, 2014–2019



Source: BPJS Kesehatan Monthly Report, 2019.

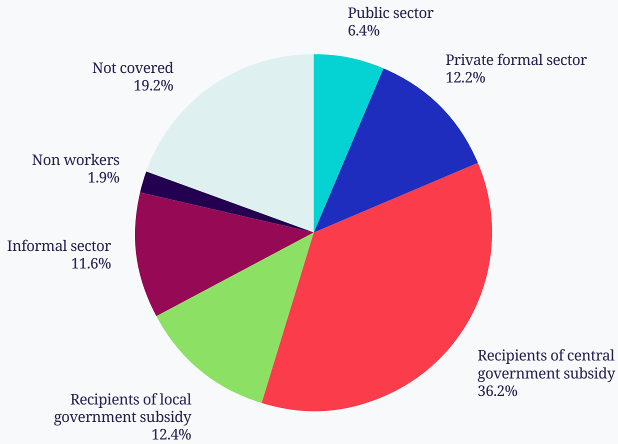
108 A single-payer health insurance system is defined here as a system where one entity, usually public or partly-public, pools all healthcare revenues and manages the payment to the service providers for the whole population.

Expansion of the social health insurance, however, was not without challenges. A big gap existed (and remains) in covering the non-poor informal sector population. Figure 36 shows that in 2018 public and private formal sector workers and their dependants registered in JKN made up 18.7 per cent of the population. Only 11.6 per cent of the population was registered under the non-wage earner segment, despite nearly 60 per cent of the Indonesian workforce belonging to the category of self-employed workers (Statistics Indonesia 2018a).

About half of JKN members receive government subsidies for their contribution payments. 36.2 per cent of the population is considered poor or near poor according to the national poverty database and receives full contribution subsidies from the Central Government. In addition, some district and provincial governments provide contribution subsidies, either universal or means-tested, to their residents, comprising 12.4 per cent of population. The non-working member category constitutes 1.9 per cent of the population and is composed of pensioners, veterans, investors and other non-employees.

While membership for formal sector workers is compulsory and the poor are automatically enrolled in the scheme, non-poor self-employed workers are expected to join voluntarily and pay monthly contributions on their own. The lack of a legal obligation to register accompanied by time and financial costs of registering at the assigned BPJS Kesehatan offices were preventing further expansion among workers in informal employment.

Figure 36. JKN membership and non-membership among the Indonesian population, 2018



Source: BPJS Kesehatan Annual Report, 2018.

Furthermore, the informal sector members do not pay their contributions on a regular basis. At any given time, more than 40 per cent of members in this category may be lagging in their monthly premium payments or may have stopped paying completely.

2. A mobile application to improve accessibility and reduce administrative burden

Mobile JKN, launched in November 2017, provides a much-needed alternative to the physical BPJS Kesehatan offices, where administrative activities are performed at branch offices or health facilities during business hours. Indonesia is an archipelago of more than 16,000 islands, and the vast distances between people's homes and BPJS Kesehatan offices make it difficult for people to approach the office and hinder access to health insurance for many. As membership increased over the years, many BPJS Kesehatan offices have been overwhelmed with the increased demand for services. This initiative, hence, also aims to reduce the administrative burden of existing BPJS Kesehatan offices.

This initiative takes advantage of the rapid growth in the use of mobile devices in Indonesia. The number of smartphone users in the country was estimated to be more than 100 million people in 2018, nearly double from 2015, with more than 90 million people using various mobile applications (Tempo 2018).

Mobile JKN can be downloaded from Google Play or App Store. With the application, users can register to become JKN members and existing members can log in to make use of the available features, which are described below.

User profile contains the participant's electronic membership card, availability and selection of the primary healthcare provider, selection of membership class (ward types in case of hospitalization), and the participant's contact information. The membership ID is linked to the national ID system, so information such as the member's address and household composition can be automatically updated. The electronic membership card, known as KIS Digital, allows patients to receive timely services at healthcare providers without having to carry the physical card.

Billing information provides the payment history, amount of premium to be paid, possible methods of payment, and links to electronic payment mechanisms.

Service information has the participant's medical service history with JKN which is visible only to the participant. It provides an option to participate in a personal health screening and will in future allow participants to make appointments with healthcare providers (currently in pilot stage).

General information provides information regarding the JKN programme, member's rights and obligations, relevant regulations, procedures to access services, and complaint platforms. Mobile complaints along with complaints from other channels (call centre, website and branch offices) are channelled to the central BPJS Kesehatan office and forwarded to the relevant branch or service provider. Unresolved complaints are flagged in the system and the member receives a call-back from the call centre.

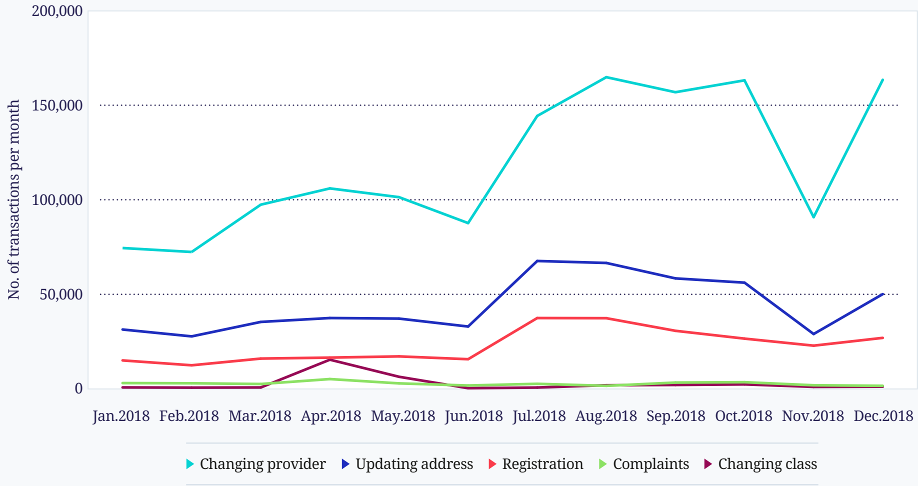
3. Impact on JKN members and administrators

Since its launch in November 2017, Mobile JKN has been used by nearly 3.5 million users. Most app users belong to the non-poor informal sector (1.2 million users) and the private formal sector (1.5 million users). This is in line with the programme's objective, as the two categories have the most need for the app due to the nature of their membership (having to individually check and update their membership status, class, personal information, and so on). These segments are also most likely to own and use smart phones.

Throughout 2018, the highest utilisation of the app was for selecting and switching the primary healthcare provider (around 80,000 to 160,000 transactions per month) followed by updating personal address (27,000 to 70,000 transactions per month) and registration (12,000 to 28,000 transactions per month). Complaints made through the application are still relatively low at around 1,500 to 5,000 transactions per month but expected to increase as BPJS Kesehatan intends to promote this function (see figure 37).

The impact of the application in reducing administrative workload has been particularly felt in big branch offices in cities where Mobile JKN usage is high. For instance, the branch

Figure 37. Usage of Indonesia's mobile JKN, 2018



Source: BPJS Kesehatan

office in Surabaya received an average of 800 visitors per day prior to the launch of the application and currently receives around 500 visitors per day.

The highest number of users is currently concentrated in big cities such as Jakarta, Surabaya and Medan. However, more and more users are signing up all over Indonesia, all the way to sparsely populated areas such as West Papua.

The utilisation and awareness of the application still need to be improved, although significant progress has been made on this front. Surveys to check JKN awareness among Indonesians demonstrated that in 2017, only 5 per cent of respondents knew about Mobile JKN as a medium to register in the health insurance scheme, whereas in 2018, 23 per cent were aware of it.

4. Challenges and way forward

BPJS Kesehatan realises that improving coverage and service quality requires a concerted effort, using various approaches for different problems. The Mobile JKN initiative, therefore, needs to be further integrated with other initiatives. For instance, to increase the number of actively paying members among informal sector members, Mobile JKN intends to facilitate an auto-payment mechanism using e-wallet accounts to facilitate payments and ensure regular payments for members who do not own bank accounts. Making use of the national ID system, BPJS Kesehatan will also work with the Ministry of Interior to map and identify informal sector workers who lack the ability to pay, to be proposed to local governments to receive premium subsidies.

Mobile JKN will continue to be developed, to include other necessary features such as for changing employment categories (for example a previously formally employed worker who wants to continue membership as a self-employed worker), updating number of dependants, and linkage to the online referral system.

BPJS Kesehatan is exploring ways to improve user engagement through the application, including by providing regular healthcare related information and preventive measures on the app, improving user interface (such as by adding an interactive chat booth), and working with local governments and service providers to promote the use of Mobile JKN. For this, clear guidelines, sound monitoring and data security measures are necessary.

5. References

BPJS Kesehatan. 2017. “Akses Pelayanan Dalam Genggaman BPJS Kesehatan Luncurkan Aplikasi Mobile JKN, Banyak Manfaat dan Mudahkan Peserta JKN-KIS”. 15 Nov 2017. Jakarta

BPJS Kesehatan. 2018. “BPJS Membership by category”. Updated 1 January 2019.

BPJS Kesehatan. 2021. “The Role of Social Security to Achieve Universal Health Coverage In-Line with Sustainable Development Goals in the Provision of Affordable Health Care for All”.

BPJS Kesehatan. 2022. “JKN Health Services, Quality and Equitable Access to Health Facilities are Challenged”.

Statistics Indonesia. 2018a. “Berita Resmi Statistik: Keadaan Ketenagakerjaan Indonesia”. February 2018. Jakarta

———. 2018b. “Labour Force Situation in Indonesia”. August 2018. Jakarta.

Tempo. 2018. “Pengguna Smartphone Akan Tembus 100 Juta, Kemenperin Siapkan Ini. Jakarta”. 17 February 2018

35. West and Central Africa: Exploring public options of social health protection for refugees

Olivier Louis dit Guérin

Summary

Since 2014, the International Labour Organization (ILO) and the United Nations High Commissioner for Refugees (UNHCR) have worked together in line with their respective mandates to strengthen access to decent work among refugees, especially as regards income generation and social protection. This partnership has led to the elaboration of joint technical studies in several West and Central African countries.

These joint studies have enabled the development of tailored approaches that take into account each country's policies and progress on social health protection and its extension to the informal economy and the agricultural sector. The United Nations Convention relating to the Status of Refugees, 1951, calls for refugees to have the same access to health services as host country nationals. This equality of treatment is also enshrined in ILO standards concerning social protection.

The integration of refugees into initiatives aiming at universal health coverage now demands the development of tailored strategies that are closely tied to the improvement of refugee livelihoods and their economic inclusion. In certain countries, this will require adjustments to the legal framework governing their status and modifications to the social health protection system to improve social inclusion.

These efforts to extend social health protection coverage to refugees contributes to ensuring the universality of protection, based on social solidarity, and promote a system based on non-discrimination and responsiveness to special needs, core guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- The situations in West and Central African countries vary greatly in accordance with the maturity of each country's social health protection system. It is therefore important to develop new strategies in line with the humanitarian-development nexus and national efforts to extend social protection.

- Approaches aiming at integrating refugees into national social protection systems should be designed in accordance with national contexts, combining the contribution of economically integrated refugees with the provision of assistance to the most vulnerable and those with specific needs.
- The vast majority of refugees living in urban areas and camps operate in the informal economy and the agricultural sector, and a significant proportion are in vulnerable situations. The inclusion of refugees in social health protection mechanisms is therefore closely linked to the extension of social protection to the informal economy in line with empowerment and economic integration programmes.

1. A partnership for the right of refugees to social protection

The extension of social protection towards the attainment of goals 1 and 3 of the UN's 2030 Agenda for Sustainable Development applies to all, including displaced persons and refugees. The number of refugees, asylum seekers or internally displaced persons worldwide has reached an all-time high of 100 million people in 2022 (EC 2022).

ILO instruments such as the Equality of Treatment (Social Security) Convention, 1962 (No. 118) and the Employment and Decent Work for Peace and Resilience Recommendation, 2017 (No. 205) acknowledge the importance of ensuring that displaced persons and refugees are covered by social protection mechanisms (ILO 2021).

Access to health care, including prenatal and postnatal care, is the first guarantee of social protection floors for all. Recommendation No. 202 states that social protection is a universal human right and an economic and social necessity for development and progress. It also underscores the importance of guaranteeing access to "essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality [while preventing] hardship and an increased risk of poverty due to the financial consequences of accessing essential health care".

The health of refugees and other forcibly displaced persons is a key element of the protection provided by UNHCR, the aim of which is to secure their access to quality health services equivalent to those enjoyed by host country populations. Public health and community development programmes are therefore developed in close collaboration with governments and partner organizations and seek to reduce morbidity and mortality among refugees and other persons of concern to UNHCR. These programmes now align with the humanitarian-development nexus and feature initiatives that aim at promoting sustainable local solutions for refugees and host populations.

Since 2014, through this partnership on social health protection, the ILO and UNHCR have worked in several West and Central African countries to strengthen advocacy and provide technical support towards the inclusion of refugees in national social protection systems. The aim of this partnership is to identify opportunities and strategies to integrate refugees into national social protection systems, with health as a starting point.

2. A variety of situations

Although in some cases individuals have gained access to formal work and do not depend on UNHCR assistance, in general, refugees in countries supported through this partnership are, in economic terms, part of the informal economy and/or the agricultural sector. These refugees therefore fall within the scope of the extension of social protection. The variety of situations at play, especially with regards to refugees' living circumstance (in camp and camp-like settings versus urban areas) which influences coverage and access to health services, calls for a tailored approach. The countries in question can be broadly grouped into three categories:

- Some countries, such as Rwanda, Djibouti, Sudan and Senegal, have sought to include the entire population in a social health protection system combining contributory and non-contributory mechanisms. However, the integration of refugees is not necessarily a given, and countries sometimes need to be reminded of their international commitments before the technical and financial arrangements for integration can be considered.
- Other countries, such as Cameroon, Egypt and Burkina Faso, are in the process of implementing their national health coverage systems. In such cases, the inclusion of refugees requires first that they be taken into account in the design of these systems, when developing the technical and financial architecture of the system.
- Finally, some countries have not yet taken the decision to develop a universal health coverage system. Substantive work is therefore needed to support the development of national social protection systems, in particular through inclusive national dialogue. UNHCR may occasionally opt for transitional measures in these countries. For example, in the Democratic Republic of the Congo, where there are currently no public options for coverage for refugees, UNHCR has decided to register refugees in urban areas with a mutual health fund already accessed by nationals. Conversely, existing mutual and private funds in Guinea do not have the technical capacity and minimum management structure required and refugees are therefore covered by UNHCR directly.

The inclusion of refugees in social health protection coverage schemes feeds into the broader question of extension of social protection to the informal economy, which requires strategies aiming at gradual integration to be formulated and closely aligned with programmes focused on economic integration. Technical studies conducted in these countries have also demonstrated the limits of strategies based around private mechanisms such as community health mutual funds and commercial insurance.

3. A promising example of integration in Rwanda

The national social health protection system in Rwanda comprises several schemes addressing different professional and socioeconomic groups. Aside from a number of students registered with the national university mutual fund and workers covered by

Rwandan Health Insurance scheme (RAMA, Rwandaise d'Assurance Maladie), all other refugees are covered by community-based health insurance (CBHI). CBHI is a public social security scheme administered by the Rwanda Social Security Board (RSSB). In 2017, the Rwandan Government pledged to integrate refugees gradually into the national social health protection system. A technical feasibility study was conducted by the ILO and UNHCR the following year. The enrolment of urban refugees began in September 2019 along with the issuance of identity cards by the Rwandan Government. The feasibility study effectively revealed close links between legal protection measures for refugees, such as access to identification documents in the host country, and administrative barriers to accessing social protection and care.

As of 2022, 12,080 urban refugees and students were covered by CBHI. Any adaptations are discussed in the context of a memorandum of understanding between the ministry responsible for refugees, CBHI and UNHCR, with the aim of ensuring that refugees can access conditions similar to those enjoyed by host communities. In particular, this will require the application to refugees of a contribution categorization system and registration and membership renewal procedures that are similar to those available to Rwandan households operating in the informal economy. Currently, UNHCR pays the contributions of refugees, which has been set at the rate charged to those in the highest income bracket. Ensuring that contribution rates accurately reflect each refugee's individual capacity to contribute will be an important next step, especially considering plans for a gradual shift in responsibility for such payments from UNHCR to refugees at some point in the future. UNHCR will continue to cover contributions for children, people in vulnerable circumstances and those with specific needs.

4. What's next?

Based on initial experiences of integrating refugees into national social health protection systems, it is necessary to develop a tailored approach for each country concerned. To this end, the joint ILO-UNHCR handbook on social health protection for refugees has been developed and is available in various languages to guide practitioners.

In addition, the ILO together with UNHCR, UNICEF, the World Bank and IFC are part of the "Partnership for improving prospects for forcibly displaced persons and host communities" (PROSPECTS). Under the PROSPECTS umbrella, various approaches, usually starting with the inclusion of refugees into national social (health) protection programmes are evaluated with the aim of identifying sustainable and cost-effective solutions to reduce the reliance on humanitarian assistance, particularly in protracted situations.

5. References

EC (European Commission). 2022. "European Civil Protection and Humanitarian Aid Operations: Forced Displacement Factsheet".

ILO. 2017. *World Social Protection Report 2017 - 2019: Universal Social Protection to Achieve Sustainable Development Goals*.

———. 2019. B*uilding Social Protection Systems: International Standards and Human Rights Instruments*.

———. 2021. *Extending Social Protection to Migrant Workers, Refugees, and their Families: Guide for Policymakers and Practitioners*.

———. and UNHCR. 2017. "Joint letter for all staff. ILO-UNHCR Joint Action Plan".

———. and ———. 2018. *Exploring Public Social Health Protection Options for Refugees in Rwanda.*

UNHCR. 2010. *Public health equity in refugee and other displaced persons*.

———. 2019. *Global Trends – Forced Displacement in 2018*.

36. Viet Nam: Social Health Protection and the COVID-19 pandemic

Marielle Phe Goursat and Dung Thuy Doan

Summary

Given its population of nearly 100 million people, the high population density of its major cities and the limited capacity of its health sector to absorb a massive increase of inpatients in intensive care, the emergence of the COVID-19 pandemic could have been disastrous for Viet Nam's public health system. However, for more than two years Viet Nam had one of the lowest COVID-19 incidence rates in the world and the current COVID-19 mortality rate stands relatively low, at 35.58 deaths per 100,000 inhabitants. Gross domestic product has continued to grow, by 2.9 per cent in 2020 and 2.6 per cent in 2021, making Viet Nam one of the top performing economies globally in 2020 and 2021.

Viet Nam's efforts to battle the COVID-19 pandemic were made possible thanks to its pre-existing social health protection system, which is based on the universality of protection based on social solidarity and a system of high-quality public service providers, both guiding principles of Recommendation No. 202.

Main lessons learned

- The success of a responsive social health protection system lies in its ability to ensure that health systems are prepared for potential crises and that they are able to adapt to changing circumstances. Viet Nam was able to rapidly contain its successive COVID-19 waves thanks to its health surveillance system and the rapid roll-out of its vaccination campaign. The country was also able to provide immediate financial protection from healthcare costs thanks to the presence of a well-established and nearly universal health insurance scheme. The scheme required only small adjustments to respond to the COVID-19 pandemic, which were put in place relatively easily.

- The capacity to mobilize and pool financial resources from various sources plays an important role in responding to increased and exceptional needs in time of crisis, as demonstrated by the COVID-19 Vaccine Fund established by the Prime Minister. In Viet Nam, the social health protection financing mix, including both social contributions to health insurance and a large share of government subsidies in the overall health budget, helps to guarantee a certain level of revenues to the health sector when a crisis occurs, as well as to support the stability of the social health protection system.

- In times of public health crises, it is important for a social health insurance scheme to be complemented by a comprehensive and integrated social protection system that protects people in cases of sickness, unemployment and dealing with containment measures such as lockdowns, thereby reducing the risk of contagion and the resulting need for intensive care. In Viet Nam, the COVID-19 crisis highlighted the facts that access to sickness benefits was insufficient, as it excluded workers in informal employment, and that vulnerable workers did not receive sufficient protection due to fragmented social assistance programmes, with limited coverage.

1. Key COVID-19 social health protection responses

Early and decisive multisectoral actions for pandemic prevention and containment

A key enabling factor of Viet Nam's success in containing the COVID-19 pandemic was the early and decisive action of top leadership, even before the WHO declared COVID-19 a Public Health Emergency of International Concern. A national steering committee for COVID-19 control was established promptly and a multisectoral response plan was developed, spearheaded by Deputy Prime Minister Vu Duc Dam. Taking a clear stance to prioritize public health over economic growth, preventive and containment measures and their results were communicated regularly and transparently by the Government, increasing public trust and leading to strict adherence to imposed measures. The Government's strategy focused on prevention, adopting a strict and large-scale testing-tracing-isolating approach. Viet Nam reached 1,000 tests for each positive case at the end of December 2020, with up to three layers of contacts being traced. Viet Nam also carried out rigorous isolation measures requiring mandatory quarantine, initially in government camps only, for all those who tested positive and most of their first-layer contacts. The Government also responded to local outbreaks by implementing commune-level lockdowns and closing non-essential businesses and schools, and it closed its boarders to foreign visitors from February 2020 to January 2022. Despite the slow take-off of its vaccination campaign, by January 2022 70.3 per cent of the population had received a full course of vaccination, with up to 1,000,000 doses administered daily.

Emergency measures embedded in the national health system

Along with its pandemic containment efforts, Viet Nam strives to provide access to healthcare to those infected and has embedded several emergency measures in its national health system. Viet Nam's previous experiences dealing with pandemics, including the SARS epidemic in 2003 and human cases of avian influenza between 2004 and 2010, led to a well-established health surveillance system. This enabled Viet Nam to quickly implement its testing-tracing-isolating strategy in response to the COVID-19 pandemic.

The Government introduced a range of measures in response to the COVID-19 pandemic, whose rapid and frequent developments unfortunately made it challenging to hold systematic tripartite engagement on which measures to enact. Additional financing was provided by the Government for COVID-19 prevention and care. The existing social health protection scheme implemented by Viet Nam Social Security (VSS) provided access to healthcare to over 90 per cent of the population. This protection was complemented using special government budgets. Those who were not covered – nearly 10 million people – could receive COVID-19 healthcare services directly from health facilities and fully subsidized by the Government. In terms of prevention measures, central government and provincial budgets funded most expenditures, including those related to the testing-tracing-isolation strategy. The cost of procurement and distribution of COVID-19 vaccines – estimated at US$1.1 billion – was partially covered through the COVID-19 Vaccine Fund launched by Prime Minister Pham Minh Chinh on 5 June 2021 (Viet Nam 2021a). The Government provided an initial contribution of US$630 million, with the remainder being raised by individuals and enterprises as a collective effort. In its first month, the fund managed to raise US$332 million from individuals, national and multinational enterprises operating in the country. These funds were further complemented through bilateral cooperation, with China and Japan donating vaccines, among other countries. Among the secured doses, Viet Nam has received a total of 45 million doses through the COVID-19 Vaccines Global Access (COVAX) facility.

An attempt to provide a comprehensive social protection response

In addition to the health response, the Government of Viet Nam was also quick to try to address the economic impacts of the COVID-19 crisis on households and enterprises through two successive COVID-19 relief packages. As early as April 2020, the Government issued a number of policies, including cash transfers for poor and near-poor households, current social assistance beneficiaries and informal economy workers and the provision of wage subsidies for formal sector workers. Complementary measures were also introduced to reduce the burden on businesses affected by the crisis, such as wage credits and postponement of social security contributions. The first COVID-19 pandemic relief package, known as Resolution 42/NQ-CP of 9 April 2020, was financed through central and provincial state budgets for a total amount of 62 trillion Vietnamese dong (US$2.7 billion) (Viet Nam 2020a). However, the implementation of this first relief package faced challenges in reaching those in informal employment, accounting for 67.5 per cent of the labour force (ILO 2021a). As a result, only 40 per cent of the first relief package had been disbursed by November 2021.

A second relief package, known as Resolution 68/NQ-CP of 1 July 2021, was implemented in early July 2021 for a total amount of 26 trillion dong (US$1.13 billion) in support measures (Viet Nam 2021b). Learning from the challenges of the first relief package, Resolution 68 revised the eligibility criteria and simplified procedures to access benefits (at the cost of putting less focus on the most vulnerable groups of the population, in particular those in informal employment). This led to a bigger share of the relief package being disbursed – nearly 100 per cent.

2. How did the health insurance scheme respond and what are the impacts?

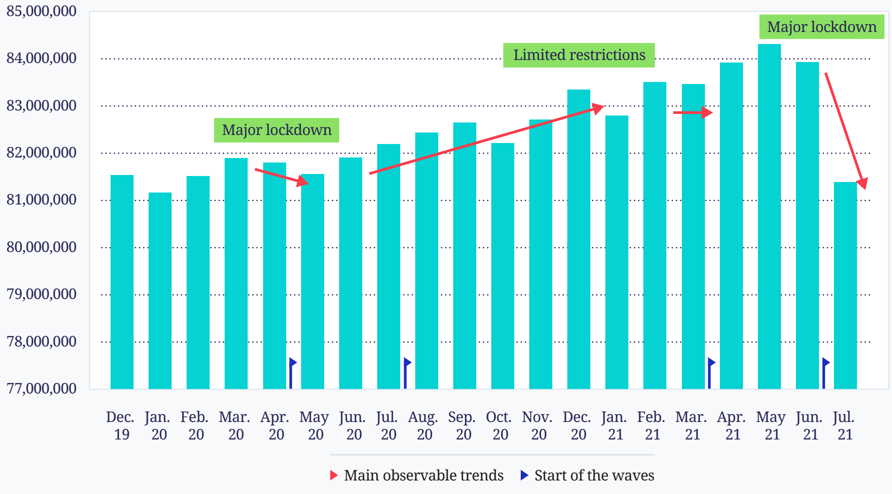
The social health insurance scheme aims to cover all residents, regardless of employment status and citizenship, as stipulated in the 2008 Law on Health Insurance (Viet Nam 2008) and its amendment (Viet Nam 2014). Its legal and effective coverage has increased progressively since the establishment of the scheme, with the gradual extension to additional groups of population. This was made possible by the high-level commitment of the Government to finance the scheme, which relies on a mix of public funds and contributions from employers and workers in the formal economy, as well as from households in the informal economy. Thanks to its large coverage prior to the crisis, the scheme reduced financial hardship caused by health issues for the vast majority of the population.

However, the COVID-19 pandemic has challenged the long-term sustainability of the scheme. The loss of employment and working hours may reduce the ability of workers to contribute, while the reduction of general tax revenues has placed additional pressure on government subsidies. In 2020, a total of 32.1 million people aged 15 and over were found to have been negatively affected by the COVID-19 pandemic, either in terms of unemployment, staggered working hours, income decreases or working hour decreases, among others (GSO 2021a). By the end of 2021, this led to the labour force participation rate reaching its lowest level in 10 years (GSO 2021b). It is further estimated that unemployment will increase from 1.2 million persons in 2021 to 1.3 million persons in 2022 (ILO 2022). If left unaddressed, these changes in the labour market could lead to significant reductions in contribution revenues for the health insurance scheme.

Somewhat counterintuitively to the economic crisis, annual membership of the health insurance scheme increased from 89.95 per cent in December 2019 to 90.85 per cent in December 2020 and to 91.01 per cent in December 2021 (see figure 38). However, this overall increase hides temporary decreases in coverage during lockdowns in response the four COVID-19 waves that affected Viet Nam. For instance, during the first wave in 2020, membership decreased by 0.41 per cent or 335,365 members. Most of those who dropped out were workers in the formal economy,[109] although a small share continued to be affiliated to the scheme as part of their unemployment insurance. This seems to indicate that the integrated VSS system has the potential to provide continued protection to laid-off workers by allowing them to shift their membership group in response to their circumstance.

109 For the purposes of implementation, the population is classified into six social health insurance membership categories, depending on the source of their contribution to the scheme. Groups are entitled as follows: "Employer-Employee"; "Fully Paid by the State", "Partially Paid by the State", "Social Insurance", "Households", "Relatives of National Defence and Public Security". Most workers in formal employment belong to the Employer-Employee group.

Figure 38. Evolution of membership in Viet Nam's health insurance scheme



Source: Author's elaboration based on VSS data.

In terms of the finances of the scheme, revenues and expenditures were not significantly impacted by the COVID-19 crisis in 2020 and the first half of 2021. The scheme's revenues per capita increased from 2018 to July 2021 but decelerated between 2020 and 2021. At the same time, expenditures for healthcare (in both absolute and per capita terms) decreased, possibly due to a drop in healthcare utilization during lockdowns, a general fear to visit health facilities during COVID-19 and the Government's support in paying for COVID-19 related care.

As mentioned earlier, the health insurance scheme categorizes affiliated persons. Among other things, households residing in a number of communes that have been identified as vulnerable are eligible to receive a full subsidy. In mid–2021, Viet Nam revised the list of eligible communes, dropping the number of the most-disadvantaged communes (so called area III communes) from 1,935 for 2016–2020 to 1,551 for 2021–2025. This resulted in a 36.1 per cent drop in the membership group "Fully paid by the State". While the Government enacted these changes in response to improved socio-economic indicators in these communes, further data and analysis is crucial to identify whether affected households have been able to remain protected by continuing their affiliation to the social health insurance scheme, paying for their own contributions.

3. Challenges and way forward

With a strong surveillance system and social health insurance scheme already in place before the pandemic, Viet Nam managed to efficiently contain the epidemic and provide adequate financial protection in case of ill health and sickness. The Government's mass testing-tracing-isolating strategy, as well as the rapid implementation of restriction measures and the strict adherence of the population, helped contain the COVID-19 pandemic until most of its population was vaccinated.

Additional public funds were also mobilized to provide social health protection to those uncovered. In addition, the existence of income-support social protection schemes (unemployment insurance, cash transfers and so on) reduced the risk of members failing to meet their contributions to the health insurance scheme in case of loss of income.

While Viet Nam's success in reducing the spread of COVID-19 was a determining factor of the resilience of its social health insurance scheme, the scheme's capacity to protect against future crises may be challenged by gaps in the portability of rights. The affiliation to the scheme is organized in groups, with formal sector workers being part of the employer–employee group. In case of lay-off, those who benefit from unemployment insurance continue to be protected by the health insurance scheme. Those who are not entitled to unemployment insurance lose their automatic affiliation and may register under the household group, paying their own contributions. However, the lack of an automatic fallback system increases the risk of drop out for this group. Lastly, low-income households who would be eligible for a partial or total subsidy of contributions are only identified on a yearly basis and paying contributions in the meantime may not be affordable to them.

Under the social health insurance scheme, revenues per capita differ by groups, with the employer-employee groups paying the most. For example, revenue per capita from the unemployment insurance group represents only 80 per cent of the average contribution of the formal employee group, while the households group represents only 20 per cent. A potential shift of beneficiaries away from the employer-employee group towards lower-revenue groups could lead to a significant drop in revenue for the health insurance scheme.

A potential drop in revenue could be challenging for the health insurance scheme, which has already been drawing on its reserves since 2016 in response to budget deficits. In addition, the costs of care are expected to rise over the years to come in light of Viet Nam's rapidly ageing population, the increased prevalence of both communicable and non-communicable diseases and the increased availability of technologically advanced but expensive treatment options. The Government is seeking to improve the sustainability of its health insurance scheme through a revision of the health insurance law in 2022. The revision is also expected to address implementation challenges and to facilitate the expansion of coverage in order to reach the country's objective of providing effective coverage to 95 per cent of the population by 2025.

4. References

ILO. 2022. *World Employment and Social Outlook: Trends 2022*.

———. 2021a. *Encouraging Enterprises to Transition from Informal to Formal: Lessons for Viet Nam from the International Experience*.

———. 2021b. "Literature Review on the Informal Economy in Viet Nam".

———. and Viet Nam Social Security. 2021. "Preliminary Analysis of the Impact of the COVID-19 pandemic on Viet Nam's Social Health Insurance Scheme".

Viet Nam. 2008. Law No. 25/2008/QH12 of 14 November 2008 on Health Insurance.

———. 2014. Law No. 46/2014/QH13 of 13 June 2014 on Amendments to the Law on Health Insurance.

———. 2020a. *Resolution No. 42/NQ-CP on Assistance Measures for People Encountering Hardship due to COVID-19*.

———. 2020b. *Decision 15/2020 / QD-TTg to Support Vulnerable Workers and Their Families in the context of COVID-19*.

———. 2021a. Decision 21_NQ-CP on the Purchase and Use of COVID-19 Vaccines.

———. 2021b. Resolution 68/NQ-CP to Support Businesses, Employees and Employers Affected by the COVID-19 Pandemic.

Viet Nam, General Statistical Office. 2021a. "COVID-19 Impacts on Labour and Employment Situation in Quarter IV of 2020".

———. 2021b. "Report on the COVID-19 Impacts on Labour and Employment Situation in the Third Quarter of 2021".

Chapter 5: Financing and creating fiscal space for social protection

37. Brazil: Creating fiscal space for social protection through transition to formal employment

Stefan Urban

Summary

Brazil is one of the most successful cases in Latin America in reducing informal employment. Social protection was used as part of an integrated approach to formalization. On one hand, Brazil mitigated the costs associated with formalisation. On the other hand, it provided incentives to individuals and companies to formalise.

More concretely, Brazil combined measures involving social security, enterprise and economic development, support to technology and innovation, and more efficient and effective labour inspection mechanisms. The transition to formal employment significantly helped Brazil to expand its fiscal space while at the same time expanding its social security coverage. Formal employment increased by more than 23 per cent between 2009 and 2020, while the number of employees paying social security contributions increased by more than 5 million in the same period.

Brazil's efforts to reduce informal employment are in line with key principles outlined in the Social Protection Floors Recommendation, 2012 (No. 202), including coherence across institutions responsible for the delivery of social protection as well as social inclusion, including of persons in the informal economy.

Main lessons learned

- The Brazilian experience shows how, through integrated approaches, combining social security measures, enterprise and economic development, support to technology and innovation, and more efficient and effective labour inspection mechanisms, it is possible to initiate a smooth transition to formal employment while increasing the fiscal space for social protection. It is therefore a very interesting experience in the context of the implementation of the Global Accelerator on Jobs and Social Protection for Just Transitions.
- The development of formal employment, which increased by 23.1 per cent between 2009 and 2020, significantly helped in increasing the social contribution and tax base and thus supported the expansion of fiscal space.

- Through formalization, Brazil successfully expanded social protection, covering groups and individuals that were previously informal.
- Brazil also successfully reduced inequality through decreasing the prevalence of informal employment and extending coverage of social protection.

1. Background

Strong growth and remarkable social progress over the past two decades have made Brazil one of the world's leading economies. Between 2003 and 2017, more than 40 million people were lifted out of poverty, while extreme poverty fell by 89 per cent. The country successfully reduced inequality, with the GINI index dropping from around 0.6 in the late 1990s to 0.5 in 2020. At the same time, Brazil experienced a significant decrease in the prevalence of informal employment and an increase in social security coverage.

2. Description

Since the early 2000s, Brazil implemented a series of measures to encourage the formalization of enterprises and to promote the creation of formal employment. At the same time, the Government incentivised workers and employers to participate in and contribute to the national social security system and thus, to formalize their employment status. The section below describes the various measures that supported the strong social progress since the early 2000s.

Simples Nacional: In 2006, the Government of Brazil established the programme "*Simples Nacional*" that simplified registration and tax and social security contribution payment procedures for micro, small and medium-sized enterprises. The programme unifies eight federal, state, and municipal level taxes into a single payment slip, thus significantly reducing bureaucracy. The taxes vary only according to business size (turnover) and economic structure. Micro-sized companies pay a tax at a rate between 4 per cent and 6 per cent, depending on the sector, while small and medium sized companies pay up to 33 per cent.

Microempreendedor Individual (MEI): *Simples Nacional* was extended in 2008 through the *Microempreendedor Individual* (Individual Micro-Entrepreneur) branch, incorporating self-employed and small business owners with turnovers not exceeding 60,000 Brazilian reais per year (the turnover limit was increased to 81,000 reais in 2018). With the automatic registration of its members with the National Listing of Juridical Persons agency, members gain the right to open a business bank account and access government-subsidized credit. With the MEI status and the cost of a monthly contribution of 40–45 reais, one is exempt from federal taxes. With the monthly contributions, registered MEI members are granted access to social security benefits such as paid maternity leave, paid sickness leave and retirement benefits. Since 2011, the number of selected sectors that are serviced by MEI has been extended, including close to 70 per cent of the economic activities listed by the National Classification of Economic Activities.

Registration procedures: To simplify business registration and legalization, the Government further introduced *Rede Nacional para a Simplificação do Registro e da Legalização de Empresas e Negócios* (REDESIM), under the supervision of the Ministry of Development, Industry and Foreign Trade. REDESIM, as stipulated in Complementary Law No. 123 (2006), integrates all registration and licencing formalities related to start-up, operation and closure of companies, regardless of their size, into one single system (single window).

E-Social: Launched in 2013, E-social is an integrated information collection system that aims to simplify and facilitate labour inspections and the payment obligations through a single online registry. It created a single channel for relaying information to the federal Government and is meant to guarantee worker rights as well as improve the quality of the information transmitted.

Public procurement: Another key component of Brazil´s integrated policy approach towards formalization is its initiative to encourage micro and small enterprise (MSE) participation in public procurement. The 2006 micro and small enterprises law promotes access to public acquisitions of goods, services and works worth up to 80,000 reais. The law simplified public tender procedures, allowing subcontracting of MSEs within larger contracts and guaranteeing their precedence over larger firms in case of an equally competitive quote.

The Ministry of Education launched a public procurement initiative in its national school meals programme (*Programa Nacional de Alimentação Escolar*, PNAE) making it mandatory for municipalities to spend 30 per cent of the resources received for school meals on family-based agricultural products. This also increased consumption of local food products and awareness of the respective benefits. A similar initiative distributes food baskets to the less food-secure population through a network of restaurants and community kitchens. In 2012, more than 185,000 family businesses (farms) supplied products to this programme.

In 2011, the Government launched a procurement programme for international sports events ahead of the 2016 Brazil Olympic Games and in 2012, established the sustainable public procurement programme that gives priority to small businesses specialized in environmentally, socially and economically responsible goods and services. As MSEs must be fully formalized to participate in these programmes, public procurement tenders have become a fundamental pillar of the national strategy to encourage formalization of small firms.

Access to credit: Law No. 10735 in 2003 introduced credit policies for MSEs, whereas commercial banks and the *Caixa Econômica Federal* had to allocate 2 per cent of their deposits to finance loans to low-income individuals and micro-entrepreneurs. This led to a rapid increase in credit to micro and small enterprises, supporting their economic development and most importantly, the process of formalization. The national microcredit programme, launched by the Ministry of Labour and Employment under Law No. 11110 extended the availability of loans to small enterprises and created another incentive for MSEs to become formal. The financial services were provided through *Banco Nacional Desenvolvimento Econômico e Social*.

Export policies: The public procurement policies have been complemented through export policies that aim to streamline and simplify customs clearance procedures for low value exports, contributing to MSE development and formalization. Since policy introduction in 1999 and 2011, 26 per cent (3,400 enterprises) of all exporting micro and small enterprises used the simplified customs clearance procedure to realize almost 104 million reais in sales abroad. Micro and small enterprises accounted for 62 per cent of Brazil's exporting firms and 0.5 per cent of exports in 2017.

Innovation and technology transfer: Another component in Brazil's integrated approach to support the transition to formal employment comprises policies and programmes for innovation and technology transfer. The *Plan Brazil Maior* (PBM), launched in 2011 and coordinated through the Ministry of Science and Technology, benefitted small businesses through export and investment exemptions and improved access to finance for technology transfers and innovation projects. This initiative provides grants and loans to public and private institutions working on innovation in the private sector. A similar programme is the National Support Programme for Business Incubators, which has been particularly effective in strengthening the capacity of incubators and technological parks to expand and optimize resources available for the creation and consolidation of innovative micro and small enterprises.

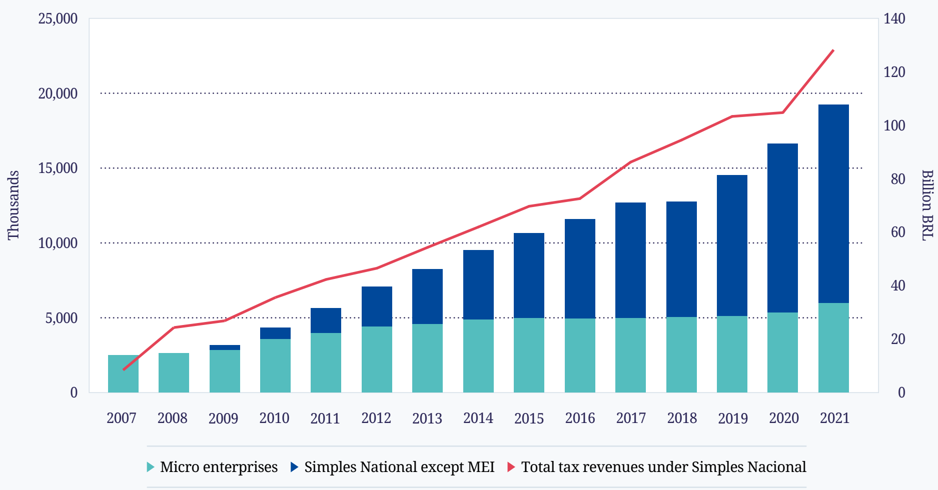
National plan for combating informality: The national plan for combating informality is a more recent part of this integrated policy approach. Launched in 2014, it supports current Active Labour Market policies by providing a new, integrated approach for labour inspections to tackle informality. Actions are coordinated between the Ministries of Finance, Social Security and Human Rights and focus on regions where the informality index is highest. The policy aims among others to standardize inspection procedures and regulation, to increase the speed in administrative procedures, to improve the accuracy in mapping informality, to increase the number of inspectors and provision of training, to enhance information exchange between national agencies and with the public and to increase labour identification coverage.

3. Impact

The policy measures introduced by the Government of Brazil aimed at the formalization of enterprises on one hand and the formalization of workers on the other. MEI and Simples National reduced the cost of formalization, and offered incentives to formalization (such as access to public pension and health care system, as well as access to the financial system). Between 2008 and 2013, more than 2 million self-employed workers and micro-entrepreneurs have been removed from informality through the *Simples Nacional* and MEI formalization programme. At the same time, the number of employers with two or three employees has increased, indicating a transition from informal to formal employment and also a shift towards greater formalization. *Simples Nacional* and MEI contributed to increasing tax collection as indicated in figure 39.

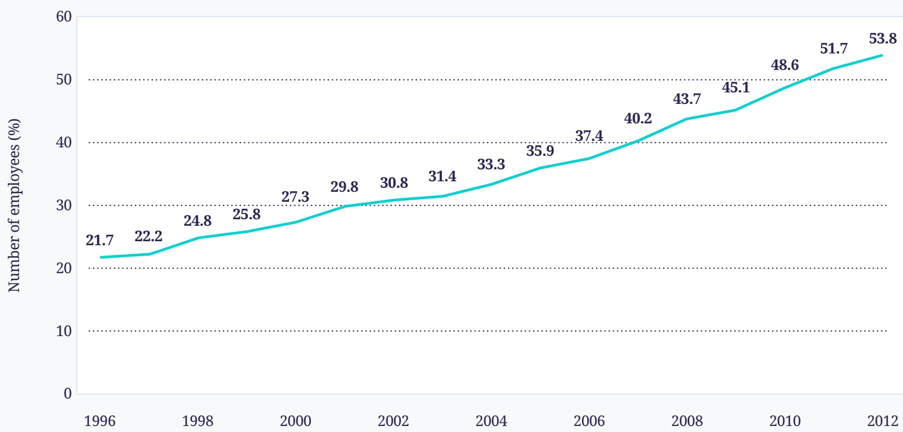
The integrated approach to formalization also contributed to increasing the percentage of wage workers (employees) covered by social security. Comparing data from the 1990s and the 2000s reveals a significant shift towards formalization of the working population in Brazil, measured as the percentage of employees covered by social security. The annual increase in the number of employees covered by social security contributions was 2.5 million between 2003 and 2012, as compared to an annual increase of 1.4 million people over the period 1996–2003 (see figure 40).

Figure 39. Number of micro and small enterprises registered with Brazil's Simples Nacional scheme and total tax revenues, 2007–2021



Source: Receita Federal, 2022

Figure 40. Trends in number of employees contributing to social security in Brazil, 1996–2012



Source: ILO, 2014c

4. Conclusion

The example of Brazil illustrates that the transition to formal employment can successfully support the expansion of fiscal space. This led to increased government revenues and enabled the extension of social protection coverage. Social protection measures such as the provision of health care and pension can in fact be an incentive for micro and small enterprise owners to register and enter formal employment. Therefore, the process of formalization and expansion of social protection can well go hand in hand. The experience of Brazil controverts the classic belief that social security contributions ought to increase informality. In Brazil, we observe the opposite, as the strong increase in social security registration is a clear reflection of the process of labour formalization.

The formalization strategy in Brazil involved an integrated approach combining measures that aimed at introducing simplified standards, increasing productivity through innovation and technology transfer, introducing incentives through linking formalization to social security benefits, while strengthening the efficiency and effectiveness of the labour inspection system and the quality and accuracy of data on informality.

It should be noted that not all policies ultimately aim at reducing informality. Transition to formal employment is often just the positive side effect of a policy that might predominately aim at achieving an overarching goal such as creating decent work, reducing inequality or reducing poverty.

Supporting the transition to formal employment is one of the many alternatives that countries have to expand fiscal space for social protection by increasing tax and social security contribution collection.

5. References

Cardoso, Adalberto. 2016. *Informality and public policies to overcome it: The case of Brazil*. State University of Rio de Janeiro, Institute of Social and Political Studies (IESP/UERJ), Rio de Janeiro, RJ, Brazil, V. 06.02: 321–349, August, 2016.

Durán-Valverde, Fabio, and José Francisco Pacheco. 2012. "Fiscal Space and the extension of social protection: Lessons learnt from developing countries: Bolivia, Botswana, Costa Rica, Lesotho, Namibia, Thailand and South Africa". ESS Paper No. 33. ILO.

G20. *Employment Plan 2014: Brazil*.

ILO. 2014. *Thematic Labour Overview: Transition to Formality in Latin America and the Caribbean*. Lima: ILO Regional Office for Latin America and the Caribbean.

———. 2014b. "Notes on Formalization: Recent experiences of formalization in Latin America and the Caribbean". Lima: Programme for the promotion of formalization in Latin America and the Caribbean: ILO Regional Office for Latin America and the Caribbean.

———. 2014c. "Notes on Policies for the Formalization of Micro and Small Enterprises: Policies for formalization of micro and small enterprises in Brazil". Lima: Programme for the promotion of formalization in Latin America and the Caribbean: ILO Regional Office for Latin America and the Caribbean.

Ministério da Previdência Social. 2010. "Social Security Statisticas Bulletin – December 2010".

———. 2022. "Boletim Estatístico da Previdência Social – Janeiro 2022".

Ortiz, Isabel, Matthew Cummins, and Kalaivani Karunanethy. 2015. "Fiscal space for social protection: Options to expand social investments in 187 countries". ESS Working Paper No. 48. ILO.

Receita Federal. 2022. "Estatísticas de Optantes do Simples Nacional e SIMEI".

Rofman, Rafael, Ignacio Apella, and Evelyn Vezza. 2015. *Beyond Contributory Pensions: Fourteen Experiences with Coverage Expansion in Latin America*. Directions in Development - Human Development. Washington, D.C.: World Bank Group.

38. Kenya: Increasing domestic resources for social protection and progressively reducing reliance on external partners' resources

Milkah Chebii, Cecilia Mbaka and Hellen Magutu

Summary

Kenya has made significant political and economic reforms that have contributed to sustained economic growth, social development and political stability over time. During the period 2015–2019, economic growth averaged 5.7 per cent, making it one of the fastest-growing economies in sub-Saharan Africa. The country managed to gradually redistribute the gains of this economic growth by strengthening its social protection system, in particular the social assistance component.

This study highlights Kenya's experience in progressively increasing domestic resources for social protection and reducing its dependence on external financing. At the onset, social assistance programmes were mainly financed by external donors, but Kenya has progressively increased its national capacity to finance its social protection programmes from domestic resources.

Despite these efforts, a high proportion of Kenya's population still lives on low and insecure incomes. Approximately 36 per cent of the population live below the national poverty line – set at US$1.33 per day – while about 80 per cent of the population live on less than US$2.80 a day. Poverty has been exacerbated by the COVID-19 pandemic, with close to 2 million people falling into poverty. The COVID-19 pandemic also put a strain on government revenues, while increasing the need of the population for improved social protection coverage.

The experiences of Kenya are in line with the principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202), promoting a social protection system that is universal and based on social solidarity, including in its financing approaches, and ensuring that an optimal balance is sought between the responsibilities and interests of those who finance and those who benefit from social security schemes. Lastly, they provide a strong example of how a diverse set of methods and approaches can be considered, including for financing mechanisms and delivery systems, in the design and implementation of social protection systems.

Main lessons learned

- The Kenyan social protection system reaffirms that a combination of diverse mechanisms, including both non-contributory and contributory mechanisms, is key to the sustainable financing of social protection and the progressive realization of universal social protection.
- Development partners have played a catalytic role in the creation and strengthening of social assistance in Kenya, which has progressively increased its domestic resource capacity, thereby enhancing the sustainability of its social protection programmes and national ownership.
- Kenya has explored and implemented various strategies for increasing domestic resources, including through the introduction of automated tax collection mechanisms, which has led to an increase in budget allocation for social protection.
- Despite Kenya's success in increasing domestic resources for social protection, the COVID-19 crisis has revealed the gaps that remain in its social protection system and the need to invest more and better in social protection in order to gradually extend coverage and achieve adequate protection.
- In addition to the establishment of appropriate policy and legislative frameworks, strong commitments by the Government have supported the development and financial sustainability of the Kenyan social protection system.
- Kenya's experience shows how international assistance can only serve as a catalyst for increasing the fiscal space for social protection, and the importance of mobilizing domestic resources to create a universal and sustainable social protection system.

1. Context

Kenya's social protection programmes

Kenya has made significant progress in its social protection programmes since its independence in 1963. However, the programmes remained limited in nature, fragmented and donor-driven and contributory schemes mainly cover formal economy workers. The last decade has seen marked improvement in social protection systems, with increased investments from the Government and the inclusion of informal economy workers in social security and health insurance schemes. According to the Kenya National Bureau of Statistics' *Economic Survey 2020*, the informal economy forms 83.6 per cent of the workforce in Kenya.

The right to social security is enshrined in the Constitution of Kenya of 2010, which provides in article 43 "the right for every person to social security", while article 43(3) commits the State to providing "appropriate social security to persons who are unable to support themselves and their dependants". The National Social Protection Policy of 2011 provides that the Government will "ensure that adequate resources are allocated to social protection in a predictable, gradual, and long-term manner". This informed the Government decision to increase spending on social assistance in recent years, thereby reducing dependence on external partners. The Kenya national social protection system is anchored on three pillars, as provided by the National Social Protection Policy of 2011: social assistance, social security and health insurance.

Social assistance refers to "non-contributory transfer programmes aimed at preventing the poor or those who are vulnerable to shocks from falling below a certain poverty level". It is implemented through the following cash transfer programmes:

- **Cash Transfer for Orphaned and Vulnerable Children (CT-OVC):** provides regular cash transfers to families living with OVCs.
- **Hunger Safety Net Programme:** aims at reducing dependency on emergency food aid in arid and semi-arid lands by sustainably strengthening livelihoods through cash transfers.
- **Cash Transfer Programme for Persons with Severe Disabilities:** covers adults and children with severe disabilities who require full-time support.
- **Older Persons Cash Transfer (OPCT):** provides regular and predictable cash transfers to poor and vulnerable older persons (65 to 70 years old).
- **Universal Social Pensions Cash Transfer Programme:** covers all senior citizens who are 70 years and above.

Social security refers to "provisions for the economic security and social welfare of workers and their dependants, especially in the case of income losses due to unemployment, work injury, maternity, sickness, old age and death". It is implemented by the National Social Security Fund (NSSF) and complementary private retirement pensions/provident schemes, such as the Mbao Pension Plan, which are regulated by the Retirement Benefits Authority.

Health insurance are measures taken to "finance and manage healthcare based on risk pooling".[110] It is implemented by the National Hospital Insurance Fund (NHIF), which aims to establish a comprehensive national health insurance scheme for all. This is complemented by private health insurance, community health insurance programmes and specific county government health programmes with increased momentum towards universal health coverage.

Significant progress has been made to review the National Social Protection Policy of 2011 and develop the National Social Protection Investment Plan, 2030, which will see the social protection programmes transform towards progressive realization of a rights-based, life-cycle approach in line with Kenya's Constitution and ILO Recommendation No. 202. Figure 41 outlines the current schemes.

110 Kenya, National Social Protection Policy of 2011.

Figure 41. Current social protection schemes in Kenya, mapped across the life cycle

Lifecycle schemes	Children	Working age	Old age
Social assistance	Cash Transfer – Orphans and Vulnerable Children (CT-OVC) School Feeding	People with Severe Disabilities Cash Transfer (PwSD-CT) Cash for Assets (CFA) Food for Assets (FFA)	Inua Jamii Senior Citizens' Scheme (and OPCT)
Social Security *(Social Insurance)*	National Social Security Fund Survivors' Benefit	National Social Security Fund Disability / Invalidity Benefits National Social Security Fund Survivors' benefits	National Social Security Fund Old Age Pension National Social Security Fund Disability / Invalidity benefit National Social Security Fund Survivors' benefit Mbao Pension Scheme Civil Service Pension Scheme (CSPS)
Other Poverty Relief (Social assistance)	General Food Distribution (GFD)		
Health Insurance	National Hospital Insurance Fund (NHIF)		

Source: adapted from Kenya, Ministry of Labour and Social Protection, *Social Protection Sector Review*.

Legislation is an essential tool for securing social protection budgets, expanding coverage and making rights to social security enforceable

Anchorage of social security in law creates an obligation for the Government to secure budgets for social protection and establish a conducive policy and regulatory environment beyond a single government tenure. Notably, there has been recent progress in the policy and regulatory space aimed at attracting additional financial resources. For example, the recently enacted National Hospital Insurance Fund (Amendment) Act, 2022[111] makes it compulsory for Kenyans above the legal age of 18 years to be members and contribute to NHIF.

Social assistance spending is classified under the development budget, whose disbursements are often prone to delays, impacting the timeliness and predictability of payments to beneficiaries. Shifting social assistance spending to a recurrent budget would need to be grounded in law. Progress has been made in this regard, with the development of the Draft Social Assistance Fund Regulations under the Public Finance Management Act of 2012 and the revision of the Social Assistance Act of 2013, which is under way and will secure social assistance budgets by law.

2. Description of Kenya’s social protection financing efforts

Social protection financing trends

At the foundational stages, social protection programmes were developed with the technical and financial support of external partners. The first pilot project was supported by the United Nations Children’s Fund (UNICEF) in three districts, disbursing on average US$6.70 monthly to 500 households.[112] Over time, the Government has introduced nationally defined programmes and increased its spending on social protection schemes from US$43 million in 2011–2012 to US$299 million in 2017–2018.[113] By 2020, social assistance cash transfer programmes had grown to cover nearly 1.2 million households across the country.

According to the 2021–2022 Budget Statement,[114] the Government planned to allocate a total of 47.7 billion Kenyan shillings (US$477 million) to universal health coverage and a further allocation of up to 37.8 billion shillings (US$378 million) to social protection and affirmative actions[115] for the 2021–2022 financial year. Some of these allocations will include social assistance cash transfers.[116]

111 See Kenya, Kenya Gazette Supplement: Acts, 2022.

112 Claudia McKay et al., The Future of Government-to-Person (G2P) Payments: Innovating for Customer Choice in Kenya (CGAP & FSD Kenya 2020).

113 ILO, “Kenya: Inua Jamii Senior Citizens’ Scheme”, 2019.

114 Kenya, Budget Statement: FY 2021/22, 2021.

115 “Affirmative action” includes any measure designed to overcome an inequity or the systemic denial or infringement of a right or fundamental freedom as defined under article 260 of the Constitution.

116 Kenya, 2021 Budget Policy Statement, 2021.

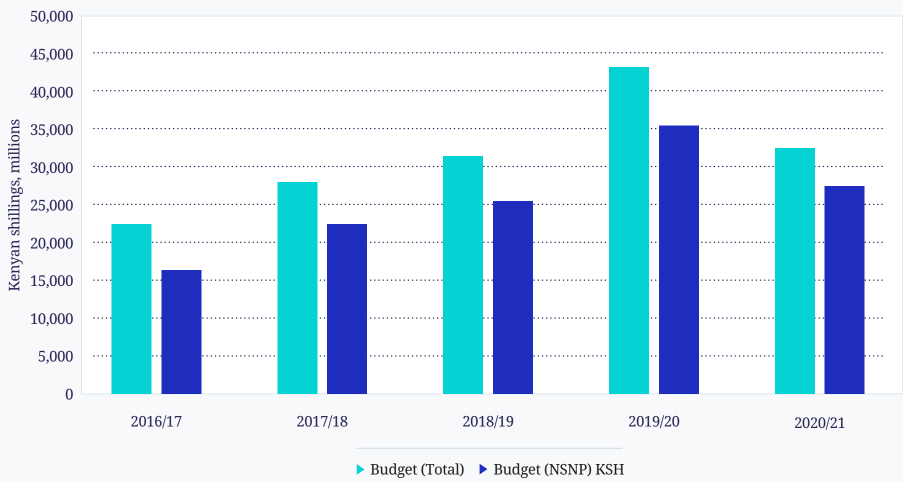
In addition, the Government has set aside 23.1 billion shillings (US$231 million) to continue the implementation of the economic stimulus programme in the financial year 2021–2022 to cushion vulnerable persons and businesses from the ravages of the COVID-19 pandemic.

Figure 42 represents the progressive increase in budget allocation for social protection programmes over the last five years, with a further increase in 2019–2020 owing to the Government's injection of an additional 10 billion shillings (US$100 million) for the COVID-19 pandemic emergency response.

Kenya Vision 2030[117] describes an adequate level of investment in social protection as one that should provide a "high quality of life for all citizens by the year 2030" and "a just and cohesive society with social equity".[118] This has informed the quest to find sustainable sources for financing social protection as underpinned by this country development blueprint.

Overall, the Government has progressively adopted a mix of strategies to increase social protection fiscal space, including broadening of the tax base; automation of tax collection;

Figure 42. Budget allocation for social protection and specific national safety net programmes



Source: Kenya, Ministry of Labour and Social Protection, 2021.

117 Kenya Vision 2030 is Kenya's development blueprint or vision that seeks to transform Kenya into a middle-income nation by 2030, leading to improved living standards for the people.

118 Kenya, Kenya Vision 2030: The Popular Version, 2007.

enforcement of compliance; and expansion of contributions to NHIF and NSSF beyond the formal economy to reach the informal economy through voluntary contributions. The automated collection of tax revenues has improved tax efficiency; for instance in 2021, the Government collected US$140 million in tax revenues against a target of US$138 million, representing 6.7 per cent growth relative to the same period in the previous year.[119] Some of the new taxes introduced in Kenya include financial transaction taxes; property taxes (capital gains tax); a minimum tax at the rate of 1 per cent of total gross turnover; and a digital services tax at the rate of 1.5 per cent of transaction value among others.[120] There is also a three-year voluntary tax disclosure programme, which commenced in January 2021 to allow taxpayers to correct any past gaps in tax declarations and payments.

The Finance Act of 2021 further introduces other tax measures, such as expanding the scope of the Digital Service Tax to include income generated over the internet or electronic works. Collectively, these measures aim to increase tax revenues, which would then potentially provide additional resources to finance more social protection interventions.

Financing social assistance

The upward trend in spending on social assistance programmes has been progressively driven by the Government rather than external partners, signifying the commitment to financial sustainability of the sector. Although development partners have worked closely with the Government in establishing Kenya's social protection system, it is expected that their funding of specific cash transfers will continue to be reduced, keeping their contributions in the form of technical assistance as the Government seeks to fully finance national social assistance programmes. Figure 43 outlines the progressive increase in government funding of social assistance over the last 10 years.

Kenya has made significant progress towards universal social protection with the introduction of the tax-financed universal social pension in 2018 covering older persons 70 years and above. Plans are also under way to introduce a universal child benefit and a pilot has been rolled out in 2021. However, further investments are still required to achieve universal coverage and adequate protection for all, while leaving no one behind.

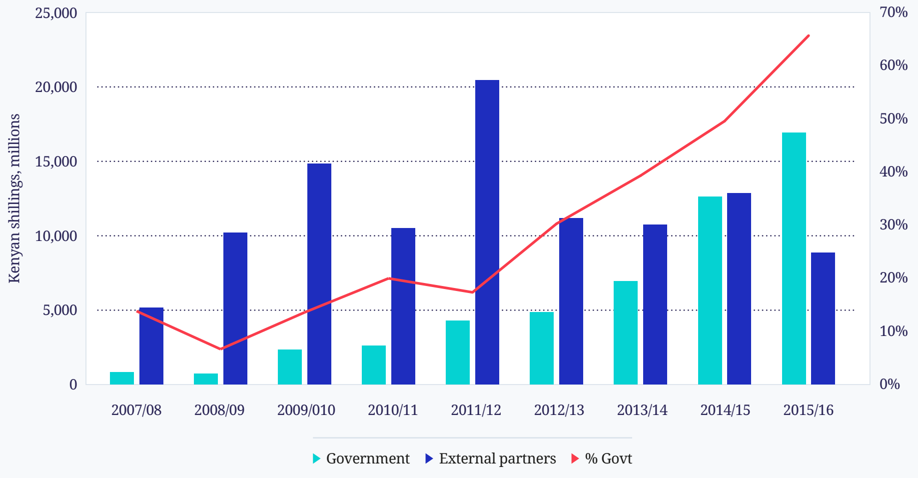
Financing social health protection

The Government has made a commitment to achieve universal health coverage by 2022 through tax-funded and contributory mechanisms. The universal health coverage initiative was successfully piloted in 4 counties and is currently being implemented in all 47 counties. Enshrined in the Constitution of 2010 is the creation of two levels of

119 KRA, "January 2021 Revenue Performance: A Reflection of Kenya's Economic Resurgence", 2021.

120 See, Kenya, The Tax Laws (Amendment) Act, 2020, in *Kenya Gazette Supplement: Acts, 2020*.

Figure 43. Trends of Kenya's social assistance spending, 2007–2008 to 2015–2016, by source



Source: Kenya, Ministry of Labour and Social Protection, *Kenya Social Protection Sector Review Report 2017*, 2017.

government – the national Government and the county government, each operating as an entity and responsible for the provision of healthcare services, as health is among the devolved functions. Some counties have shown significant progress in the quality of services offered in the public health facilities and in financing essential healthcare.

The NHIF is a contributory scheme, with compulsory membership for formal sector workers contributing at a graduated scale between US$1.5 and US$17, depending on levels of income, while informal sector workers have voluntary membership contributing at a flat rate of US$5 per month. The NHIF (Amendment) Act 2022 makes it mandatory for Kenyans above the age of 18 years to be members and contribute to the NHIF. The country has a mixed healthcare financing system comprised of revenues collected by both national and county governments in the form of taxes, as well as donor funding; member contributions to the NHIF; private health insurance premiums; and out-of-pocket spending. As of 2018, it was estimated that the NHIF contributes at least 10 per cent of total healthcare expenditure in the country.[121]

To increase coverage and expand the contribution base, NHIF has undertaken several reforms to extend contributory coverage to more members in the informal economy and

121 NHIF, *The NHIF 2018–2022 Strategic Plan*, 2018.

has instituted structural changes to make the Fund more responsive to members' needs, for instance through the introduction of new benefits. The NHIF has also automated key processes and introduced biometric registration and e-claims processing with a view to improving efficiency and curb fraud and also enabling the portability of health records. The reforms have resulted in an increase in membership; as of 2020, the NHIF covered 22[122] million beneficiaries, including 9.5 million insured members and 12.5 million dependants, with plans to increase membership to 19 million insured members by 2022 as the country strives to progressively realize universal health coverage.[123]

The Health Subsidy Insurance Programme was also introduced to cover recipients of cash transfer programmes through a memorandum of understanding signed by the NHIF, the Ministry of Health and the State Department for Social Protection; it aims to increase coverage and integrate NHIF management information systems with the Enhanced Single Registry for improved efficiency.

Financing social security

The NSSF is a statutory body mandated to provide social security benefits upon retirement. The Fund provides old-age, invalidity and survivors' benefits.[124] Whereas social assistance is tax financed, the NSSF is financed from mandatory contributions of employers and formal sector workers and voluntary contributions of informal economy workers. The NSSF Act No. 45 of 2013 seeks to transform NSSF from a provident fund into a pension scheme for formal sector workers and remain a provident fund for the informal economy workers; however, the Act has not yet been fully implemented.

According to the NSSF financial statements for the year ended 2018, total member contributions grew by 3.7 per cent to reach a total of 14.04 billion shillings (US$140.4 million) in the period 2017–2018 and by 2020 the annual contributions had grown to 14.73 billion shillings (US$147.3 million), with the number of registered employers standing at 82,261 and the total number of registered workers at 288,692 in the same period.[125]

The introduction of the Mbao Pension Plan, which is a private scheme launched in 2011 targeting workers in the informal economy, was intended to encourage workers to save for old age/retirement. However, in line with international experiences, the voluntary scheme, which is based on individual savings account and therefore has limited potential for redistribution, was not very effective in achieving a broad extension of coverage. As of 2018, the Mbao Pension Plan had 100,000 members and a fund value of US$1.34 million.[126]

122 KNBS, Economic Survey 2021, 2021.

123 NHIF, *The NHIF 2018–2022 Strategic Plan*, 2018, p. vii.

124 NSSF, *NSSF Guide Book: the Official Guide to the National Social Security Act No. 45 of 2013* 1.

125 KNBS, *Economic Survey 2021*.

126 R.M. Kwena, "Mbao Pension Scheme", paper presented at the 2018 Kenya Social Protection Conference, 22 March 2018.

To increase coverage in the informal economy, the NSSF launched a new product, the Haba Haba, enabling informal economy workers to contribute a minimum of US$0.25 per day using mobile money platforms and with access to value-adding partnerships and incentives for instance access to credit after contributing for five years. This initiative is governed under the legislative framework of the NSSF. By 2020, total members registered under the Haba Haba programme stood at 102,098.

3. Way forward

- **Establishment of a mix of financing sources in the Kenya social protection system.** Creating fiscal space for social protection requires the adoption of adequate and sustainable financing through a blend of sources of financing with progressive and effective taxation systems, as well as the effective allocation of public resources to social protection and continued expansion of the contribution base (including through expansion of coverage to the informal economy), fortified by a strong legal framework. The Government aims to strengthen the legislation for social protection through the full implementation of the NSSF Act of 2013 and operationalization of the NHIF (Amendment) Act, 2022. To ensure more stable funding for social assistance, social assistance budgetary allocations need to be included as part of the recurrent budget.
- **Contributory schemes have the potential – albeit limited – to integrate informal economy workers.** Successful extension to the informal economy requires government support through subsidies, digitalization, and the adaptation of the schemes to the needs and situations of those in the informal economy. Further efforts are required in extending social protection to the informal economy if Kenya is to attain 40 per cent social protection coverage by 2025, in line with the target set by the *ILO Africa Social Protection Strategy, 2021–2025*. Linking social protection to other policy areas, such as employment and economic policies, is important to promote the formalization of the economy, thereby ensuring more sustainable and adequate financing of social protection. While there has been a significant increase in domestic resource mobilization, there is need for the Government to mobilize additional resources to achieve universal social protection.
- **The COVID-19 pandemic situation is still fragile and has exacerbated inequalities.** This has resulted in reduced tax revenues and increased public finance deficits. The COVID-19 pandemic highlighted the importance of building forward better, with stronger social protection systems that are universal, sustainable and shock-responsive. Investing more and better in social protection has become a priority.

4. References

Development Pathways. 2019. *Kenya Social Protection Sector Review: Summary Report*.

Kenya. 2007. "Kenya Vision 2030: The Popular Version".

———. 2021. “Budget Statement: FY 2021/22”.

Kenya, Ministry of Labour and Social Protection. 2017. *Kenya Social Protection Sector Review 2017*.

———. 2020. *The Draft Social Protection Investment Plan*.

KNBS (National Bureau of Statistics, Kenya). 2020. *Survey on Socio Economic Impact of COVID-19 on Households Report Wave Two*.

———. 2021. *Economic Survey 2021*.

KRA (Kenya Revenue Authority). 2021. “January 2021 Revenue Performance: A Reflection of Kenya’s Economic Resurgence”.

McKay, Claudia, et al. 2020. *The Future of Government-to-Person (G2P) Payments: Innovating for Customer Choice in Kenya*. CGAP & FSD Kenya.

Mwasiaji, Winnie. 2016. “Strengthening the Cash Transfer Payment Systems in Kenya”. One pager 315. International Policy Centre for Inclusive Growth.

NHIF (National Hospital Insurance Fund, Kenya). *The NHIF 2018–2022 Strategic Plan*.

OECD. 2017. *Social Protection in East Africa: Harnessing the Future*.

UNDP. “Articulating the Pathways of the Socio-Economic Impact of the Coronavirus (COVID-19) Pandemic on the Kenyan Economy”. *Policy Brief* 4/2020.

UN (United Nations). 2019. *The Sustainable Development Goals Report*.

World Bank. 2011. *Social Protection and Climate Resilience: Report from an International Workshop, Addis Ababa, 14–17 March 2011*.

———. 2020. *Kenya Economic Update*, No. 22.

39. Argentina: Expanding coverage through the Monotributo scheme

Florencia Calligaro and Oscar Cetrángolo

Summary

In order to increase social protection coverage and reach unprotected workers, Argentina instituted a simplified tax regime for small contributors to facilitate their contributions to national pension and health insurance schemes.

The scheme, known as Monotributo, has evolved and expanded rapidly since its launch in 1998. At present, it reaches just over 2 million people, who make contributions to the pension system and enjoy coverage by the national health insurance scheme.

This note presents the characteristics of this regime, the reasons for its expansion and the lessons that can be learned from it. It further highlights the challenges involved in creating bridging solutions for extending social protection to alter the incentives for individuals to further develop and formalize their enterprises.

The Monotributo scheme contributes to the guiding principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202). In particular, the scheme is proactive in ensuring the universality of protection based on social solidarity; enables the inclusion of persons in the informal economy; and enhances coherence between social, economic and employment policies.

Main lessons learned

- In economies with a high incidence of informality, such as Argentina, simplified schemes enable the transition to formality for small taxpayers who, for economic or administrative reasons, face serious obstacles in their development.
- Simplified regimes offer a bridging solution that can effectively broaden social protection coverage for workers and enterprises outside the formal economy.
- It is important that such bridging solutions expand social protection and maintain incentives for individuals to continue to further develop and formalize their enterprises.
- Monotributo alone cannot address all the challenges posed by high informality in the economy and should be linked with other formalization policies and strategies that promote the inclusive growth of the economy.

- The Monotributo experience shows how mechanisms for extending social protection to workers in the informal economy can contribute to some extent to the formalization of the economy; an effective transition to formalization requires linking these mechanisms to other measures related to the labour market, the creation of sustainable enterprises, and access to credit and markets, among others.

1. Context

One of the main challenges in providing social protection to workers in Argentina is the high rate of informality, especially among independent or self-employed workers. These groups represent an important share of employment – almost one quarter of all workers. They are a highly heterogeneous group in terms of type of employment (from owners of large companies to small shopkeepers), qualifications and income levels.

A large number of self-employed workers work in precarious conditions, with low and unpredictable income, no access to social security and poor workplace protection measures. In addition, many of them may not be in self-employment by choice but rather due to a lack of opportunities for salaried employment.

Consequently, high informality among the self-employed poses a challenge for the collection of taxes and social security contributions. In response, several countries in the Latin American region, including Brazil and Uruguay, have implemented simplified mechanisms for paying taxes and social security contributions that aim to facilitate these workers' gradual transition to formality (ILO 2014 and 2019).

Similarly, Argentina incorporated the payment of social security contributions for old-age pension and health insurance schemes under the umbrella of the simplified tax regime. This has enabled Argentina to collect information on the turnovers and profits of the self-employed, providing a basis for tax collection efforts. The ultimate aim of the scheme is to facilitate a transition into the General Regime for Self-Employed Workers. According to Cetrángolo and Grushka (2020), *monotributistas* account for 67 per cent of independent contributors to the Integrated Argentina Pension System (SIPA).[127]

2. Description of the Monotributo scheme

Law No. 24.977 of 1998 established the Simplified Scheme for Small Taxpayers, known as Monotributo (meaning single tax or monotax). The law established an integrated and simplified tax regime for collecting income and value-added taxes, pension system contributions, and, later on, health insurance contributions. Small taxpayers eligible for

127 Social security for independent workers in Argentina is organized into two contributory regimes at the national level: the General Regime for the Self-Employed and the Simplified Regime for Small Taxpayers. At the provincial level, the Pension Fund and Social Security for Professionals also provides pension coverage.

filing taxes under the Monotributo include people involved in commercial activities and service providers, as well as members of work cooperatives, among others.

Workers who choose to enrol in Monotributo are also subject to conditions such as a limit on their annual income (US$24,700 for the provision of services or US$37,000 for commercial activities in 2021); a maximum price per unit of sale (US$400) for commercial activities; not to have imported commercial goods for export in the last 12 months; and not to carry out more than three simultaneous activities or own more than three establishments.[128]

Workers are classified into different categories according to their gross income, the size of the area in which the activity is carried out, their electricity consumption and the value of accrued rentals. There are eight general categories (A to H) and three additional categories for the sale of commercial goods only (I to K). The amount of the monthly fee for each taxpayer includes two components: a fixed rate that depends on their category (from US$2 to US$168) and a social security rate, which corresponds to a pension contribution (from US$11 to US$27) and a fixed health insurance contribution (US$15). Once they have enrolled in Monotributo, taxpayers must revalidate their status every four months and are required to change their category as soon as they no longer fulfil the eligibility conditions.

Monotributistas' contributions to the pension system allows them to maintain their status as taxpayers and to obtain a pension at the time of their retirement, subject to the conditions set forth in the law. Argentina has a defined benefit pension system and pension benefits are calculated based on contributions made in the past 10 years of activity. If workers complete the full 10-year contribution period under Monotributo, they will become eligible for an old-age pension, with minimum rates set forth by law. Under Monotributo, workers also have the right to disability and survivors' pensions, other old-age benefits and family allowances (contributors in the highest income categories do not have access to family allowances).

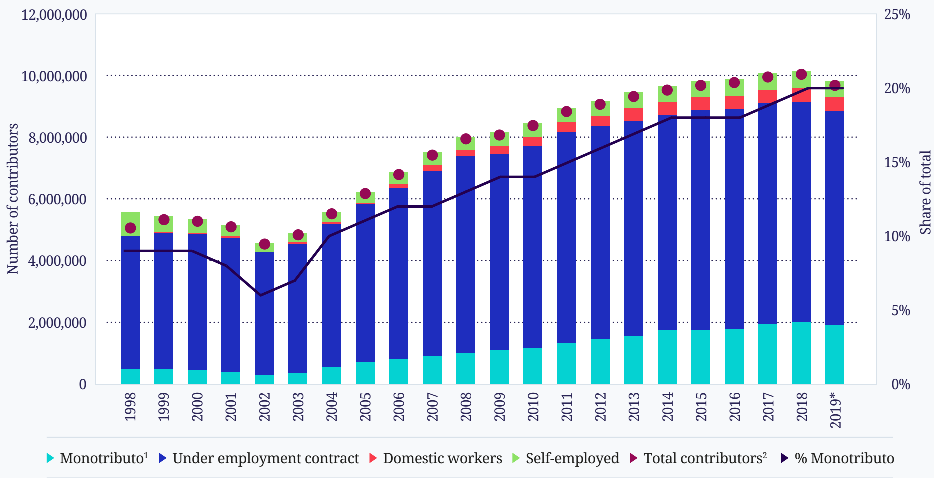
Monotributistas who are not covered by any other health insurance scheme can access the basic medical assistance coverage provided under the Obligatory Medical Programme. Family members may also be covered on a voluntary basis by paying the corresponding fee. The benefits offered can be complemented with supplementary plans through additional contributions.

The characteristics of this regime, including the relatively comprehensive benefits provided against low contributions, help explain its fast uptake. Since its onset in 1998, the number of contributors to Monotributo has grown rapidly, representing nearly one fifth of the total contributors to the SIPA in 2018 (see figure 44).

---

128 The data in local currency were obtained from Argentina, Monotributo, "Categorías del Monotributo" and were expressed in United States dollars using the reference exchange rate of the Central Bank of the Argentine Republic as of 16 June2021 (95.32 pesos = US$1).

Figure 44. Number of contributors to Argentina's SIPA and workers in Monotributo as a share of total contributors, 1998–2017



Notes: * Data for 2019 corresponds to September 2019. [1] Monotributo includes workers in the Social Monotributo. [2] As the same person can belong to several groups, total contributors are less than the sum of partial values.

Source: Argentina, *Boletín Estadístico de la Seguridad Social*.

Monotributo has also incorporated a series of special regimes for low-income workers from certain economic sectors. In these cases, workers are exempt from paying the tax component of Monotributo but remain covered by the social protection system. These special regimes are:

- Under the Regime for Social Inclusion and Promotion of Independent Work, which includes low-income workers, workers pay a "social inclusion fee" for the pension system and may voluntarily affiliate with the health insurance scheme.
- The Simplified Regime for Actors in Local Development and Social Economy (also known as the Social Monotributo) is designed for vulnerable workers. They enjoy the same benefits as those under the general Monotributo, including old-age pension contributions, with reduced contribution rates of 50 per cent for both primary beneficiaries and their dependants. The remaining 50 per cent is subsidized by the Ministry of Social Development.
- The Special Regime for Cooperative Workers covers the members of these organizations, under certain conditions on income and type of activity.

Monotributo is part of a wider government effort to expand social protection coverage and facilitate the transition to formal employment. For instance, the Simplified Regime for Domestic Workers was created in 2005 to address informality among domestic workers and provide them with access to health coverage and old-age pensions. Both employers and workers make contributions based on the number of hours worked. In case they work for over 16 hours per week, the mandatory employer's contribution provides domestic workers with access to the pension system, employment injury and disability and survivors' pensions. In addition, workers are provided with health insurance under the same conditions as *monotributistas* while employed and, upon retiring, under the same conditions as retired formal economy workers. However, in case they work for less than 16 hours per week the employer's contributions alone do not reach a mandated "minimum contribution level", requiring domestic workers to pay the remaining contribution themselves before benefits are provided.

3. Impact and challenges

The main achievement of this simplified scheme is that it provides social security to workers who were previously excluded. Combined with improvements in administrative records and the regularization of tax obligations, this will facilitate the transition of these workers to the formal economy. In addition, the reduced administrative burden and other benefits have made Monotributo very attractive compared to the general regime. If left unmonitored, this may lead to a situation in which *monotributistas* either under-report their activities or purposely under develop their enterprises in an attempt to prevent progression into the formal scheme.

Also, contribution levels are unsustainably low, further impacting Argentina's fiscal position. This financing modality risks becoming unsustainable in view of the lack of predictability of public budgetary allocations.

4. What's next?

Monotributo provides relatively comprehensive social protection benefits against low contributions and has been very effective in making the right to social security a reality for workers in the informal economy in Argentina. However, there are today too many reasons for contributors to remain in Monotributo and reform measures could be considered to encourage the progressive transition of Monotributistas to the general social security scheme. This may include integrated policy measures including access to skills development, support to enterprise development including accounting services, access to credit at reduced rates, access to technology transfers, access to markets, participation in public procurement, and fiscal incentives. While introducing these changes, the Government should identify and support Monotributistas that face the most significant obstacles for formalization through a mix of social services, counselling and incentives during their transition. Finally, the Monotributo scheme should remain a budgetary priority of the Government; based on a continuous monitoring of the number of beneficiaries and expenditure, it is key to continue to secure the necessary budgetary allocations that will guarantee access to adequate social security benefits to all those included in the scheme.

5. References

Bertranou, Fabio, Oscar Centrángolo, Carlos Grushka, and Luis Casanova. 2011. *Encrucijadas en la Seguridad Social Argentina: Reformas, Cobertura y Desafíos para el Sistema de Pensiones*. ECLAC and ILO.

Casalí, Pablo, Maribel Jiménez, Eduardo Lépore, Lucía Ortega, and Mariana Alvarez. 2018. "Seguridad Social para los Trabajadores Independientes en Argentina: Diseño, Cobertura y Financiamiento". Documento de Trabajo 19. ILO.

Cetrángolo, Oscar, and Carlos Grushka. 2020. *El Sistema de Pensiones en la Argentina: Institucionalidad, Gasto Público y Sostenibilidad Financiera*. Macroeconomía del Desarrollo 208. ECLAC.

Cetrángolo, Oscar, Ariela Goldschmit, Juan Carlos Gómez Sabaíni, and Dalmiro Morán. 2013. "Desempeño del Monotributo en la Formalización del Empleo y la Ampliación de la Protección Social". Documento de Trabajo 4. ILO.

———. 2014. *Monotributo en América Latina. Los Casos de Argentina, Brasil y Uruguay*. ILO.

ILO. 2014. "Uruguay: Monotax: Promoting Formalization and Protection of Independent Workers". Social Protection Floors in Action.

———. 2019. "Brazil: Protecting Self-Employed Workers through a Monotax Mechanism". Social Protection Floors in Action.

Maurizio, Roxana. 2019. "Rotación Ocupacional e Informalidad Laboral: El Caso de los Trabajadores Independientes en América Latina". Informes Técnicos/10. ILO.

Poblete, Lorena. 2015. "New rights, old protections: The new regulation for domestic workers in Argentina". Labour Law & Development Research Laboratory, McGill University.

Salazar-Xirinachs, José Manuel, and Juan Chacaltana, eds. 2018. *Políticas de Formalización en América Latina: Avances y Desafíos*. ILO.

40. Egypt: Social insurance legal framework integration

Ricardo Irra

Summary

The Social Insurance and Pension Law (Law No. 148) marked a milestone in Egypt's efforts towards universal social protection by establishing a more unified regulatory framework that has replaced a number of laws and now provides legal coverage for workers' categories that were previously excluded, such as temporary and seasonal workers, domestic workers and agricultural workers.

Egypt's effort to integrate its legal frameworks is in line with the principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202). Primarily, they help to ensure coherence across the institutions responsible for delivering social protection by reducing fragmentation and they improve the adequacy and predictability of benefits.

Main lessons learned

- The establishment of a comprehensive legal framework for social security in Egypt helped reduce the fragmentation of the social security system and has led to the progressive standardization of benefits.
- When implementing large-scale reforms to social security schemes, a gradual approach can help to steadily increase coverage while avoiding a sudden increase of contributions for workers and employers.
- When defining benefits according to categories of employment, it is important that their definitions are well thought through and are defined by law. This enables the provision of effective and appropriate social protection for all.
- Establishing a single framework for social protection further simplifies the design and operation of social protection benefits, thereby increasing transparency and trust in the system.
- The use of a tripartite governance structure can help improve the financial management of social protection systems.

1. Introduction

The new Constitution of Egypt of 2014 recognizes the responsibility of the State in guaranteeing social and health (insurance) services in its articles 17 and 18. To that end, the Ministry of Social Solidarity (MoSS) initiated a reform of the social insurance and pension system and non-contributory benefits in Egypt, including by assessing the financial sustainability of the system, the level of benefits and coverage, as well as the efficiency of the scheme, while ensuring consistency with international standards. Since then, the ILO has provided formal support to MoSS, particularly through a protocol of cooperation signed in 2014 and renewed in 2019. These reforms led to the issuance of Law No. 148, the Social Insurance and Pension Law, in August 2019, effective as of 1 January 2020,[129] which establishes the provisions for covering four overall categories of workers: (a) employees with third parties[130] (including civil servants, employees in the public and private sectors); (b) business owners and self-employed workers;[131] (c) Egyptians working abroad[132] (voluntary coverage); and (d) informal economy workers. It covers the social security branches of old age, disability and death; work injury insurance (for salaried employees only); sickness insurance;[133] and unemployment insurance (except for informal economy workers).

2. Context: Fragmentation and challenges of the previous legal framework

Prior to the unified regulatory framework, Egypt operated four different schemes and two separate insurance funds (see Box 15). The resulting fragmentation introduced a number of challenges, such as substantial gaps in coverage, with large differences between government and public workers, who enjoyed near-universal coverage, and those covered by other schemes (see figure 45).

In addition, under the previous legal framework, pensionable salary was divided into two categories: (a) a basic pensionable salary, calculated as the average monthly basic salary during the last two years of service and capped at 150 per cent of the salary at the start of the last 5 years of contributions; and (b) a variable pensionable salary, calculated as the average monthly salary since the date of joining service or 1 April 1984, whichever comes later, and increased by 3 per cent for every complete year of contribution. These complex formulas made it challenging to calculate final pensions and incentivized malpractices to boost the basic pensionable salary component, as employers and employees could agree to increase workers' salaries during the last two years of service to artificially inflate their pension entitlements.

129 With the exceptions of Arts 111, 112, 113 and 114 regarding the payment by the public treasury of an annual instalment of 160.5 billion pounds to NOSI, its adjustments over time, monthly payment and the reporting on the fulfilment of said amounts.

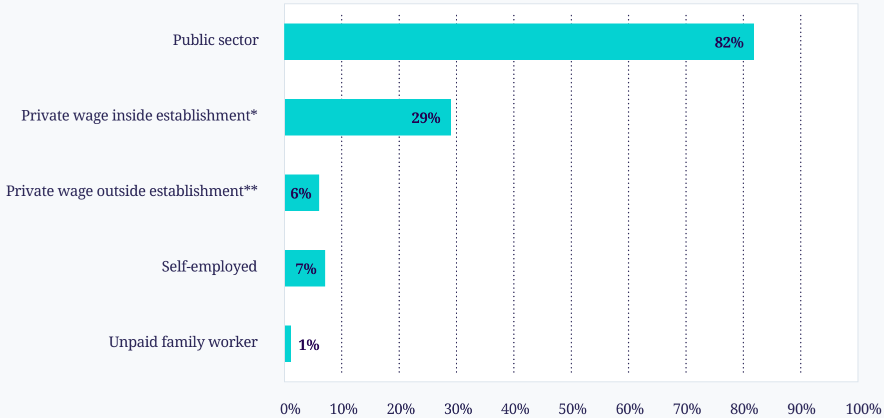
130 Refers to workers under a regular and subordinated employment relationship, including foreign employees.

131 Includes 17 types of gainful activities and working arrangements covering from one-person companies to businesspersons involved in partnerships.

132 As stated in Law No. 148, irregular or informal workers, includes ten types of productive activities that range from domestic workers to temporary agricultural workers.

133 Includes a maternity cash benefit for state civil servants, public sector employees or public enterprises sector employees, provided that the insured woman has paid contributions for at least ten months prior (art. 77 of Law No. 148).

Figure 45. Percentage of Egyptian workers with social insurance by institutional sector and wage status (aged 18–59), 2018



Notes: * Working inside a fixed establishment entirely dedicated to an economic activity, such as a shop, office building, factory or workshop (Assaad et al., 2019, 10). ** Working outside a fixed establishment, such as a private home, a field, a construction site or on a moving vehicle (Assaad et al, 10).

Source: Selwaness and Ehab (2019), with data from the Egypt Labour Market Panel Survey 2018.

Box 15. Egypt's social insurance system prior to the reforms

Egypt's new legal framework replaced the primary laws of the previous social insurance system:

- **Law No. 79 of 1975, General Insurance Scheme.** This covered civil servants in the administrative bodies of the State, ministries, local public administration and other public bodies (aged 16 and over), workers in public institutions and public sector units (aged 16 and over) and formal employees in the private sector (aged 18 and over).
- **Law No. 108 of 1976, Social Insurance for Employers and the Self-Employed.** This provided compulsory coverage of own-account workers in commercial, industrial or agricultural activity; artisans and others who render services on their own account; partners in joint liability companies; productive workers in cooperative societies who work on their own account; mayors and village leaders; tourist guides and other guides; commercial agents; and own-property lessors. The self-employed covered by this Law usually have a fixed place of work, distinguishing them from workers covered under Law No. 112 of 1980.
- **Law No. 50 of 1978, Social insurance for Egyptian Workers Abroad.** This was applied on a voluntary basis to all Egyptians aged 18 to 60 years working abroad, other than those subject to the provisions of other social insurance laws.

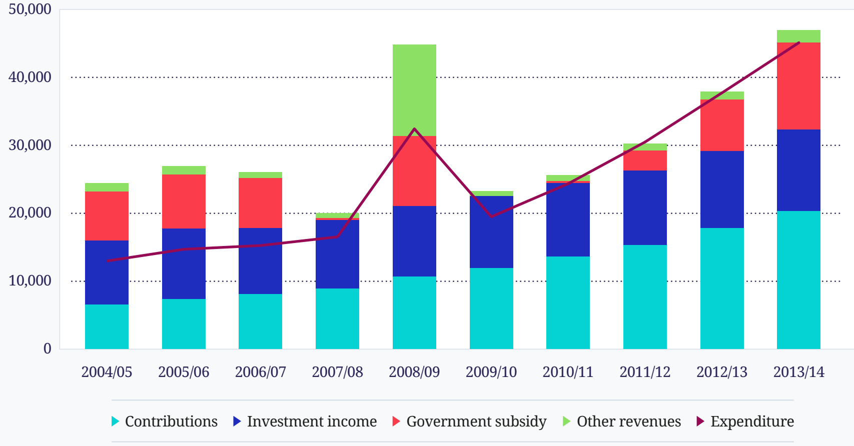
▶ Box 15 *(cont'd)*

- **Law No. 112 of 1980, Comprehensive Social Insurance.** This covered compulsorily all workers not covered by any other social insurance law. Unlike the self-employed workers covered under Law No. 108 of 1976, such workers were not required to have a fixed place of employment. Those covered included temporary workers in agriculture and related activities; owners and tenants of agricultural lands less than 10 *feddans* (4,200 m^2); employed fishermen working on sailing boats as well as self-employed fishermen; property owners whose annual revenue was less than 250 Egyptian pounds (US$16); rural social service workers; self-employed persons without a fixed place of work; domestic workers; and self-employed loading and unloading workers.

These schemes were administered by the National Organization for Social Insurance (NOSI), a public authority governed by a tripartite board. NOSI operated two separate insurance funds: the Government Social Insurance Fund (GSIF), which manages the general service scheme established under Law No. 79, and the Public and Private Social Insurance Fund (PSIF), which manages the social insurance schemes of Laws No. 108, 50 and 112. Both funds operated independently from the regular State budget and were under the supervision of the Ministry of Social Solidarity.

Challenges regarding financial sustainability emerged as well, particularly regarding the PSIF, where expenditures increased significantly between 2004/05 and 2013/14, requiring the Government to significantly increase its subsidy allocation (see figure 46).

▶ Figure 46. Income and expenditure of Egypt's PSIF, 2004/05 to 2013/14



▶ Source: ILO (unpublished b).

3. Description of the Social Insurance and Pension Law (Law No. 148)

Following the enactment of Law No. 112 more than 40 years ago, the Egyptian Government made several attempts to update the country's legal framework. For instance, in June 2010 Law No. 135 was adopted, which stipulated the introduction of the notional defined-contribution scheme as well as a fully funded (financial) defined-contribution scheme to replace the existing defined-benefit scheme. However, the law was never implemented in practice and was reversed in 2011 as a consequence of the revolution, during which the Egyptian population demonstrated against their pensions being converted into saving accounts without guaranteed benefits.

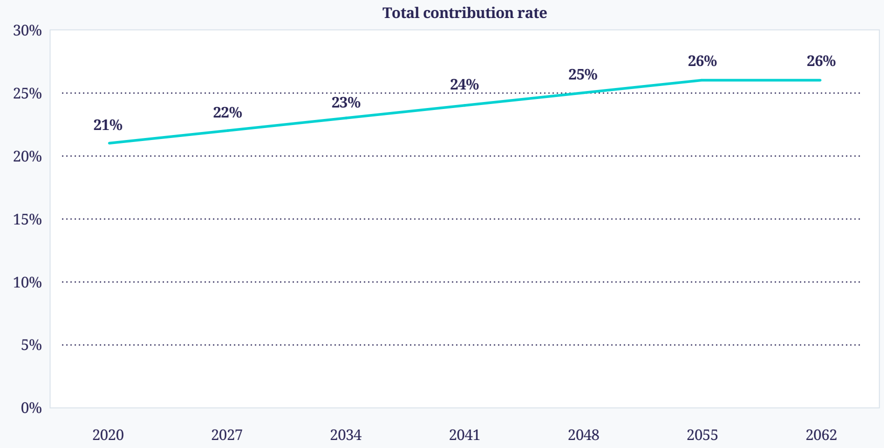
After the uprising was over in 2014, a protocol of cooperation on the social insurance and pension reform was signed between the Ministry of Social Solidarity and the ILO. The protocol sought to preserve a defined-benefit approach; reinforce the link between contributions and benefits; improve the declaration of earnings; introduce automatic indexation of the scheme's parameters; simplify the system; extend the social protection coverage; allow the scheme to be self-financed to make it less dependent on treasury subsidies; and ensure that the reform was compliant with international standards, particularly with the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Invalidity, Old-Age and Survivors Benefits Convention, 1967 (No. 128) and Recommendation No. 202.

As a result, Law No. 148, besides unifying a dispersed legal framework and establishing relatively comprehensive coverage for workers in previously excluded sectors, also simplified the calculation of pensionable salary by merging the basic and variable salary references and improved the adequacy of benefits by increasing the minimum pension by 15 per cent (by 2027) and indexing pensions to inflation from 2027 onwards. In addition, in order to encourage registration, the Law reduced the contribution rates of employees and employers for the old-age, disability and death branch of benefits, from 26 to 21 per cent (with 9 per cent paid by the employee and 12 per cent by the employer). However, contribution rates are expected to gradually return to 26 per cent by 2055[134] (see figure 47).

For salaried workers, the contribution of 21 per cent of wages is financed jointly by workers and employers (9 and 12 per cent, respectively). Self-employed workers in the formal sector are required to contribute 21 per cent of their monthly contribution wage (chosen by the worker from a reference table established by the regulations). Lastly, the contributions of informal economy workers are largely subsidized, requiring a contribution payment of 9 per cent of the lowest monthly contribution wage established by the regulation, with the remaining 12 per cent being covered by the public treasury.

134 Article 19 of Law No. 48 establishes that the contributions rates shall be increased every seven years from the date of enactment of the Law hereto (2020) by 1 per cent, which shall be divided equally between the employer and the insured, provided that the total contribution rate shall not exceed 26 per cent.

Figure 47. Expected contribution rates under Egypt's Law No. 148



Source: Author's analysis based on Law No. 148.

Another relevant feature of Law No. 148 is the integration of the GSIF and PSIF into a social insurance fund under the purview of the Board of Directors of the NOSI, a tripartite body comprised by representatives of the General Federation of Egyptian Trade Unions, the Federation of Chambers of Commerce, the Federation of Egyptian Industries, pensioners, and other government institutions, such as the Ministry of Finance and the Universal Health Insurance Authority.

With regard to the roll-out of universal health insurance established under Law No. 2 of 2018, with which the Government aims to expand health coverage to all citizens by 2032, NOSI, within the framework of Law No. 148, will collect the respective contributions on behalf of the Universal Health Insurance Authority[135] as part of the social insurance payment, thereby contributing to the universalization of healthcare and social protection. Salaried employees and their employers pay, respectively, 1 and 3.25 per cent of their wages. Self-employed and informal economy workers pay 4 per cent of their monthly contribution wages. An additional 1 per cent from workers' wages is required for each dependant. Law No. 2 of 2018 also mentions subsidies, although these rates have yet to be determined.

Figure 48 presents the Egypt's new social protection legal framework.

135 Article 38 of Prime Minister's Decision No. 909 of 2018 issuing the executive regulations of the universal health insurance system law promulgated by Law No. 2 of 2018

Figure 48. Egypt's new social protection legal framework

		Constitution of Egypt of 2014, articles 17 and 18			
		Health	**Children and families**	**Working age**	**Old age**
Formal sector	Public and private sector workers	Law No. 148/2020 Law No. 2/2018	Law No. 148/2020	Law No. 148/2020	Law No. 148/2020
	Self-employed				
	Workers abroad				
Workers in the informal economy	Street vendors, temporary agricultural workers, domestic workers	Law No. 148/2020 Law No. 2/2018	Law No. 148/2020	Law No. 148/2020 (except for unemployment insurance)	Law No. 148/2020
Poor and extremely poor sectors		Law No. 148/2020 Law No. 2/2018	Takaful		Karama

Source: author's analysis based on Constitution of Egypt of 2014 and the legal framework.

4. Impact and challenges

Law No. 148 has led to several key improvements in Egypt's social protection system. Firstly, coverage has been greatly expanded through the introduction of 10 new categories of vulnerable workers who were previously excluded from coverage and who also benefit from substantial subsidies for their contributions.

Secondly, the Law has led to improvements in the system's administration and tripartite governance. In particular, NOSI has the responsibility for implementing the law. Its tripartite governance structure is expected to facilitate coordination and consensus-building among the relevant stakeholders.

Thirdly, Law No. 148 simplifies the calculation of pensions and increases its adequacy. Through the abrogation of the basic and variable salaries and the establishment of a single pensionable salary, employers' and workers' understanding of their rights and entitlements has been improved. In addition, the increase of the minimum pension by 15 per cent by 2027 and its subsequent indexation will contribute to reducing old-age poverty, which is especially relevant given the ageing of Egypt's population.

Lastly, the law helped to improve the financial sustainability of the social protection system. The planned merger of the GSIF and PSIF into a single fund is likely to reduce administrative costs and lead to higher returns. Furthermore, the integration of new categories of workers into social insurance, as well as the gradual increase of retirement age and contribution rates, makes the system more sustainable and reduces its reliance on government budget.

However, there are several challenges ahead for the effective implementation of Law No. 148 and Law No. 2 on the universal health insurance, especially concerning how it will address the extension of coverage to sectors with low contributory capacity and the formalization of categories of workers that the law itself defines as part of the informal sector, who comprise about 67 per cent of Egypt's labour force. Expanding work injury and unemployment benefits to the self-employed and workers in the informal economy is a particularly difficult task, but it would be worthwhile to explore the future development of benefit schemes for these workers. In addition, the establishment of a comprehensive or even universal maternity benefit or family allowance that reaches the most vulnerable families and women could certainly bolster Egypt's ongoing efforts to tackle poverty, as it would directly contribute to the eradication of child labour and improving the participation of women in the labour market.

5. What's next?

The Government of Egypt is considering the establishment of new business processes to effectively implement Law No. 148 of 2019, define the organizational structures and unified framework on social security foreseen in the Law. This will require further developing the administrative capacity of the social security administration, and upgrading current branches of social security into a "single window" model that would facilitate the registration of beneficiaries under social security and other social services. Such a single-window model could be supported by the development of integrated information systems with modernized processes and services.

NOSI may also wish to develop a social insurance investment fund in order to increase the financial sustainability of the social security system. Lastly, the establishment of a social insurance training institute may help improve the technical capacity of NOSI staff.

6. References

Annycke, Pascal, and Mervat Sabreen. 2020. “Social Insurance and Pension Law (Law No. 148/2019): The Reform of the Pension system in Egypt”. Presentation at a webinar on the theme “The pension reform in Egypt”, Cairo, 24 June.

Assaad, Ragui, et al. 2019. *Is the Egyptian Economy Creating Good Jobs? Job Creation and Economic Vulnerability from 1998 to 2018*. Working Paper No.1354. Economic Research Forum.

Egypt. 2018. Law No. 2 on Universal Insurance System Law.

———. 2018. Prime Minister’s Decision No. 909 issuing the executive regulations of the universal health insurance system Law promulgated by Law No. 2 of 2018.

———. 2019. Law No. 148 on Social Insurance and Pensions.

ILO. Unpublished a. “Report to the Government: Special Actuarial Report Updating the ILO Supplementary Report – Actuarial Assessment of the Draft Law on Social Insurance and Pensions and Sensitivity Tests (2017) to Reflect the New 2019 Version of the Draft Law on Social Insurance and Pensions”.

———. Unpublished b. “Report to the Government: Reform of the Pension System of Egypt: Actuarial, Legal and Public Finance Review”.

———. n.d. “Statistics on the Informal Economy”.

Selwaness, Irene, and Maye Ehab. 2019. “Social Protection and Vulnerability in Egypt: A Gendered Analysis”. Working Paper No.1363. Economic Research Forum.

Chapter 6: Leaving no one behind

41. Brazil: Cadastro Único – Operating a registry through a national public bank

Thibault van Langenhove and Natália Sátyro

Summary

The Cadastro Único database covers one third of Brazil's population. Cadastro Único has progressively been used as the reference registry for the whole social protection system (including contributory schemes).

Officially created in 2001, Cadastro Único is a shared registry for Brazil's vulnerable population, defined as households earning half of the minimum wage per capita (about US$125 per month).

Operated by 5,570 Brazilian municipalities and a public bank (Caixa Econômica Federal), Cadastro Único is consistent with Brazil's decentralization efforts. The registry provides municipalities with clear roles and responsibilities, minimizes data collection efforts, and ensures consistency and efficiency of the social protection system.

The single registry's main client is the social assistance programme Auxílio Brasil. Auxílio Brasil disbursed monthly payments to 17.6 million families in January 2022.

Brazil's experience in creating its Cadastro Único registry provides a practical example of how the principles of the Social Protection Floors Recommendation, 2012 (No. 202) contribute to the establishment of social protection floors. In particular, the existence of a single registry for social protection programmes helps the various levels of government to effectively target and support poor households, thereby improving coherence across the institutions responsible for the delivery of social protection.

Main lessons learned

- The collection and compilation of data on Brazil's poor and vulnerable population has enabled local governments and policy-makers to develop a better understanding of this population and develop appropriate and coordinated programmes.
- In addition, the installation of a single registry for the low-income population operated by municipalities and a federal bank has increased social assistance programme outreach and mitigated the risks of data manipulation, fraud, and clientelism. This arrangement provides service providers with consistent targeting and automatic payments to beneficiaries without intermediaries. It has also enabled beneficiaries to clearly understand their eligibility for various programmes and to easily claim benefits (98 per cent of the delivered benefits are withdrawn within one month).

- Progressive adjustments and improvements to the single registry have allowed for better transparency and traceability of the social protection system, notably through online access and automatic controls with other existing administrative databases.

1. The need for a unique and shared database on the poor population

Social assistance programmes targeting the poor and vulnerable have a long history in Brazil. Previously, each programme had its own tools and processes for collecting data and identifying beneficiaries. Registries were kept separate even within the same ministry or agency. As a result, the social protection landscape was scattered and inconsistent, which resulted in limited outreach and numerous inclusion/exclusion errors (partly as a result of fraud). The abundance of small databases and the absence of a consolidated database also led to a lack of information on poor populations and, consequently, to their invisibility to policymakers.

Taking stock of the situation in 2001, the Government decided to consolidate four different cash transfer programmes targeting poor and vulnerable families and create a unique national registry. The consolidation was executed in 2003. The goals of Cadastro Único are to identify low-income households and to classify their socio-economic characteristics and geographical locations.

Since the outset, Cadastro Único has been part of the Government's national social protection strategy focused on poverty eradication (*Plano Brasil Sem Miséria*) to identify poor populations and their needs and centralize all this information in a single registry.

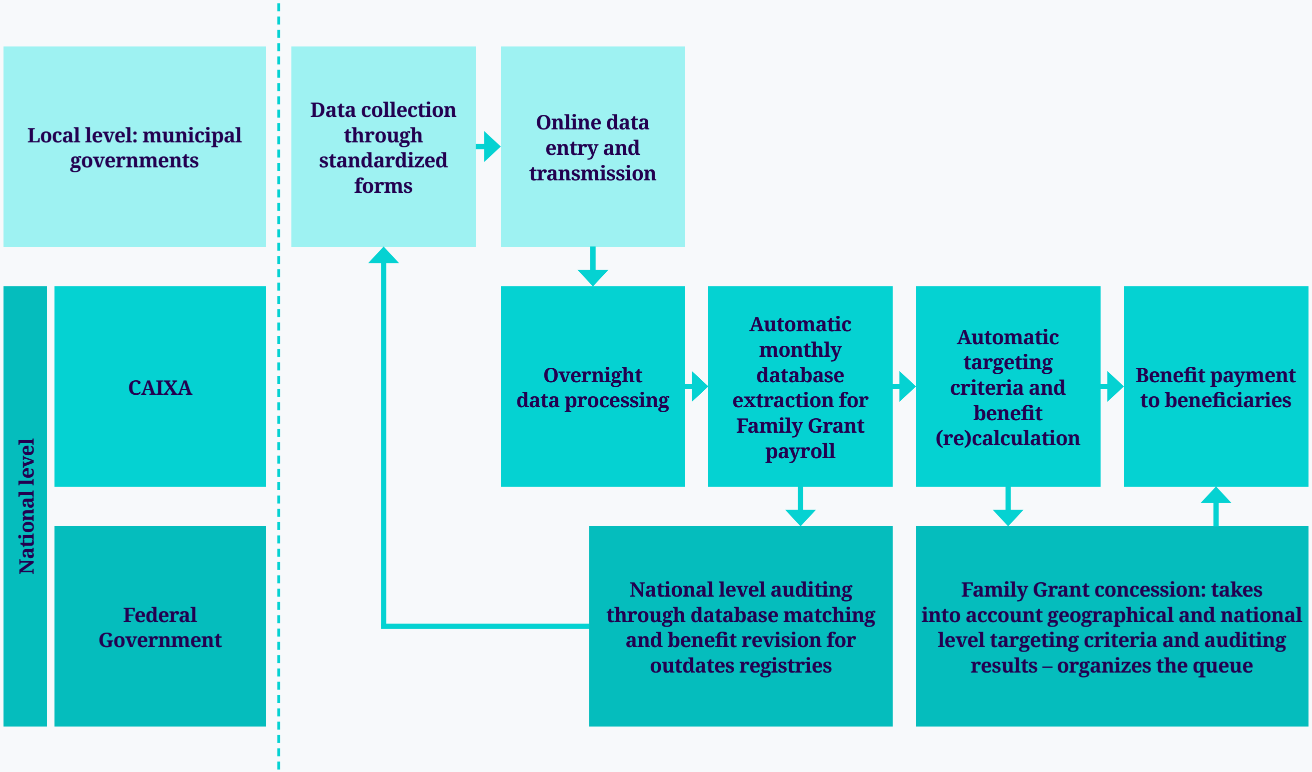
2. A single registry covering over 80 million people

Cadastro Único targets Brazil's vulnerable population, which is defined as families who earn at or below half of the minimum wage per capita (US$4.5 per day or US$125 per month). The 2010 census led to the identification of 20 million low-income families in Brazil (67 million people or 35 per cent of the total Brazilian population). The registry contains data for over 80 million people.

The federal bank, Caixa, has been in charge of operating the single registry since the outset. The bank was selected mainly because of its large network of agencies (including national lottery shops), its experience with managing large databases, and its ability to handle the 13.8 million monthly payments targeted by Cadastro Único with no delays.

Data collection and data entry is done by the 5,570 local governments (municipalities) in Brazil. The software for data entry was developed on demand by Caixa, and includes online access which has helped to solve consistency and synchronization issues between the local governments' systems and the central government database. As of 2022, a mobile application has been launched which facilitates the first steps in the registration process (see figure 49).

Figure 49. Process to register in Brazil's Cadastro Único and receive the Family Grant



Source: Authors' elaborations.

Data validation and cross-checking is the responsibility of the federal government which guarantees harmonization and coherence across municipalities.

Coverage increased from 6 million families in 2003 to 17.5 million in 2022. The bold expansion of the Auxílio Brasil brought the single registry's flaws and inconsistencies into the spotlight. Most of the issues were the result of two pitfalls:

- the technical fragility of the data collection form, which had been developed without seeking expertise on social programmes or questionnaire and survey techniques;
- the low quality of data inherited from previous existing databases.

To overcome these challenges, the Ministry of Social Development, in association with the Brazilian Institute of Geography and Statistics and the Applied Economics Research Institute, organized a debate on the data collection form from 2005 to 2007. These discussions have resulted in an improved and more consistent form (similar to the national census and the household survey forms), as well as improved capacity building initiatives (manual and training) at the local level. To reduce inclusion errors, a data verification process has been installed, which systematically matches entries with other administrative records.

The Cadastro Único was also used by the Brazilian Government during the COVID-19 pandemic to target beneficiaries of the Emergency Aid scheme (Auxílio Emergencial), the Government's main measure to mitigate the socio-economic impact of the pandemic. Therefore, the decentralised approach of this tool proved to be essential to ensure a rapid and accurate social protection response to the COVID-19 crisis, allowing to protect the health and income of 77,2 million of Brazilians in 2021.

3. The single registry is part of Brazil's decentralization process and has resulted in more consistent pro-poor policies

Cadastro Único has facilitated the development of in-depth knowledge on the poor population, greatly improving the ability of local and Central Governments to formulate and implement appropriate policies for them.

From an operational aspect, Cadastro Único has considerably improved the consistency of social welfare policies: all programmes now use common targeting criteria and tools to select their beneficiaries and a common delivery mechanism for cash benefits.

The use of the single registry has also contributed to the improvement of the transparency and traceability of information: all data are available online and, practically all payments are performed automatically through the payroll system. Benefit cancellation is also automatic and is regulated and controlled by the central government.

Finally, the implementation of Cadastro Único has empowered subnational authorities in the management and delivery of social protection programmes through providing them with concrete roles and responsibilities. In order to ensure the quality of the database, the programme includes incentives for municipalities to keep data updated.

4. What's next?

The main challenge facing Cadastro Único remains the maintenance of such a large database on vulnerable populations. It is particularly complex since the single national Management Information System does not yet cover local-level registration and analysis needs. Hence, local-level managers often duplicate data, resulting in synchronization issues and data security problems, or deviate from the original purpose of the centrally defined processes to match their local needs.

Connectivity and system availability are remaining challenges for the Cadastro Único. Even though an online solution is ideal, the stages of local government institutional and economic development are not homogeneous, making it complex to implement an online system and utilize the system on a daily basis.

From a development perspective, the registry could be used as the reference registry for the whole social protection system (including contributory schemes). Maintaining a larger database will be even more challenging, but should result in savings for the social protection system as a whole through resource pooling, increase the efficiency of identifying beneficiaries, and facilitate the implementation of social protection floors covering the whole population.

5. References

Assis, Simone de Araújo Góes, and Jhonatan Ferreira. 2010. "Usos, Potencialidades e Limitações do Cadastro Único no Subsídio às Políticas Sociais para a População de Baixa Renda". In *Bolsa família 2003–2010: Avanços e desafios*, edited by J. Abrahão de Castro and L. Modesto. Brasília: IPEA.

Barros, Ricardo Paes de, Mirela de Carvalho, and Rosane Mendonça. 2010. "Sobre as Utilidades do Cadastro Único". In *Bolsa família 2003–2010: Avanços e desafios*, edited by J. Abrahão de Castro and L. Modesto. Brasília: IPEA.

Barros, Ricardo Paes de, Mirela de Carvalho, Samuel Franco and Rosane Mendonça. 2008. "A Importância das Cotas para a Focalização do Programa Bolsa Família". Texto para Discussão, No. 1349. Rio de Janeiro: IPEA.

Brasil. Ministério do Desenvolvimento Social e Combate à Fome. 2005. *Sistema Único de Assistência Social – SUAS. and Norma Operacional Básica NOB/SUAS*.

———. Ministério da Cidadania. 2021. *Auxílio Emergencial*.

Cunha, R. 2009. "Transferência de Renda com Condicionalidade: A Experiência do Programa Bolsa Familia". In *Concepção e gestão da proteção social não contributiva no Brasil*. Brasília: Ministério do Desenvolvimento Social e Combate à Fome and UNESCO.

Sátyro, Natália, and Sergei Soares. 2009. "Diagnóstico e Desempenho Recente do Programa Bolsa Família". In *Brasil em desenvolvimento: Estado, planejamento e políticas públicas*. Brasília: IPEA.

Soares, Sergei. 2012. "Bolsa Família, Its Design, Its Impacts and Possibilities for the Future". IPC Working Paper, No. 89.

Veras Soares, Fabio, Rafael Perez Ribas, and Rafael Guerreiro Osório. 2010. "Evaluating the Impact of Brazil's Bolsa Família: Cash Transfer Programmes in Comparative Perspective". In *Latin American Research Review*, Vol. 45, No. 2, pp. 173–190.

Vieira, A. 2009. "Sistemas de informação e gestão do Programa Bolsa Família e do Cadastro Único de Programas Sociais do Governo Federal". in *Concepção e gestão da proteção social não contributiva no Brasil*. Brasília: Ministério do Desenvolvimento Social e Combate à Fome and UNESCO.

42. China: Extending social protection in Qingdao through Labour and Social Security Inspection

Aidi Hu

Summary

Thanks to the Labour and Social Security Inspection (LSSI) mechanism in Qingdao city, 43,000 additional workers have been covered by social insurance over 2012–14. Qingdao in Shandong Province is an east coast city, home to 9 million residents, including 2.87 million urban workers (QBS 2015). Like other cities in China, extending basic social protection coverage to all workers and residents is among the development goals of Qingdao.

The LSSI mechanism seeks to support the respect for the rights and dignity of people covered by social protection guarantees, and is a clear example of the regular monitoring and periodic evaluation of the social protection system's implementation, both guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- Qingdao's experience demonstrates that an effective LSSI mechanism can help to extend social protection coverage, particularly to self-employed workers, migrant workers and those working in small or rural enterprises.
- Limited human resources is a long-standing challenge faced by the Inspectorate of Qingdao. One of the ways that the Inspectorate addresses this issue is by using innovative technology-based LSSI tools.
- Innovative tools do not only increase the capacity of the inspectorates, but also make it more pro-active in preventing and addressing compliance issues. In this way, the social security rights of workers are better protected and fulfilled.
- The experience of Qingdao shows the importance of a unified information system for the LSSI, such as the Integrated Database on Human Resources and Social Security (IDHRSS) of Qingdao. The database, which links LSSI tools and facilitates the collection of pertinent data, plays a fundamental role in ensuring the rights of workers.

1. Mandate for social security inspection

The Inspectorate of Qingdao was set up in 1994 and is responsible for all inspections related to employment and social security, as well as enforcement of compliance within its jurisdiction. With regards to social security inspection, five types of violations are defined in the city's LSSI Regulation:

- Employer has not registered all employees with social insurance schemes as required by law
- Employer has not paid full social insurance contributions as required by law
- Health-care provider or pharmacy has deceived the social insurance funds
- Insured person has made a fraudulent benefit claim
- Other fraudulent acts against laws, regulations or rules

Despite a clearly defined mandate, the Inspectorate does not have sufficient manpower for executing the mandate. For instance, in 2015 it had around 150 full-time inspectors (Meng 2015) while there were 433,193 corporate units and 5.9 million working people (QMSB 2020).

2. Technology-based LSSI tools

Given the limited number of inspectors and the large and ever-increasing number of businesses, the Inspectorate decided to resort to a series of technology-based innovations. Of them, three are briefly described below.

Twin Networks Management (TNM)

TNM is based of grid-based management (GBM) and network-based management (NBM).

The GBM is a human resource management tool that helps to allocate inspectors to enterprises. First, the GBM divides Qingdao enterprises and workers into a grid of 396 groups and assigns an inspection team to each group (Meng 2015). The responsibilities of these teams are to collect data from enterprises, provide legal and other information to employers and workers, inspect enterprises and enforce compliance.

Thanks to this decentralized approach, the Inspectorate has obtained support from local communities. In 2015, 300 part-time inspectors were provided by the local communities and 650 inspection assistants were recruited through government procurement services (Meng 2015).

The NBM is a data management with three functions:

- collecting data for the IDHRSS, a comprehensive information system which includes all types of enterprise- and worker-related information received from internal and external public databases;

- analysing and comparing the relevant data contained in the IDHRSS to identify existing violation cases and the potential risks for further inspection; and
- based on the data analysis, classifying the enterprises into different compliance categories so that the inspection process can be prioritized.

Since the GBM and NBM often work together like a pair as depicted below, they are widely known as TNM.

Mobile Tool

The Mobile Tool was created in 2012 and, following a two-year pilot, was formally adopted in 2014. It is used through a mobile application (app) and a 4G mobile network. Inspectors and assistants can install the app on their smartphones, as illustrated below, and use it to collect, verify, transfer and analyse data available on the IDHRSS anytime, anywhere, quickly and accurately.

The Mobile Tool helps inspectors and assistants to connect with each other and with the Inspectorate and the IDHRSS. Through the tool, responsible inspectors and assistants receive alerts when the Inspectorate identifies a possible case of non-compliance among enterprises falling under their responsibility. This will then trigger a chain of actions, including an on-the-spot investigation and enforcement of compliance, as required.

This chain of actions proceeds quickly. For instance, an alert was issued in July 2015 concerning an enterprise suspected of non-compliance. Immediately, the responsible inspectors set off for the enterprise. Thanks to this on-the-spot inspection, the suspicion was confirmed. Of the enterprise's 265 workers, 98 did not have social insurance coverage. Enforcement measures were then put in place to ensure full compliance with the law.

To a certain extent, the Mobile Tool is seen as a mobile or advanced version of the TNM as it possesses enhanced and additional capacities, one of which is real-time filming and synchronic transmission. It is useful not only for data collection and transfer, but also for transparent dialogue and fairer inspection and enforcement.

Compliance Promotion Campaign

To encourage employers and workers to comply with employment and social security laws in the first place, Qingdao has launched the Compliance Promotion Campaign. It has three interrelated elements.

- **Compliance appraisal** is carried out every two years to assess how well each enterprise has complied with employment and social security laws in the two preceding years. Based on the results, enterprises are classified into three categories, namely full, medium and poor compliance. The levels of compliance determine the level of inspections required for the following two years.

- **Compliance Medal** is awarded to those reaching the highest level of compliance in the category of full compliance. In 2014, a total of 581 enterprises received the Compliance Medal and had their names published in Qingdao Daily. Routine inspection is waived for enterprises who received a Compliance Medal in the last two years.

- **Public exposure** of enterprises and their worst cases of non-compliance generates social pressure that is expected to accelerate compliance among these enterprises. For instance, on 23 January 2014, the names of 21 non-compliant enterprises were released along with the arrears in paying salaries and social insurance contributions. On the following day, four of them paid the arrears. Furthermore, these enterprises face intensified inspection for the next two years.

This system is not unique to Qingdao, but exists all over the country. The practice of labour and social security inspection may vary slightly in different regions, but all have been critical in expanding social security coverage in the People's Republic of China.

3. References

Casale, Giuseppe, Changyou Zhu. 2013. *Labour administration reform in China*. ILO.

Labour and Social Security Bureau of Qingdao. 2013. 青岛市用人单位重大劳动保障违法行为社会公布办法 [*Measure on disclosing publically severe law violations committed by working units*]. Qingdao.

———. 2013. 青岛市劳动保障守法诚信示范用人单位评价办法 [*Assessment measure on establishing a list of exemplary working units who have complied fully with employment and social security laws*]. Qingdao.

———. 2013. 青岛市用人单位劳动保障守法诚信等级评价办法（试行）[*Provisional measure on assessing and determining the degree of compliance of working units with the laws*]. Qingdao.

Meng, Tong. 2015. 劳动保障监察对社保扩面的贡献 [*Contributions of labour and social security inspection and enforcement of compliance to the extension of social protection coverage*]. Beijing.

MOHRSS (Ministry of Human Resources and Social Security of the P.R.C), and ILO. 2016. 中国劳动保险监察创新 [*Innovation made in labor and social security inspection in China*]. Beijing.

People's Congress of Qingdao. 2011. 青岛市劳动保险监察条例 [*Labour and Social Security Inspection Regulation of Qingdao*]. Qingdao.

People's Congress of Shandong Province. 2000. 山东省劳动保险监察条例 [*Labour and Social Security Inspection Regulation of Shandong Province*]. Jinan.

People's Congress of the People's Republic of China. 2010. 社会保险法 [*Social Insurance Law*]. Beijing.

QMSB (Qingdao Municipal Statistical Bureau). 2020. "Qingdao Statistical Yearbook". Qingdao.

State Council. 2004. 劳动保险监察条例 [*Labour and Social Security Inspection Regulation*]. Beijing.

43. China: Social protection and climate change

James Canonge

Summary

China has been undertaking significant efforts to combat deforestation, with logging and other restrictions placed on large areas. Many workers in state-owned forest enterprises lost their jobs but got support with job training and placement services. Households depending on farming erosion-prone sloped land received subsidies and cash benefits to turn it into forests.

These tailored efforts provide a useful example of the consideration of a diversity of methods and approaches, including of financing mechanisms and delivery systems, and promote the coherence of policies and procedures across the institutions responsible for the delivery of social protection. In this regard, they support the guiding principles established in the Social Protection Floors Recommendation, 2012 (No. 202).

China's experience also shows how social protection systems combined with measures facilitating return to work and professional retraining can facilitate just transitions. This experience is therefore key in the context of the establishment of the Global Accelerator for Jobs, Social Protection and Just Transitions.

Main lessons learned

- China's depletion of forest cover threatened flora, fauna and people depending on it, while increasing disaster risk and limiting the country's ability to mitigate climate change. China's forests are important for capturing carbon from the atmosphere and fighting soil erosion. But for decades, agricultural development and timber harvesting depleted this resource. Deadly floods linked to deforestation and soil erosion killed thousands in 1998.
- Conservation and reforestation were scaled up, but a logging ban resulted in about one million state forest workers losing their jobs. In 1998, the Government enacted a logging ban across newly protected lands. Nearly one million state forest workers were laid off. Another 120 million rural residents were also affected when the new restrictions on land use were put into place.
- Support to forest-dependent workers enabled them to access other jobs or retire. Subsidy and cash benefits were introduced to support reforestation and alleviate

poverty. Forest management opportunities, unemployment protections and state-led active labour market policies assisted many affected workers to find jobs elsewhere. Meanwhile, some 32 million rural households received subsidies and cash to support reforestation efforts.

- Large swaths of land were reforested, households' incomes increased and their sensitivity to climate change reduced. Between 1990 and 2020, China increased its forest cover from 157 million to 220 million hectares. At the same time, subsidy and cash benefits contributed to poverty alleviation, increased productivity and made households less sensitive to climate change by reducing their dependency on natural resources and diversifying livelihoods.

1. Invaluable forests threatened

From the 1950s, China has experienced a considerable reduction in its otherwise rich and ecologically diverse forestlands. The forests serve several key environmental management functions, including the capture of carbon dioxide from the atmosphere, prevention of soil erosion and flooding.

But clear-cutting for agricultural development, timber harvesting and other human activity destroyed much of the natural forests in previous decades. Deforestation has led to soil erosion, most severely in the Yangtze and Yellow River basins, leaving the area and its residents increasingly prone to flooding following heavy rains. From 1950 onward, the incidence of natural disasters in the region increased, until in 1998 when a series of floods in the Yangtze River valley claimed the lives of over 3,000 people and resulted in more than 44 billion Chinese Yuan (US$12 billion) in property damage and lost production.

The wooded watersheds of the Yangtze and Yellow Rivers also provide crucial carbon sinks that capture and sequester carbon dioxide ($CO2$) from the atmosphere, reducing greenhouse gases and mitigating climate change. In 1998, the Government began large-scale efforts to reforest certain areas of the Yangtze and Yellow River basins, along with other areas that had become prone to soil erosion and resulting floods threatening local communities. Millions of residents who rely on timber harvesting and processing and other forest activities to earn their living would be affected, making a comprehensive package of transition measures necessary.

2. Ambitious conservation and reforestation action

Beginning in 1998, the Government imposed bans on logging in natural forests along the Yangtze River and Yellow River basins. As part of this plan, the Forest Conservation Programme (FCP) was launched to provide incentives for individuals to comply with the ban and to reorganize the country's large publicly organized forest industry to shift away from timber harvesting and processing towards forest management activities in those areas targeted for conservation.

At its launch, the FCP was ambitious in terms of the amount of land targeted for conservation. Its objective was to halt or reduce timber production by 2010 in the target areas, and conserve about 90 million hectares of existing natural forest. It also sought to reforest an additional 31 million hectares of then-barren but forest-suitable land through rejuvenation activities, including aerial seeding and manual planting of trees.

The initial pilot phase began in 12 provinces and autonomous regions in 1998, administered by the State Forestry Administration (SFA). Between 1998 and 2000, some 22 billion Yuan (US$3.4 billion) were allocated to the FCP by the State Council, allowing the addition of five more provinces to the programme. Another 96 billion Yuan (US$14.8 billion) was committed by the State Council to finance the programme from 2000 to 2010.

In the most stringent of its provisions, the FCP banned all commercial logging in the Yangtze and Yellow River watershed areas in an effort to conserve over 61 million hectares of forest, bringing to a halt the regional production of more than 12 million cubic meters of annual timber harvest and processing.

Much of the FCP's financial resources were in the form of subsidies to state forest enterprises, designed to offset their revenue losses from reduced or halted timber production. Local governments also received funds from the central Government to help state forest enterprises workers who were laid off from their harvesting and processing jobs as a result of the restrictions. Across China, the number of people working in the forest enterprises dropped from almost a million in 1997 to just a quarter of that in 2010, affecting nearly 700,000 workers over the preceding decade. Meanwhile, a total 120 million local people, many of whom had previously carried out small-scale agriculture and other activities in newly protected forests, were affected by restrictions in the targeted rural areas.

3. Protecting those affected, promoting livelihoods

Some assistance to facilitate the move toward more sustainable economic activities in designated FCP areas was put into place for employees of public forest companies and other affected rural residents.

Job placement services

In 1998, the Government launched the Urban Employment and Reemployment Promotion Programmes (UERPP), which provides subsidies to social insurance contributions and other incentives for businesses to hire and for workers to undergo re-employment training.[136] Within the public forest sector itself, job placements were made possible largely by the creation of Forest Protection Units designed to manage the newly

136 The Chinese welfare system has a historically dual structure with provisions typically falling into one of two categories: urban or rural. Employees of state-owned enterprises in China are eligible for "urban" benefit schemes, sometimes despite the location of their workplace.

designated ecological forests. These units were staffed by workers who had previously worked in the FCP areas in logging and related processing activities. In their new jobs and salaried by the FCP, they worked to professionally conserve and replant the ecological forests. As part of the UERPP, recruitment offices were set up in the forest companies to help workers find other local jobs, also in tourism, construction, or transportation, or jobs in the Eastern provinces for example in manufacturing, provided workers were willing to migrate to those areas. There was also support available for those wishing to start their own businesses.

Employee retirement

For those exiting the labour force, workers in state-owned enterprises were enrolled in pension schemes for the "urban" working population. Once reaching pensionable age, they would begin to receive pension benefits from these schemes. Some who retired before reaching pensionable age could also take advantage of a lesser pension benefit paid directly by their former employer, or receive a lump sum severance disbursement from their former employer. By 2002, four years following the inauguration of the logging ban, around two thirds of affected workers had either been transferred to other jobs within the public forest sector, placed in jobs in other sectors of the economy, or retired.

Unemployment benefits

For those still unemployed and looking for work, as former employees of state-owned enterprises some unemployment protection benefits were available through the "urban" welfare system, which served to replace at least somewhat the protections workers had enjoyed during employment, including health insurance. The FCP provided some financial support to local governments to provide these benefits, as they were faced with severely increased demand following the logging bans and ensuing economic transformation, particularly in districts where the local economy had been heavily reliant upon forestry activity.

Reforestation support

While the FCP articulated provisions for displaced workers and allotted resources to finance them, it did not include support measures for other rural households. A total of 120 million rural residents were estimated to be affected by the new restrictions on logging in FCP target areas. These residents were confronted with new restrictions on cutting firewood, conducting agricultural activities, or performing other forest-related economic activity also prohibited by the FCP. This translated into increased tangible costs in foregone crops, purchasing non-wood energy sources and upgrading cooking and other equipment to use with new energy sources.

For these residents, the Sloping Land Conversion Programme (SLCP) further aimed to increase reforestation and offered some support, although with conditions. The central

Government initiated the SLCP as a pilot programme in three provinces (Sichuan, Shaanxi and Gansu) in 1999 and nationwide formally in 2002, with the aim to turn steep sloping farmland into forest in an effort to reduce water and soil erosion. The SFA was put in charge of enrolment, while local governments helped with the selection of eligible plots.

Rice subsidies

From 1999 to 2002, a rice subsidy was the only form of compensation available through the SLCP. The amount of rice provided was set at regional level depending on the opportunity cost of the farmers' foregone agricultural yields (1500kg of rice per year for each hectare of cropland repurposed by programme participants for reforestation in the Yellow River watershed, and 2250kg in the Yangtze River). Participating households often received more rice through the programme than their average production due to a national supply surplus that exceeded demand in the late 1990s. Surveys conducted on revenues from farming in SLCP provinces suggest that SLCP participation was more lucrative than farming for many households.[137] Subsidies, however, were granted on the condition that at least 70 per cent of the seedlings provided along with technical guidance for planting survived on the sloping land.

Unlike the FCP, participation in the SLCP was, in theory, voluntary, provided participants lived in one of the 25 target provinces and were able to carry out conservation tasks like planting and nursing trees on sloped land. But many participants lived in areas with new restrictions on forest activities and, therefore, limited income-earning opportunities, leaving them little choice but to retire their farmland and collect the subsidies.

As with many similar programmes providing payments for environmental services, the duration of the support was finite: Depending upon the type of regeneration activity carried out by participants as a condition of their eligibility (conversion of their farmland into grasslands, economically viable trees growing fruits or nuts, or purely ecological trees), compensation would last for two, five or eight years, respectively.

Cash transfers

Beginning in 2002, the Government introduced several complimentary cash compensation incentives, all of which were conditioned upon the performance of conservation activities. An additional 300 Yuan (US$46) per hectare per year, known either as the "subsidy for living standard" or "education and medical subsidy," was introduced. The Government also began to provide 750 Yuan (US$91) per hectare exclusively for the purchase of seeds and other supplies required to perform afforestation.

137 According to surveys, in 1999, revenues from farming in Shaanxi province were 645 Yuan (US$99) per hectare and 2,865 Yuan (US$440) in Sichuan. Meanwhile, the value of rice subsidies received in these provinces was 2400 Yuan (US$369) and 3450 Yuan (US$530) per hectare, respectively.

In 2004, the remaining rice subsidy component was replaced entirely with an additional cash compensation on top of the yearly 300 Yuan (US$46) per hectare “subsidy for living standard” and seedling reimbursement schemes, which both remained in place. Instead of the 1.5 metric ton of rice, participants received 2,100 Yuan (US$322) per hectare of land reforested in the Yellow River watershed and approximately 3,150 (US$483) in the Yangtze River watershed.

Programme adaptations

In 2007, the Chinese Government adjusted the programme, before most compensation contracts were set to expire. The conversion of farmland into forests was suspended because of local food security concerns due to the reduced production. The support to participating households, however, was extended by eight years considering the limited viability of seedling forests and the continuing needs for land management services. Participants received approximately half of what was previously paid beyond the eight years of initial support, while the original amount was kept for those who had not reached eight years of participation. This was later found to result in greater significant household productivity improvements. Participation in the SLCP also significantly reduced farmers’ sensitivity to climate change by decreasing their dependency on land and natural resources for income and by diversifying livelihoods.

Between 1999 and 2008, the SLCP involved 124 million people or 32 million households across 25 provinces in reforestation and conservation activities. The total investment in subsidy and cash benefits, seed fund, maintenance fees and various special funds until 2012 amounted to 438.5 billion Yuan, of which 326.2 billion was paid directly to households. By the end of 2012, afforestation had reached 29.4 million hectares, boosting forest coverage in the programme area by three percentage points on average.

Between 2014 and 2020, the Government implemented a new round of the SLCP, limited to specific areas, such as sloping land over 25 degrees or farmland of severe desertification or salinization. While the subsidy duration and compensation standard were lower, farmers were able to decide whether or not to participate, which plots to enrol, what trees to plant, and how large of an area to convert to forest land.

4. Impacts and way forward

Both China’s FCP and SLCP have contributed to a vast reforestation of agricultural or otherwise suitable, barren land in China. Between 1990 and 2020, planted forest area increased by over 40 million hectares, while naturally regenerated forests increased from 113 million to over 135 million hectares – a massive reversal of the rapid deforestation experienced over decades prior.

Protections extended to affected workers were in part made possible thanks to China’s public organization of its timber harvesting and processing sectors, as well as the ensuing forest management industry that sprung up following the inauguration of the FCP. However, as the share of the workforce in state-owned enterprises and their gross domestic product (GDP) contribution shrink (around 80 per cent of China's GDP in 1979 versus just 18 per cent in 2012), other mechanisms have begun and will continue to play an increasingly large role in providing support to workers affected by environmental policies.

The transition was also facilitated by China's existing unemployment and other social protection provisions, which provided unemployment benefits, reemployment services, pensions, social welfare and other support to workers affected in the conservation effort. China's social protection system will be instrumental moving forward as the country takes aim at other sectors of the economy in its efforts to address other environmental problems.

Box 16 present the Guidelines for a just transition adopted by the ILO Governing Body in November 2015.

Box 16. Guidelines for a "just transition"

In 2015, a tripartite meeting of experts set out to develop a set of guidelines to promote the move toward greener economies and societies while protecting people in the transition. These policy responses were proposed and negotiated by ILO constituents from Brazil, Indonesia, Germany, Kenya, Mauritius, Turkey, South Africa, the United States and elsewhere. The second guideline related to social protection policies (para. 34) reads, "Integrate social protection into policy measures and responses to environmental impacts and the challenges of the transition for those likely to be negatively affected, in particular workers largely dependent on natural resources or facing major structural changes."

The guidelines were later adopted by the ILO Governing Body in November 2015.

5. References

Cao, Shixiong, Xiuqing Wang, Yuezhen Song, Li Chen, and Qi Feng. 2010. "Impacts of the Natural Forest Conservation Program on the livelihoods of Residents of North-western China: Perceptions of Residents Affected by the Program". In *Ecological Economics*, vol. 69, issue 7.

Delang, C. O., and W. Wang. 2013. "Chinese Forest Policy Reforms After 1998: The Case of the Natural Forest Protection Program and the Slope Land Conversion Program". In *International Forestry Review*, Vol. 15, No. 3, pp. 290–304.

Edstrom et al. 2012. "The Natural Forest Protection Program in China: A Contingent Valuation Study in Heilongjiang Province". In *Journal of Environmental Science and Engineering*, Vol. 1, No. 3, pp. 426–432.

FAO (Food and Agriculture Organization of the United Nations). 2021. *Society, Economy and Forests: The Unfolding Forest Transition in China and the Lessons for the Future*. Bangkok.

Gutiérrez Rodríguez, Lucas, Nicholas J. Hogarth, Wen Zhou, Chen Xie, Kun Zhang, and Louis Putzel. 2016. "China's Conversion of Cropland to Forest Program: A Systematic Review of the Environmental and Socioeconomic Effects". In *Environmental Evidence*, 5, Article No. 21.

Carter, John, Michel Bédard, and Céline Peyron Bista. 2013. *Comparative Review of Unemployment and Employment Insurance Experiences in Asia and Worldwide*. ILO.

ILO. 2015. *Outcome of the Tripartite Meeting of Experts on Sustainable Development, Decent Work and Green Jobs*. GB.325/POL/3.

ILO. 2015. "Universal Pension Coverage: People's Republic of China". *Social Protection in Action: Building Social Protection Floors*.

Liu, Zhen, and Jing Lan. 2017. "The Effect of the Sloping Land Conversion Programme on Farm Household Productivity in Rural China". In *The Journal of Development Studies*, Vol. 54:6.

Liu, Zhen, Qiuming Li, Jing Lan and Assem Abu Hatab. 2020. "Does Participation in the Sloping Land Conversion Program Reduce the Sensitivity of Chinese Farmers to Climate Change?". In *Land Use Policy*, Elsevier, Vol. 99.

Ministry of Finance. 2016. as cited in: Chen, Y. et al., 2021. The Role of a Social Protection in Green Policies to Ensure a Just Transition.

Uchida, Emi, Jintao Xu, Zhigang Xu, and Scott Rozelle. 2007. "Are the Poor Benefiting from China's Land Conservation Program?". In *Environment and Development Economics*, 12(4), 593–620.

Zhang, Zhaohui, and Krishna P. Paudel. 2019. "Policy Improvements and Farmers' Willingness to Participate: Insights from the New Round of China's Sloping Land Conversion Program". In *Ecological Economics*, Vol. 162, pp. 121–132.

44. El Salvador: Extension of social security to Salvadoran migrants

Samuel Arellano, José Francisco Ortiz and Helmut Schwarzer

Summary

Under the Salvadoreño Seguro programme, the Salvadoran Social Security Institute (ISSS) provides social security coverage for Salvadorans living abroad and their families.

In 2017, the Special Health Regime for Common Risks and Maternity, for Salvadoran persons residing abroad and their beneficiaries, was created by decree. It is administered by ISSS and provides coverage to Salvadoran migrants and their family members who continue to reside in El Salvador. The programme came into effect in October 2018 and is currently known as the Special Regime for Salvadorans Abroad (Salvadoreño Seguro programme).

The programme marks a milestone for the Salvadoran social protection system, which historically has been targeted exclusively towards salaried workers and protects only 30.6 per cent of the employed population (2020). Following the launch of this programme, in order to further expand coverage, the ISSS launched the Special Regime for Self-Employed Workers in 2018 to provide this group with access to healthcare benefits.

The experience of El Salvador in extending social protection coverage to its outmigrant population promotes social inclusion, in particular of persons in the informal economy, one of the key principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- Even for middle-income countries with high rates of migration, opportunities exist for extending social protection to nationals living abroad and their family members who have decided to remain at home.
- To improve the effectiveness and uptake of programmes designed for the outmigrant population, it is important to understand migration dynamics, the migration status of targeted individuals, the levels of remittances sent and the profile of remittance recipient households, among other information.
- The adoption of digital technologies is key to providing services for this diverse group, improving accessibility and reducing indirect costs.

- Political will has played a key role in the implementation of these initiatives, as well as in their financial sustainability.

1. Context

Relative to its population, El Salvador experiences significant outmigration. 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; of this group, 53 per cent have an unauthorized migrant status). This is a considerable amount for a country of 6.7 million people (ISSS 2020)[138].

In line with these high rates of outmigration, remittances to El Salvador have increased in recent years, reaching a total of US$7,551 million in 2021, representing over one quarter of GDP, an increase of 32 per cent compared with 2020. The amount of remittances for 2021 is even higher than the country's exports in the same year, which reached US$6,695 million (BCR 2021). By comparison, the total wage bill in the country for 2020 was US$6,111 million, according to ISSS data.

In 2020, 25 per cent of Salvadoran households received remittances, at an annual average of US$2,163 per household and with a remittance frequency that was generally monthly. However, 84 per cent of the people living in households that received remittances do not have social security coverage, primarily due to the main source of their income residing abroad.

2. Programme description

In 2017, the ISSS launched the Special Regime for Salvadorans Abroad, also known as the Salvadoreño Seguro programme (formerly known as Salvadoreños en el Extranjero (SALEX)), a voluntary coverage extension programme for Salvadoran migrants and their families, including members who continue to live in El Salvador.

In general, in El Salvador the ISSS provides coverage for healthcare, maternity benefits, sickness benefits and occupational risk benefits. Disability, old-age and survivors' benefits are not provided through the ISSS but have been administered by the private financial sector through pension fund administrators (AFPs) since 1998.

According to the approved regulations for the Special Regime, the contributors to the programme are Salvadoran nationals residing abroad between the ages of 18 and 60, as well as their direct dependants, including their spouses or life partners and their children under the age of 12.

The programme provides protection against common illnesses and maternity risks, granting the same medical services that the ISSS offers to its other insured members

138 DIGESTYC (2020).

in the general regime, which is defined by the Social Security Law and its regulations. Benefits include medical consultations, dental consultations, hospitalization and surgical interventions, emergency care and access to medicines, as well as laboratory tests and diagnostic studies. Unlike general regime benefits, persons covered under the Salvadoreño Seguro programme are not eligible for financial assistance in case of disability or to cover funeral expenses.

There is a six-month qualifying period before benefits are paid for certain illnesses, such as renal failure (stages 4 and 5), cancer, coronary heart disease and elective surgeries.

Financing. Access to the Salvadoreño Seguro programme is financed exclusively through social security contributions. Through actuarial studies prepared by the ISSS, the contribution rate was set at 9.32 per cent of wages (and is fully paid by the insured member), which is lower than the rate of 10.5 per cent applied in the general regime to reflect the lack of disability benefits and a funeral grant. In addition, considering the difficulty of collecting salary information for migrant workers, a fixed reference wage is used, currently equal to double the minimum wage in the Salvadoran commerce sector, which was equivalent to US$365 in 2021 (Ministry of Labour and Social Welfare 2022). Thus, access to the programme has a monthly cost of US$68.04 for 2022.

Affiliation and contribution collection. Providing social security to a population that does not necessarily reside in the country introduced challenges. In response, the ISSS has created differentiated administrative mechanisms to facilitate the expansion of the Salvadoreño Seguro programme.

Enrolment and affiliation procedures are carried out entirely through a website, on which the Salvadoran migrant completes different forms and attaches documents for verification by ISSS officials. The Institute also has agreements with the National Registry of Natural Persons and the General Directorate of Migration and Foreigners to verify the information submitted by the applicant. Once the registration process is completed, applicants will be provided with access to the web platform through a unique log in.

In the event that the insured person permanently moves back to El Salvador, the ISSS provides them with a six-month transition period to change their status and register under the general regime.

The payment of contributions can be made either in person (in El Salvador) or online through several commercial banks with which the ISSS has an agreement in order to simplify the payment of contributions. For in-person payments, migrant workers usually send the contribution amount to one of their dependants in the country as a remittance, which allows them to make the contribution payment in Salvadoran territory on the worker's behalf. In order to reduce the costs associated with such remittances, the ISSS allows beneficiaries to pay their contributions up to one year in advance. Payment in advance does not, however, affect the six-month qualifying period required for some healthcare benefits.

Scheduling medical appointments while abroad. Due to the fact that the insured person lives abroad, the ISSS allows them to request their medical appointments online. However, the person needs to schedule the appointment at least three months in advance (in case of emergencies, beneficiaries can access care without an appointment, although availability may be limited in practice). This can be done through the web portal of the ISSS.

Proactive communication strategies. Prior to the launching of the programme, the ISSS built a communication and information dissemination strategy, based on the promotion of the initiative to migrant workers abroad, as well as to potential beneficiaries who continue to live in El Salvador.

3. Results

After four years of operations, the Salvadoreño Seguro programme has enrolled a total of 217 Salvadorans abroad. According to the ISSS, from January 2017 to February 2022, 148 men and 69 women contributed to the programme. The contributors maintain their residence mainly in countries such as the United States of America, Sweden, Italy, Spain and Australia. In addition, through these 217 contributors a further 90 beneficiaries are covered as dependants, which brings the total number of people covered to 307.

During the design of the Salvadoreño Seguro programme, a target enrolment of 5,000 people each year during the first three fiscal years was envisioned. However, the actual results are well below the target. It is important to highlight that the contributable salary (twice the minimum wage) for this programme has increased substantially since the beginning of the programme, from a value of US$600 in 2018 to a value of US$730 by 2021. That is, the cost of the programme has increased from US$55.92 to US$68.04 by 2022.

Three reasons may be advanced for the low rates of affiliation. First, migrants may prefer to use private healthcare facilities, often due to perceptions of superior care being offered, which they are willing to pay for out of pocket. Second, the myopia of migrants when considering their health needs, combined with the voluntary nature of the programme, may lead them to underestimate the risks and costs of serious health issues and therefore decide not to affiliate. Lastly, there may be a lack of awareness of the Salvadoreño Seguro programme among migrants. Further research into these areas would be useful for understanding migrants' decision-making process in order to identify suitable strategies to improve coverage.

4. Main recommendations

- Review and monitoring of the programme's financing model and its progressive harmonization with the general scheme. It is necessary to review the formula and criteria used to calculate the social security contributions. Contributions are expressed in a fixed percentage of the Salvadoran minimum wage. It may be better to analyse the cost drivers of the programme more accurately to ensure that its contributions and expenditures are well balanced.

- Facilitate easy online payment systems, for example by allowing for payment by debit and credit cards or through mobile applications.
- Continue to modernize the web portal in order to further simplify the processes of affiliation, contribution collection, tax control and validation of rights, among other possible improvements. In addition, the three-month period required to book appointments in advance may be reduced to improve effective access to care.
- Strengthen communication and outreach strategies with the target population, through the consulates and embassies and organizations of Salvadorans in host countries.
- Improve coordination between the Salvadoreño Seguro programme and other social security schemes. For example, coordinate the benefits provided through the Salvadoreño Seguro programme with the disability, old-age and death benefit programmes administered by AFPs, thereby increasing the joint service offering and strengthening the incentives for Salvadorans abroad to join the programme.
- The programme should seek greater coordination with other Salvadoran international agreements regarding social protection, including the Ibero-American Multilateral Agreement. The lack of an agreement to provide coverage to migrants in the United States is particularly worrying, considering that it is the main destination of Salvadoran outmigrants.
- Monitor the operational activities of the Salvadoreño Seguro programme and improve understanding of the beneficiary group and their needs. Such studies will help to increase the programme's attractiveness for Salvadorans abroad and could provide a base for expanding membership.

5. References

BCR (Banco Central de El Salvador). 2022. "Base de Datos Económica-Financiera".

CEMLA (Centro de Estudios Monetarios Latinoamericanos). 2018. Un Mayor Dinamismo en 2017 del Ingreso por Remesas de América Latina y el Caribe. BID.

DIGESTYC (Dirección General de Estadística y Censos de El Salvador). 2020. "Encuesta de Hogares de Propósitos Múltiples (EHPM)".

El Salvador, Asamblea Legislativa. 2017. Decreto No. 787.

El Salvador, Ministerio de Relaciones Exteriores, DIGESTYC, BCR, IOM (International Organization for Migration). 2017. "National Survey of Migration and Remittances El Salvador 2017: Preliminary Results".

El Salvador, Ministerio de Trabajo y Previsión Social. 2022. "Minimum Wage Rates in Effect as of 1 August 1, 2021".

ISSS (Instituto Salvadoreño del Seguro Social). 2017. Acta Aprobada en Sesión de Fecha 12 de Junio de 2017: Consejo Directivo del Instituto Salvadoreño del Seguro Social: Sesión Extraordinaria.

———. 2020. "Estadísticas".

ILO. 2016. A*ctuarial Valuations of the Health System and the Professional Risks System of the Salvadoran Social Security Institute (ISSS) as of 31 December 2014*.

45. Ecuador: Farmers' social insurance

Fabio Durán Valverde and Luis Cotinguiba

Summary

The Farmers' Social Insurance (Seguro Social Campesino – SSC) of Ecuador was established in 1968 and is an outstanding example of the inclusion of independent, small-scale farmers and fishermen in social security systems. The SSC provides health, maternity, disability and retirement benefits, as well as assistance with funeral expenses.

The system operates as a scheme administered by a special division of the Ecuadorian Social Security Institute (IESS). The SSC is built upon social solidarity, as it is subsidized by the Government through direct transfers as well as through the Mandatory General Social Security System and the National Social Security System.

Thanks to the SSC, the rural population of Ecuador has access to social insurance. In December 2020, the SSC provided coverage to nearly 1.1 million people (6.13 per cent of the population), of whom 378,000 were the main contributors to the system and 644,000 were their dependants.

In 2020, the programme paid pensions to 94,000 beneficiaries. The system has made important strides in terms of access to healthcare, providing nearly 450,000 dental appointments, 1.2 million medical appointments and 1.4 million nursing appointments per year.

The SSC scheme promotes social inclusion, including of persons in the informal economy, is based on solidarity in financing, and seeks to establish coherence across the institutions responsible for the delivery of social protection, three guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- Social security can be extended to rural populations that were previously excluded through the introduction of innovations in the design, implementation and financing of schemes.
- The strong commitment of the Government is crucial to initiate such schemes, as well as social solidary across the social protection system, in order to subsidize the coverage of groups with limited contributory capacity, such as farm families.
- Social protection schemes should be coordinated with other social policies, including policies for job creation and the formalization of the rural economy.

- Social security programmes targeting specific groups, such as Ecuador's SSC, can take advantage of community-level organizational structures in hard-to-reach areas where there is a particular need for the extension of coverage. Such local structures help to facilitate the sharing of information, enrolment, the collection of contributions, access to healthcare services and local management.
- Schemes like the SSC can significantly contribute to the organization of local communities, the strengthening of social organizations and the development of rural areas.

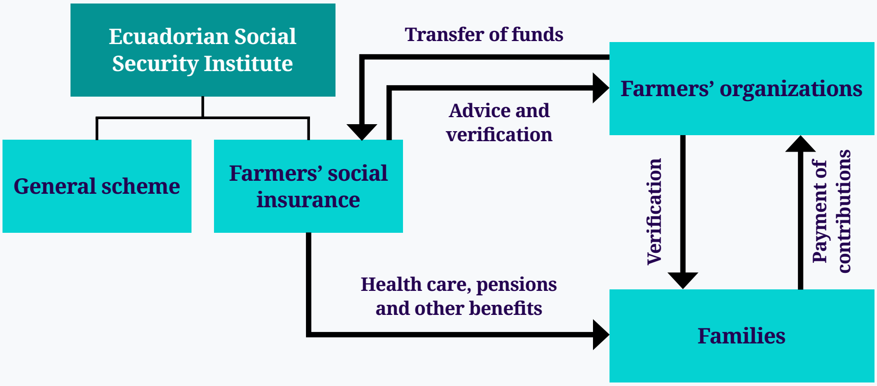
1. Context

An estimated 32 per cent of the Ecuadorian population live in rural areas. More than 36 per cent of rural workers are employed in the agricultural sector as own-account workers and unpaid family workers. In this group, the incidence of poverty is close to 14 per cent. Farmers tend to be formally organised through organizations that operate at the local, provincial, and national level. The SSC was established by law in 1981 and serves to close the coverage gaps with this group in order to reduce its vulnerability.

2. How does the SSC work?

Structure. The IESS oversees and directly administers the SSC. Beneficiaries enrol in the SSC through a farmers' organization. Enrolment is restricted to own-account, temporary or seasonal workers who are engaged in agriculture or small-scale fishing and who live in a rural area. The farmers' organization is responsible for collecting and transferring the contributions (see figure 50).

Figure 50. Operational structure of Ecuador's SSC scheme



Source: Authors' elaborations.

The SSC manages the affiliation of beneficiaries; the payment of contributions, the delivery of pensions; primary level healthcare; cash benefits; and the purchasing of healthcare services. The SSC is decentralized in terms of geographical zones and operations. The SSC Management Office reports to the IESS General Management Office.

The SSC has an expansive service infrastructure, including in rural areas. In 2020, the system reached 3,611 farmers' organizations and operated 659 medical dispensaries distributed throughout the 24 provinces of Ecuador. The dispensaries serve as the point of access for healthcare services.

Benefits. The SSC offers healthcare and maternity services for the entire family, as well as old-age and disability benefits and assistance with funeral expenses for insured members. Insured members have the right to a retirement pension after having made a minimum of 120 monthly contributions and being between 65 and 70 years old. To access the disability benefit, insured members must have made at least 60 monthly contributions. Disability pensions, like retirement pensions, are currently the equivalent of US$100. This amount is indexed with the minimum wage (SBU) on a yearly basis. Pension levels have increased rapidly in recent decades, from just US$6 in 2006. The SSC also covers funeral expenses at the rate of 25 per cent of the referential base (currently set at 25 per cent of the minimum wage), paid upon the death of any family member covered by the SSC. In case of illness, insured members or retirees must have made at least six consecutive monthly contributions before benefits are paid. Access to maternity benefits is conditional on having made at least 12 consecutive monthly contributions prior to giving birth.

Financing. The SSC financing structure is based on the principle of solidarity. Insured members make monthly contributions equal to 0.625 per cent of the minimum wage, which the SSC supplements with funding from other sources, in effect partly subsidizing their affiliation. Financing is based on a solidarity contribution of employers and workers covered by the General Scheme; the mandatory contributions of public and private insurance companies embedded in the National Social Security System; insured members' contributions to the SSC; and an additional government contribution. The funds are managed by an independent institution created in 2009, the Banco del Instituto Ecuatoriano de Seguridad Social (see figure 51).

Figure 51. Financing of Ecuador's SSC scheme[139]

Insured individuals in the general scheme: contribute 0.35% of their contributable earnings	Employers: contribute 0.35% of workers' contributable earnings to the general scheme	Government: contributes 0.30% of general scheme affiliates' contributable earnings
Government: pays US$ 288,000 annually to SSC and 40% of current pension expenses	Insurance companies and pre-paid pharmaceutical companies: contribute 0.5% of their collected premiums	Individuals insured under the SSC: contribute 2.5% of the reference base1 per month

Source: Authors' elaborations.

3. How were these advances achieved?

Throughout its development, the SSC has played a key role in the Ecuadorian social security system and has also influenced other spheres of society. This has enabled it to strengthen the role of farmers' organizations in the national political context. Several farmers' organizations and federations cooperate with the SSC to realize social gains at both the rural and national levels, including the Federation of Contributors to the Farmers' Social Insurance and the National Confederation of Farmers' Social Insurance.

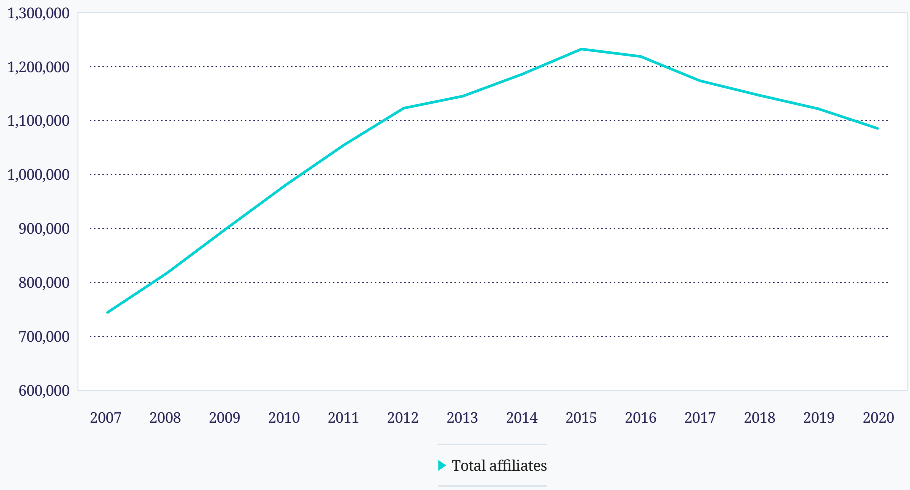
These organizations have championed several causes associated with SSC development, such as the expansion of the rights of contributors and the strengthening of the institution, which involved its inclusion in a provision of the Constitution. In addition, they have lobbied against the privatization of social security and have also taken action on several key issues affecting the rural population, such as the privatization of certain public sectors, agrarian reforms and other issues of vital importance for the development of the rural sector.

4. Impact

In the international context of initiatives to universalize social security, the SSC can serve as an example for countries attempting to expand social security access to the most vulnerable groups in rural areas. In 2020, the SSC covered 22.1 per cent of non-employee agricultural workers and their families (see figure 52).

139 The reference base is equal to 25 per cent of the minimum wage (SBU); as of 2022, the SBU is set at US$425.

Figure 52. Evolution of people covered by Ecuador's SSC scheme, 2008–2020



Source: Author's analysis based on Law No. 148.

Through healthcare benefits and the guaranteed basic income security of farm families and fishermen, the SSC has contributed to reducing rural poverty, which declined from 61 per cent in 2007 to 42.4 per cent in 2021, as well as to strengthening the local rural economy. Another important impact of the SSC is its role in stemming rural outmigration and increasing local and national food security.

Also noteworthy is the SSC's contribution to the strengthening of social and democratic organizations in Ecuador through its linkages with farmer's organizations. Therefore, the SSC represents a social investment with excellent returns.

5. Way forward

To follow up the advances made by the SSC, the following actions may be deemed priorities:

- Extend coverage to all farm families and small-scale fishermen, using farmers' and fishers' organizations to raise awareness as well as discuss and implement the SSC scheme.
- Improve the availability of quality healthcare services and improve the ease of access to cash benefits.

- Enhance the SSC information system, including administrative records and oversight systems, and improve the overall administration of the system.
- Increase the government commitment to the subsidies that are legally assigned to the SSC and allocate a larger budget to improve health centres and services.

6. References

Barreiro, Pedro. 1998. *Proyecto Análisis y Promoción de Políticas de Salud*. CEPAR.

Casalí, Pablo, Ariela Goldschmit, and Oscar Centrángolo. 2021. *Respuestas de Corto Plazo a la COVID-19 y Desafíos Persistentes en los Sistemas de Salud de América Latina*. Lima: ILO.

Casalí, Pablo, David Jaramillo, Fabián Vallejo, and Rosario Maldonado. 2020a. *¿Cuáles son los Principales Nudos Críticos del Instituto Ecuatoriano de Seguridad Social? Resultados de un Proceso Técnico y Participativo*. Quito: ILO.

Casalí, Pablo, Fabián Vallejo, David Jaramillo, Ruth Lucio, and Mario Velásquez. 2020b. *Ecuador: Panorama de la Protección Social: Gobernanza, Cobertura y Sostenibilidad*. Quito: ILO.

Casalí, Pablo, and Ana Cristina Mena. 2021a. "Financiamiento del Sistema Nacional de Salud Ecuatoriano para la Cobertura Universal". Nota informativa. Quito: ILO.

———. 2021b. "El Sistema de Salud Ecuatoriano y la COVID-19". Nota informativa. Quito: ILO.

Durán Valverde, Fabio, Jorge Flores Aguilar, José Francisco Ortiz Vindas, Daniel Muñoz Corea, Ana Carolina de Lima Vieira, and Lou Tessier. 2013. "Innovaciones en la extensión de la cobertura del seguro social a los trabajadores independientes: Experiencias de Brasil, Cabo Verde, Colombia, Costa Rica, Ecuador, Filipinas, Francia y Uruguay". ESS Documento No. 42. ILO.

ECLAC (Economic Commission for Latin America and the Caribbean). "CEPALSTAT Statistical Databases and Publications".

IESS (Instituto Ecuatoriano de Seguridad Social). 2020. "Boletín Estadístico Número 25: Año 2020".

———. 2016. *Estudio Actuarial del Fondo del Seguro Social Campesino*.

———. n.d. "Seguro de Campesino".

ILO. 2022. *Análisis Técnico de la Gobernanza y Gestión de Inversiones del BIESS*. Quito: ILO.

———. 2022b. *Recomendaciones para la Implementación de un Nuevo Modelo de Gobernanza Participativa en el Consejo Directivo del IESS*. Quito: ILO.

INEC (Instituto Nacional de Estadística y Censos, Ecuador). 2017. "Reporte de Pobreza y Desigualdad".

———. 1982. Ley No. 81 de enero de 1982: Ley de extensión del seguro social campesino.

González-Jijón, L. 2006. "El Seguro Social Campesino Ecuatoriano: Evolución y Perspectivas". Paper presented at ISSA Regional Conference for the Americas, Belize City, 28–31 May.

Mena, Ana Cristina. 2021. "Adscripción poblacional en el primer nivel de atención en Ecuador: retos y oportunidades". Nota informativa. ILO.

46. India: LabourNet – opening doors to social protection and the formal labour market

Kirthi Vardhana, Silky Sehdev and Shashank Ayyar

Summary

LabourNet helps workers belonging to India's massive informal economy receive information, get effective access to social protection, and improve their position in the labour market.

LabourNet is a social enterprise for workers in the Indian informal economy. It helps them develop sustainably by creating equitable access to social protection, improving employability, and increasing financial inclusion.

From vocational education interventions in over 300 schools for 2.1 million students to training 5,000 apprentices across the country, LabourNet's interventions connect the unemployed to work opportunities and the under-employed to skilling opportunities. Its efforts to improve access to decent housing and quality healthcare have impacted a million lives across India.

LabourNet has an innovative approach to vocational training and utilises hybrid learning and vernacular micro-learning. Training and certifying workers equips them with a sense of identity, social location, and self-dependency. It further promotes financial inclusion by facilitating access to bank accounts, welfare schemes, and self-help groups. Where employment poses a challenge, LabourNet promotes entrepreneurship. Having created over 1.3 million livelihoods to date (encompassing both jobs and self-employment), LabourNet aims to reach ten million workers by 2027.

LabourNet promotes social inclusion, including of persons in the informal economy, improves coherence across institutions responsible for the delivery of social protection, and was developed in consideration of a diversity of methods and approaches, three guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202).

Through its combination of social protection, skills development, certification, and employment services to informal economy workers, together with access to financial services, LabourNet is a concrete example of how to combine policy approaches to facilitate the transition from the informal to the formal economy. Further assessment of the LabourNet experience will be important in the context of the Global Accelerator on Jobs and Social Protection for Just Transitions.

Main lessons learned

- India faces a significant skill gap and a vast informal economy. Solving both these problems at scale to enable social and financial inclusion calls for an integrated, holistic, technology-enabled approach.
- Without access to health and housing, it becomes challenging for workers to access decent work and benefit from growth opportunities. Improving the primary healthcare system, creating innovative solutions to the housing problem, and ensuring these are accessible is essential.
- LabourNet is a single-window approach, which supports worker identification, the delivery of social protection benefits, skills development, evaluation, certification, and post-training assistance such as establishing employment connections, catalysing enterprise growth, and providing access to financial services.
- A community-based strategy is vital to create awareness on available social protection schemes and pathways into the formal economy.

1. Why is LabourNet important in the Indian context?

LabourNet Services Private Limited was founded in 2005 as a social venture to support government programmes, address structural flaws, effectively reach out to the working poor, and alleviate skills deficits of informal economy workers. Its one-stop platform was developed to enable workers in the informal economy to access benefits and services, including worker identification, social protection, training, job help, assessment and certification, and financial services. The National Skill Development Corporation and the National Vocational Education Qualification Framework of India support LabourNet, validating its efforts.

The Unorganised Workers Social Security Act of 2008 and many other sector-specific Welfare Acts by the Indian Government address the lack of access to social security in the country's massive informal economy. However, due to the absence of worker identities and the resulting lack of access to social and financial services, reaching out to the bulk of informal workers proved challenging.

India's rapidly growing economy has coincided with a dramatic increase in skills shortages and has developed a vast and vulnerable informal sector. 92.4 per cent of workers are "undocumented" (meaning without a signed contract, paid leave, or other benefits). In the organised sectors, 9.8 per cent of the workforce consists of informal workers, illustrating the extent of outsourcing. Informal workers may become trapped in an exploitative cycle of low-wage occupations if they do not have access to employment services, social protection, health and safety, or certified training.

LabourNet helps semi-skilled and low-skilled workers enter pathways to promising careers, gain access to social protection, and avail better employment terms and conditions.

2. What does LabourNet do?

LabourNet uses a paradigm known as the "4E Ecosystem", which aims to support workers via education, employability, employment, and empowerment. By becoming part of LabourNet, beneficiaries get an identity as certified employees, their interests are represented, and they have access to existing state-sponsored social protection programmes including health and accident insurance schemes.

Formalisation of Labour

When informal labour is not recognised, workers miss out on state-provided security. With 384 million informal workers in the economy, creating suitable space and opportunities for this section of society becomes essential. LabourNet taps into new pockets of the informal economy and connects them to opportunities in the formal economy across the country.

A holistic approach ensures that intervention takes place at the right points. One such intervention is the Recognition of Prior Learning (RPL) programme. It is a programme that analyses the gap between what a worker knows and what the industry demands. Based on the results of this analysis, the programme offers bridge courses to close the gaps, if any. If no gaps are identified, the RPL programme helps the workers attain a certification that can be recognised and utilised to increase their wage, security, and stability. The success of the RPL programme is widely recognized, and its model has been adopted by several other government agencies in the country.

Another way to empower workers is through apprenticeship programmes. LabourNet rolls out special programmes to provide an earn-while-learn opportunity to workers. This supports them financially while allowing them to hone their practical skills by being on the field.

By intervening at the right junctions, LabourNet links the doorways of labour to social security. Its apprenticeship and RPL programmes enable it to effectively increase workers' bargaining power in the labour market. Where opportunities for employment are scarce, LabourNet encourages and supports community-based entrepreneurship.

Health as a Service

The pathway to quality life passes through better healthcare opportunities. LabourNet operates at scale, keeping in mind the three-tiered Indian healthcare infrastructure: primary (health centres and sub-centres), secondary (sub-district hospitals and community health centres), and tertiary (multispecialty hospitals and medical colleges). The pandemic accelerated the utilisation of healthcare services, necessitating the need to ensure infrastructure development and service provisioning.

From empowering Accredited Social Health Activists and community workers to improving access through telemedicine, LabourNet has worked to strengthen the first and last mile of healthcare. It does so by bridging knowledge, skills, and technological gaps; increasing community awareness; providing better infrastructure; and streamlining the patient experience across the three silos of the healthcare system. LabourNet also works to improve immunisation coverage and reduce the burden of communicable disease. Its efforts during the COVID-19 pandemic saw over 800,000 lives impacted directly and 5,000,000 lives impacted indirectly.

To date, LabourNet has helped workers in its network gain access to over 300 million Indian rupees (US$3.9 million) in formal social security benefits, encompassing a provident fund, pension fund, and health insurance coverage.

Decent Living Conditions

LabourNet recognises that, if not protected, a lack of access to decent housing can turn into a roadblock, separating workers to better opportunities. In India, two-thirds of the population lives in poverty, with 68.8 per cent living on less than US$2 a day. Over a third of the population lives on less than US$1.25 a day, qualifying them as poverty-stricken. The lack of employment at liveable wages contributes further to poor living conditions with inadequate drinking water, waste disposal, and electricity access.

LabourNet's innovative models of partnership with corporates enable it to establish co-funded housing interventions. Eco-friendly, re-usable, modular, hygienic, and low-cost housing projects for construction workers have been successful and are now ready to scale across the country.

Education for All

LabourNet provides industry-specific vocational training, evaluation, and certification. The training is conducted in multi-trade skills training livelihood centres as well as remotely through their virtual e-learning platform.

LabourNet overcomes the difficulties of reach and relevance in Technical Vocational Educational Training using vernacular content and instructor-led blended training programmes. Teacher training is also one of the primary priorities of LabourNet when it comes to education. It provides professional and sensitivity training to teachers and ensures vulnerable students are taught in an effective and appropriate manner.

By intervening early, right at the secondary school level, LabourNet ensures that school dropouts have an option to learn as they earn through apprenticeship programmes.

3. What impact has LabourNet had so far?

LabourNet has spread across the country to 23 states and 5 union-territories, where it collaborates with local communities to identify and register employees in the informal sector. It provides them with identification, financial inclusion, and social protection coverage. The success of its efforts is based on its connections with potential employers and the facilitation of internships, apprenticeships, contract jobs, and entrepreneurial guidance. For example, LabourNet's work with various Boards of Construction Workers have created access over 300 million rupees (US$3.9 million) in benefits till date.

It has linked more than a million workers with work opportunities. Its steps to formalise vocational education and training have grown to over 50 bachelor's in vocational studies programmes in various educational institutions, over 500,000 people skilled and assessed, 5,000 training sites, and over 150 livelihood centres.

4. What's next?

The mismatch between the skills and practical experience of workers in the informal economy and those sought by employers in the formal economy has long been neglected in India. LabourNet's efforts have highlighted the need to acknowledge and address these mismatches. Its significant impact in the Indian labour market has required substantial financial inputs and sector investments to incur training, skill enhancement, and social protection. The biggest challenge, so far, is getting match-funding from the industry to increase labour security.

LabourNet's pioneering efforts in RPL have now been established as national practices. It was also one of the first actors to begin vocational education interventions in schools, which has also now become national practice. Similarly, LabourNet now hopes to see its models for worker housing and entrepreneurship be adopted at the national level.

To achieve its ambitious goal of connecting 10 million Indians to work opportunities by 2027, LabourNet aims to improve awareness among beneficiaries, stakeholders, and the industry. Further integration and validation utilising a blended form of work-based learning can help LabourNet meet its goals to impact the education, skilling, housing, and entrepreneurial development of millions of Indians.

5. References

Bhattacharyya, R. 2014. "Stronger Education and Skills Required to Fight the Employability Crisis". The Economic Times, 17 June.

ILO. 2013. *India Labour Market Update*.

LabourNet. 2023. Official website.

Sattva Media and Consulting. 2010. "LabourNet: Transforming Lives of Informal Sector Workers".

Mukherji, Sourav. 2021. "Labournet: Empowering Informal Sector Labourers". In *Inclusive Business Models: Transforming Lives and Creating Livelihoods*, pp. 103–127. Cambridge University Press.

▶ 47. Costa Rica: Extending mandatory contributory coverage to self-employed workers

Rosa Cheng Lo, Gustavo Picado and Helmut Schwarzer

Summary

In the 1970s, the Costa Rican Social Insurance Fund (CCSS) introduced voluntary insurance for independent workers, with limited results. In 2005, affiliation became mandatory, which together with an integrated action plan extended coverage to more than 293,000 workers or 55.8 per cent of all independent workers, one of the highest rates in Latin America and the Caribbean.

In addition to mandatory affiliation, the main measures adopted in 2005 included: (i) the guarantee of all rights and benefits enjoyed by waged workers, including health insurance and pension insurance coverage; (ii) a differentiated financing model based on solidarity, which provides state contributions in the absence of an employer; and (iii) the introduction of voluntary coverage for independent workers whose net income falls below the minimum contribution amount, which is fixed at regular intervals by the CCSS (defined as the minimum contribution baseline).

Costa Rica's experience is aligned with the guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202). More specifically, the present study explains how some of these principles have been applied, notably "universality of protection, based on social solidarity"; "social inclusion, including of persons in the informal economy"; and "solidarity in financing".

The extension of social protection to workers in the informal economy was achieved through a combination of measures including financial incentives, penalties in case of non-payments, conditionalities for applying for a license, permit, fiscal exemptions or accessing public contracts. This experience is particularly relevant in the context of the implementation of the Global Accelerator on Jobs and Social Protection for Just Transitions.

Main lessons learned

- In addition to a regulatory framework making contributions to the scheme compulsory, accompanying measures are required, such as incentives to sign up and penalties for non-compliance.

- Introducing lower contribution rates for self-employed workers, complemented by a state subsidy based on workers' capacity to contribute, can facilitate their social security coverage and is a first step towards their formalization.
- The development and strengthening of collective insurance agreements between the social security institution and workers' associations and organizations may contribute to increased coverage, as evidenced in Costa Rica's primary sector of the economy.
- Linking compliance with social security as a mandatory requirement for access to tenders and service contracts with the public sector, as well as to concessions, exemptions, permits and licenses, can facilitate the extension of coverage.

1. Context

Costa Rica has a self-employed population of more than 570,000 persons, 68 per cent of whom are estimated to contribute to social security (CCSS 2021a). Nearly half of them earn an income below the minimum wage, compared to 16.6 per cent among wage workers, and their underemployment rate is three times the rate for wage workers (INEC 2018).

Independent workers account for 25 per cent of the country's labour force and engage in a wide range of productive activities. They include business owners and individual professionals with high levels of income, as well as microentrepreneurs, farmers and informal traders with a low contributory capacity.

2. Programme description

The Costa Rican Social Insurance Fund (CCSS) progressively introduced social insurance for self-employed workers, beginning in 1975 with the first regulation on voluntary coverage, which was reformed to become mandatory in 2005.

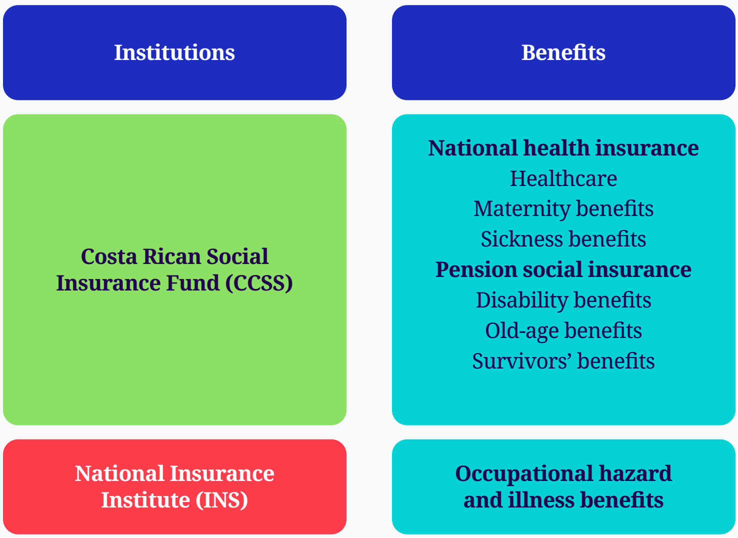
Legal coverage. For the purposes of social security, the population of independent workers includes all persons who perform some form of income-generating manual or intellectual work or activity on their own account (see figure 53).

Although affiliation is mandatory, certain exceptions are provided for, such as for workers over 50 years of age and workers whose monthly net income is lower than the amount set as the minimum contribution baseline.

Workers who hold a dual status as both employees and independent workers must pay contributions both through their wages and through the income received from their independent activities.

Financing. Self-employed workers have a different contribution model from that of waged workers. While contributions to the health insurance scheme of the CCSS are lower for self-employed workers than for wage workers, their contributions to the

Figure 53. Scope of mandatory social security coverage for independent workers in Costa Rica



Source: Authors' elaborations.

pension insurance scheme are equal. Self-employed workers are also exempt from paying earmarked contributions towards other social security state programmes.

In addition, the State contributes to the financing of both insurance schemes; otherwise, in the absence of an employer, the worker would have to bear the full financial cost. The State's level of contributions is proportionate to workers' incomes, with lower incomes supplemented by higher State contributions. For this purpose, contribution rates are fixed according to five income categories, which are periodically adjusted in line with changes to the minimum contribution baseline (see table 10).

In 2018, workers were assigned to the lowest income category (category 1) if their income was below US$475. By way of reference, the national average income for independent workers was US$502 in 2018.

The strategy beyond financing

To promote compliance, the CCSS has spearheaded various measures to increase the level of social security affiliation and compliance with contribution payments, including by developing an extensive contribution monitoring and audit programme;

Table 10. Self-employed-work contribution rates for health and pension insurances according to income level, Costa Rica, 2021

Category	Income level (US$)		Health insurance contribution %			Pension insurance contribution %			Member total %
			Member	State	Total	Member	State	Total	
1	Up to 460		2.89	9.36	12.25	3.83	6.83	10.66	6.86
2	460	1 000	4.33	7.92	12.25	5.32	5.34	10.66	9.49
3	1 000	2 000	6.24	6.01	12.25	7.20	3.46	10.66	13.28
4	2 000	2 980	8.02	4.23	12.25	7.65	3.01	10.66	15.51
5	Over	2 980	10.69	1.56	12.25	8.09	2.57	10.66	18.62

Source: CCSS (2021b).

applying a framework of penalties for non-compliance; strengthening collective insurance agreements (see box 17); expanding the pool of social security inspectors; and implementing an active communication strategy to promote membership. Moreover, any independent worker wishing to sign service contracts with the public sector or apply for a license, permit or fiscal exemptions and incentives, among other things, must be registered and up to date with social security contribution payments.

Box 17. Group social security membership in Costa Rica

In 1984, the CCSS implemented so-called group insurance agreements, which were designed mainly to cover independent agricultural workers but also used for other groups.

These agreements are signed by legally constituted organizations or associations that represent a group of independent workers who perform a common activity. The organization assumes responsibility for creating a list of members, collecting each worker's contributions and transferring the information and funds to the CCSS on a monthly basis. In practice, the agreements constitute a mechanism for facilitating and simplifying workers' registration and payment of social security contributions.

Agreements are subject to multiple controls, are valid for one year and can be periodically renewed. Although this membership mechanism has undergone significant changes since it was originally set up, there are currently 106 agreements in force, mainly with small and medium-scale farmers' organizations.

Source: CCSS (2006), art. 6.

3. Impact

In 2005, the self-employed-work contributory coverage rate for the health insurance and pension insurance schemes (disability, old-age and death benefits) stood at 30.5 per cent and 15.9 per cent, respectively (ILO 2013) (see figure 54).

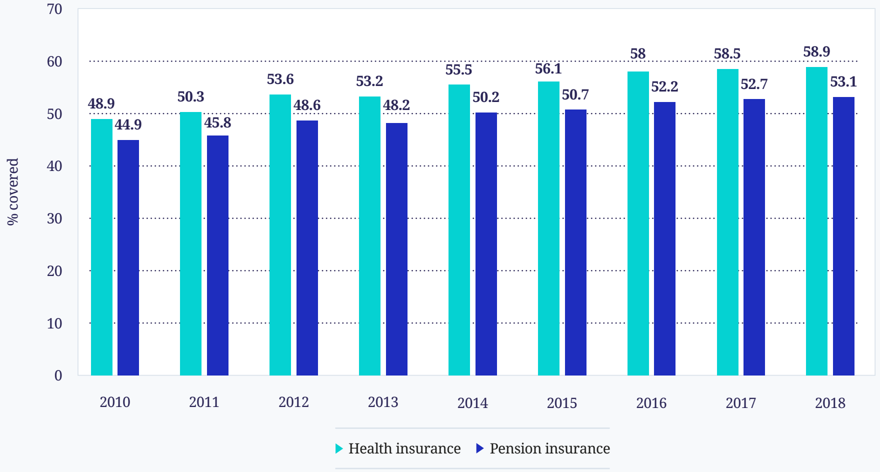
In subsequent years, those indicators grew steadily to reach 58.9 per cent and 53.1 per cent, respectively, by 2018. In June 2018, the CCSS recorded about 293,000 independent workers, including 64,000 agricultural workers registered through collective insurance agreements. The average annual percentage increase in membership for the period 2010–2018 was 4 per cent. The difference between health insurance and pension insurance coverage stems from the fact that, prior to the 2005 reform, a worker could contribute solely to the health insurance, a measure that was later reversed.

4. Challenges and way forward

The following measures could be undertaken to further extend coverage of self-employed workers in Costa Rica:

- Evaluate design alternatives to attract and retain high-income independent workers, such as individual professionals, whose rates of affiliation and compliance with contribution payments are low.

Figure 54. Contributory coverage of self-employed workers by Costa Rica's CCSS, 2010–2018



Source: Based on CCSS and ECE actuarial statistics (INEC 2018).

- Assess, jointly with the Ministry of Finance, the possibility of creating a single integrated payment mechanism for social security contribution and tax payments (following the Monotributo model in other Latin American countries). This would eliminate the current dual arrangements in place for either self-employed or wage workers, thereby reducing administrative costs; simplifying registration and payment processes; tackling evasion and under-declaration more effectively; and unifying the classification of incomes.
- Introduce reforms to make contributions mandatory for independent workers with incomes below the minimum contribution baseline by means of a financing model with an increased State subsidy.
- Strongly promote the use of online membership mechanisms, through which workers can register and update their profiles and declare their incomes. This should be available 24 hours a day, with applications and declarations of income verified through spot checks by the Inspection Service, with severe penalties for anyone declaring wholly or partially false information.
- In view of the high level of arrears among independent workers, assess the inclusion of innovative options for the invoicing and payment of contributions that can be adjusted to income fluctuations in certain activities.
- Promote the use of collective insurance agreements for workers in sectors with a high degree of informality and low contributory capacity but who have a certain level of professional organization.
- Find ways to expand the use of innovative methods in monitoring and audit mechanisms, based on information systems and big data analytics (business intelligence).
- Continue strengthening a culture of contributory social protection by means of systematic education and communication outreach.

5. References

CCSS (Caja Costarricense de Seguro Social). 1996. "Social Security Regulations".

———. 2006. "Regulation Relating to the Affiliation of Independent Workers".

———. 2021a. *Memoria Institucional 2020*.

———. 2021b. "Nueve de Cada 10 Trabajadores Independientes Tienen una Contribución Similar o Menor Respecto a los Asalariados".

Costa Rica, Asamblea Legislativa. 1943. Act No. 17 establishing the Costa Rican Social Insurance Fund.

———. 2000. Act No. 7983 on Worker Protection.

Durán Valverde, Fabio, Jorge Flores Aguilar, José Francisco Ortiz Vindas, Daniel Muñoz Corea, Ana Carolina de Lima Vieira, and Lou Tessier . 2013. *Innovaciones en la Extensión de la Cobertura del*

Seguro Social a los Trabajadores Independientes: Experiencias de Brasil, Cabo Verde, Colombia, Costa Rica, Ecuador, Filipinas, Francia y Uruguay.

ILO. 2018. "Presente y Futuro de la Protección Social en América Latina y el Caribe". Panorama Laboral Temático. Lima: ILO.

INEC (Instituto Nacional de Estadística y Censos de Costa Rica). 2018. "Encuesta Continua de Empleo al II Trimestre 2018".

Robalino, Juan Andrés, Juan Diego Trejos, and Saúl Paredes. 2017. *Informe sobre la Evolución del Mercado Laboral y la Pobreza en Costa Rica: Tendencias 2010–2017*. Escuela de Economía, Universidad de Costa Rica.

48. Dominican Republic: Extending social security to workers in the informal economy

Santiago Fischer, Katrien Liebaut, Bart Verstraeten, Gijs Justaert and Victoria Giroud-Castiella

Summary

The trade union-supported Mutual Association of Solidarity Services (AMUSSOL) in the Dominican Republic facilitates access to the public social insurance scheme for workers in the informal economy and other categories of vulnerable workers.

In the Dominican Republic, Law No. 87-01 of 2001 provides that self-employed workers should be covered by a mixed contributory-subsidized scheme under the Dominican Social Security System (DSSS). However, enforcement of this law remains a challenge, as the scheme has not yet been implemented. To facilitate coverage for those workers, the Dominican Trade Union Confederation (CASC) founded AMUSSOL in 2005, which currently works in collaboration with 174 organizations of informal economy workers (trade unions, cooperatives and associations). By assuming the intermediary role between workers and the social security institution, AMUSSOL facilitates the registration and collection of social security contributions from its members and transfers them to the DSSS. AMUSSOL members have access to employment injury insurance, old-age, disability and survivors' benefits, as well as health insurance for both workers and their families. In 2021, AMUSSOL covered about 89,454 people, of whom 24,169 are insured members and 65,464 are dependent family members.

In addition to facilitating registration and contribution collection, AMUSSOL also facilitates the formalization of informal economy units and enterprises. AMUSSOL not only supports informal economy enterprises in overcoming the administrative burden required to formalize their activities but also collects the social security contributions of the enterprise and its workers once they have been formalized. By the end of 2020, it had facilitated the formalization of about 796 informal economy microenterprises (WSM 2021).

AMUSSOL helps to improve social inclusion, including of persons in the informal economy, and respects collective bargaining and freedom of association for workers, two guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202).

This experience is a concrete example of how workers organizations can contribute to the extension of social security coverage to the workers in the informal economy and contribute to the transition towards formalization.

Main lessons learned

- Thanks to the support of AMUSSOL, workers in the informal economy can contribute to the DSSS and thereby access employment injury insurance, old-age, disability and survivors' benefits, as well as health insurance.
- Workers' organizations can play an important role in facilitating the extension of coverage to workers in the informal economy through collective registration agreements. Such mechanisms allow own-account workers – who usually have limited administrative capacities – to enter collective agreements with a social insurance scheme.
- The example of AMUSSOL shows the importance of awareness-raising and the effective participation and involvement of relevant stakeholders in promoting gender equality and women's right to social protection.
- AMUSSOL facilitates the formalization of informal economy units and enterprises. In addition to supporting informal economy enterprises in overcoming the administrative burden required to formalize their activities, it also collects the social security contributions of the enterprise and its workers once they have been formalized.

1. Background

In 2001, the Dominican Government passed Law No. 87-01[140] to put in place a social security system in the country. Previously, only 20 per cent of the population had access to social security. According to this Law, the DSSS is to provide three main social security branches, each managed by a separate social security institution, to its affiliated members:

(i) **Family health insurance.** The benefit package is uniform across all members. It provides free access to healthcare (both public and private health services) and covers health-related costs for affiliated members and their dependants. More specifically, it provides:

- free access to emergency services;
- 85 per cent of hospitalization costs and any additional expenditure (accommodation, food and so on);
- 80 per cent of medical consultation costs; and
- 80 per cent of the cost of medicines.

140 Dominican Republic, Ley No. 87-01 que crea el Sistema Dominicano de Seguridad Social, 2001

(ii) **Employment injury insurance.** It covers the costs of medical consultation, medicines, hospitalization, rehabilitation, prostheses and appliances in the event of work accidents. The DSSS directly bears the costs and hence the beneficiaries do not have to pay the full bill in advance to the hospital, pharmacy or to the doctor. They have a co-payment of 15 to 20 per cent of the bill.

(iii) **Old-age, disability and survivors' pensions.** These provide income replacement in the event of old age, disability and widowhood.

2. Description of the DSSS

Law No. 87-01 sets out three social security regimes:

- **A mandatory contributory regime**, which covers all salaried workers in the public and private sector. The contribution is equivalent to 21.4 per cent of the worker's wage and is financed by employers and workers (70:30, respectively). The beneficiaries are entitled to join all the DSSS branches (employment injury insurance, old-age, disability and survivors' benefits, as well as health insurance).
- **A subsidized regime**, which covers self-employed workers whose earnings are below the national minimum wage, as well as unemployed persons and persons with disabilities. This regime provides basic health coverage (only public health services and limited access to emergency health services), which is less comprehensive than the benefit package provided under the contributory regime. The scheme does not include employment injury insurance or pensions.
- **A contributory-subsidized regime**, which covers self-employed workers whose earnings are higher than or equal to the national minimum wage. The contribution is based on the rate paid by workers in the formal sector (21.4 per cent of their salary). According to the Law, this regime provides access to all the DSSS branches and contributions should be partially subsidized by the State. A decision on the degree of subsidization by the State is still pending and as a result this regime is not yet in place.

To extend coverage to self-employed workers, CASC set up AMUSSOL in 2005. Workers can affiliate to AMUSSOL individually or collectively via a trade union, an association or a cooperative (see box 18). Trade unions, associations and cooperatives manage their members' contributions and make a single payment to AMUSSOL corresponding to each member's instalments. They pay periodic contributions to AMUSSOL on behalf of the self-employed, equal to 22.4 per cent of their earnings, which represents 21.4 per cent of their salary and an additional 1 per cent to cover the operating expenses of AMUSSOL, such as salaries of employees, offices and other costs. This means that affiliated workers need to pay both the employee's and the employer's shares of contributions, which may not be affordable for many workers and thus not incentivize them to join the regime. AMUSSOL channels the contributions to the national treasury. To date, 174 organizations are affiliated with AMUSSOL.

▶ Box 18. Collection of contributions in the Dominican Republic's AMUSSOL scheme

AMUSSOL implements different mechanisms to collect social security contributions, depending on the work or activity of the informal economy worker, the way this activity is done and the type of affiliation (individual or through a trade union, a cooperative or an association).

For example:

1. In the transport sector, contributions are raised on a daily basis. Every transport "unit" (bus, public car, and so on) pays a contribution for the owner of the vehicle, the driver and the collector. The contributions are raised through the union, which transfers them monthly to AMUSSOL.

2. Contributions paid by rural workers can be collected each trimester or semester, after the harvests.

3. On an individual basis, informal economy workers can pay their contributions on a monthly basis by bank transfer, check or cash at one of the AMUSSOL offices throughout the country.

Affiliation to AMUSSOL follows a procedure that includes an introductory conversation with potential members; information sessions on rights, benefits and engagements; and an assessment of the potential beneficiary, including the area of work, in order to define/estimate the income level and periodicity of the contribution.

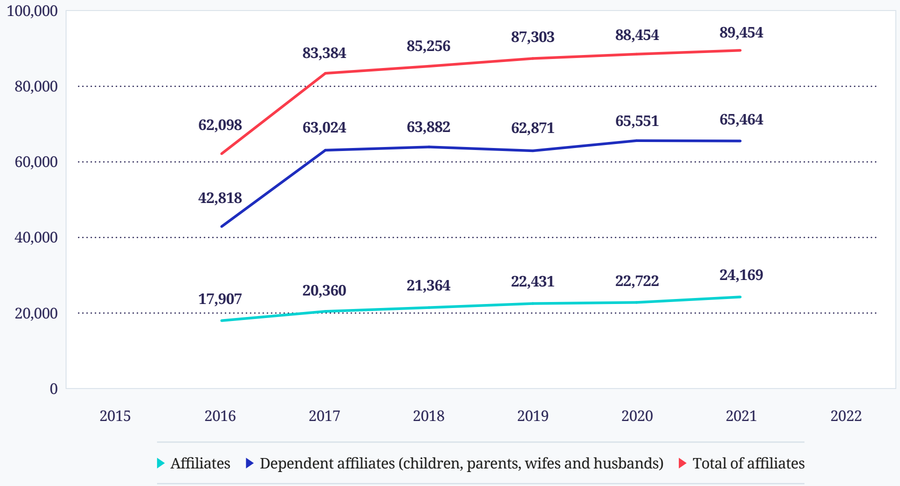
AMUSSOL allows self-employed workers to benefit from sickness and maternity cash benefits in the same way that formal workers do. The benefits are paid by the Health and Labour Risks Superintendency to the affiliated workers through AMUSSOL. Adult offspring, parents or grandparents may also enjoy access to family health insurance for an additional contribution of 1,200 pesos (about US$20) per month and per person. AMUSSOL also provides additional services, such as insurance for funeral costs.

To boost affiliation, AMUSSOL has put significant efforts into promoting and raising awareness of the importance of social protection. A 1 per cent share of the contributions allocated to AMUSSOL is used to develop promotional activities on social protection (such as campaigns, awareness-raising activities, training and so on) and to support the organization of informal economy workers in trade unions and associations, as an important step in promoting their right to social protection.

3. Impact of the initiative

In total, AMUSSOL counted 89,454 affiliates in 2021 who were covered by the DSSS (figure 55).

▶ Figure 55. Membership of the Dominical Social Security System through AMUSSOL, 2016–2021



Note: Values as of 31 August 2021.

Most AMUSSOL affiliates represent the following sectors and/or occupations:

- transport workers;
- market and street vendors;
- hairdressers and beauty salons;
- microenterprises of all kinds, up to a maximum of three people; and
- independent farmers.

AMUSSOL also covers self-employed workers whose activity is declared, who pay taxes and are registered in the National Register of Contributors but are not eligible to apply to the contributory scheme because they do not have an employer.

Although domestic workers should be covered by the contributory regime as they have one or multiple employers, most of them are not declared. Responding to this situation, AMUSSOL has allowed domestic workers to join the scheme through their trade unions. While this is an important step in facilitating their coverage, domestic workers end up paying both the employee's and employer's contributions. Recent efforts to include domestic workers resulted in the affiliation of 2,461 domestic workers in the social security system by the end of 2020. Thanks to their social security affiliation through AMUSSOL, these "registered" domestic workers could benefit from the government

▶ Box 19. Promoting gender equality through the Dominican Republic's AMUSSOL scheme

Among the 89,454 AMUSSOL affiliates, almost 40 per cent are women. To promote gender equality, since 2010 AMUSSOL has been conducting an awareness-raising national campaign on women's rights at work, which is targeted at policy actors. This campaign contributed to the ratification of the ILO Domestic Workers Convention, 2011 (No. 189) and the Maternity Protection Convention, 2000 (No. 183).

CASC also created a national trade union for domestic workers (SINTRADOMES), which currently has 4,974 members, of whom 98 per cent are women. This has helped domestic workers to better defend their interests and fight for their rights, including their right to social protection.

In order to increase efforts to extend social protection to this vulnerable group of domestic workers (estimated at 325,000), as well as independent female farmers, AMUSSOL launched a pilot project supported by We Social Movements (WSM) in 2021 in order to develop specific promotion activities and affiliation services, with tailored information campaigns and access possibilities for both groups.

support package during the COVID pandemic at the same level of formal workers. This initiative has contributed to promoting gender equality (see box 19).

Encouraging formalization

As the financing remains unequal between informal economy workers (100 per cent of social security contributions) and formal workers (30 per cent of social security contributions), AMUSSOL prioritizes the formalization of informal economy units as a key strategy for enhancing access to social protection for all. In addition to facilitating administrative access to the DSSS scheme, AMUSSOL encourages affiliated microenterprises and self-employed workers to formalize and register on the taxpayer's registry by requesting affiliated companies with more than three employees to formalize. To do so, AMUSSOL raises awareness of the advantages of formalization (including value-added tax exemption and easier access to credits and loans) and provides support to the owners of microenterprises on administrative procedures. Once a microenterprise is declared and its employees benefit from the contributory regime, AMUSSOL continues to manage social security contributions (of both employer and employees), subject to a 1 per cent operational fee. By the end of 2020, AMUSSOL had facilitated the formalization of about 796 microenterprises.

4. Conclusion and way forward

AMUSSOL was founded to facilitate the extension of social protection coverage to workers in the informal economy. It not only facilitates registration and contribution collection processes for informal economy workers, who often have limited administrative capacities and lack information, but also promotes their transition from the informal to the formal economy. In addition, the example of AMUSSOL shows the role of workers' organizations in advocating for social protection reform, raising awareness and building a culture of social protection.

While the initiative is a great example of the transformative power of a social movement that uses its expertise to change the existing system, there remain important challenges. There is inequity in the financing of the system, because informal economy workers' contributions are higher than those of formal economy workers (but still much lower than those of private insurance companies, in which many informal economy workers are affiliated due to a lack of alternatives and knowledge of AMUSSOL), rendering the system unaffordable and discouraging for many low-income workers to join. Implementing a contributory-subsidized scheme that is tailored to workers' contributory capacities would help enhance access to social security for previously uncovered groups of workers. AMUSSOL could continue to act as an intermediary between the organizations of informal economy workers and the public social security system. This would ensure compliance, ownership by all users and consequently broad support for the system.

Therefore, AMUSSOL and the Dominican trade unions and other representative social movements continue to pressure the Government to conduct a comprehensive structural reform of the current social security system as a way to address existing inequalities and coverage gaps. To that end, AMUSSOL, trade unions and social movements put forward a joint reform proposal in 2019 to establish a more comprehensive, adequate and universal social protection system for workers in all types of employment. Moving forward and in the light of the economic recession in the context of the COVID-19 pandemic, one fundamental challenge for the Government will be to ensure the needed fiscal space for the extension of social protection. The extension of the contributory base through the affiliation of informal economy workers, as AMUSSOL has shown, could already create more fiscal space for the Government to extend other social protection benefits and services.

5. References

ILO. 2021. *Extending Social Security to Self-Employed Workers: Lessons from International Experience*.

Lavigne, Milena, and Luis Hernán Vargas. 2013. *Social Protection Systems in Latin America and the Caribbean: Dominican Republic*. ECLAC.

WSM (World Solidarity). 2021. "El acceso a la seguridad social para los trabajadores de la economía informal en República Dominicana". Informe temático América Latina, No. 2.

49. Mozambique: The social protection response to the COVID-19 crisis

Ana Carolina De Lima Vieira, Luis Cotinguiba and Rubén Vicente

Summary

In the wake of the COVID-19 pandemic, Mozambique quickly devised an ambitious Social Protection Response Plan to address the socio-economic effects of the crisis on the most vulnerable. Together with development partners, the Government ensured a rapid, innovative and coordinated policy response based on the progressive scale up of non-contributory social protection to more than 1.5 million beneficiaries during the two phases of the Plan, including nearly 1 million newly enrolled individuals.

The implementation of the Plan has benefited from the existence of legal and strategical frameworks for social protection, a well-functioning management information system and a programme specifically designed to respond to crisis situations. The implementation of the Plan was also an opportunity for the Government to make use of innovative approaches, including the use of technology, as well as coordination between contributory and non-contributory schemes to reach workers in the informal economy.

Yet further efforts are needed as Mozambique strives to safeguard the income security of vulnerable populations. These include increasing and diversifying fiscal space for social protection, ensuring clearer communication with beneficiaries and the overall population, and revamping institutional capacities to meet increased demands in times of crisis in a timely and efficient manner.

The experience expanding social protection in Mozambique is in line with the principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202). It promoted the social inclusion of informal workers, took a unified approach to ensure coherence across institutions, and invested in a transparent and sound administration that facilitated the rapid implementation of the response measures. It is also a concrete and successful example of how to adapt social protection systems to adequately respond to the surge of catastrophic events.

Main lessons learned

- The existing legal and strategic frameworks for social protection enabled the quick design and implementation of the emergency social protection response and provided a clear basis for cooperation with development partners.

- The Government's leadership in establishing the COVID-19 Response Plan allowed development partners and international financial institutions to directly fund national social protection measures instead of developing parallel systems.
- A pre-existing collaborative platform between the Government and development partners in the field of non-contributory social protection, as well as the integration of shock-responsive mechanisms into the national social protection policy frameworks, facilitated the coordination for the COVID-19 Response Plan's design and implementation.
- The digitalization of the beneficiary portal and benefit payments sped up the Direct Social Support Programme–Post Emergency COVID-19 (PASD–PE COVID-19) operational processes and enabled social distancing, but did not reach all those without effective access to mobile technology.
- The Government's decision to carry out geographical targeting proved to be the best way to minimize exclusion and inclusion errors in the operationalization of PASD-PE COVID-19.
- Inter-ministerial coordination, especially between the contributory and non-contributory social security schemes, contributed to a more efficient and effective way of responding to the crisis.
- Social partners and civil society organizations played an important role in communication, monitoring, complaints and referral management of social protection measures in the framework of the Plan's implementation.

1. Introduction

During the COVID-19 pandemic outbreak, the Government of Mozambique has strived to address the socio-economic impacts of the crisis by scaling up the national social protection system to reach out to vulnerable (and uncovered) populations. The country declared a state of emergency on 30 March 2020, which was accompanied by disease-control measures, including curfews, closures of borders and restrictions to people's movement, public events and non-essential retail activities.

As of 29 June 2021, Mozambique had registered 75,422 cases of COVID-19 and 869 deaths from the disease. At the end of 2022 the total number of COVID 19 cases since the start of the pandemic was 231,039 including 2,232 deaths.[141] Because of limited capacities for mass testing and health statistics, these estimates may be underestimated. In addition to the health crisis, the measures to contain COVID-19 introduced adverse socio-economic impacts. Prior to the pandemic, a large part of Mozambique's population was already

141 WHO. WHO Coronavirus (COVID-19) Dashboard. Available at: https://covid19.who.int/table [accessed 17 May 2023].

living in poverty (46.1 per cent). There is today evidence that the impact of the crisis would have been much worse if Mozambique had left unaddressed the effects of COVID-19 on the poor and vulnerable population of the country.

In Mozambique, about one third of the poorest 32 per cent of the population live in urban areas (2.5 million people) and rely on daily income from activities in the informal economy. The COVID-19 crisis and containment measures, such as restrictions to freedom of movement, curfews on operating hours and temporary closures of certain businesses, have introduced disruptions to urban and rural economies throughout the country, particularly affecting the livelihoods of workers in the informal sector, which represent almost 90 per cent of the Mozambican labour force.

The COVID-19 crisis has increased the vulnerability of the Mozambican population, which could not count on a comprehensive social protection system. Despite the country's continuous efforts, only 13.4 per cent of the population enjoys some form of social protection. Social assistance programmes cover 10.1 per cent of the vulnerable population and only 4.9 per cent of the labour force are covered by social insurance, with no provision of unemployment protection.

Given this challenging scenario, the Government took measures to address the socio-economic impacts of the COVID-19 pandemic through the expansion of non-contributory social protection. This focuses on groups identified as being most vulnerable to this crisis, that is populations living in urban, peri-urban and border areas. With the technical and financial support of development partners, the Government designed and has been implementing the COVID-19 Social Protection Response Plan. Considered one of the most ambitious in Africa, it includes innovations such as the inclusion of informal economy workers and the use of new technology for enrolling beneficiaries and delivering cash.

The present study is based on interviews with representatives from the Government, United Nations agencies, development partners and relevant civil society organizations.

2. Reaching the most vulnerable in the wake of the COVID-19 pandemic

The COVID-19 Social Protection Response Plan

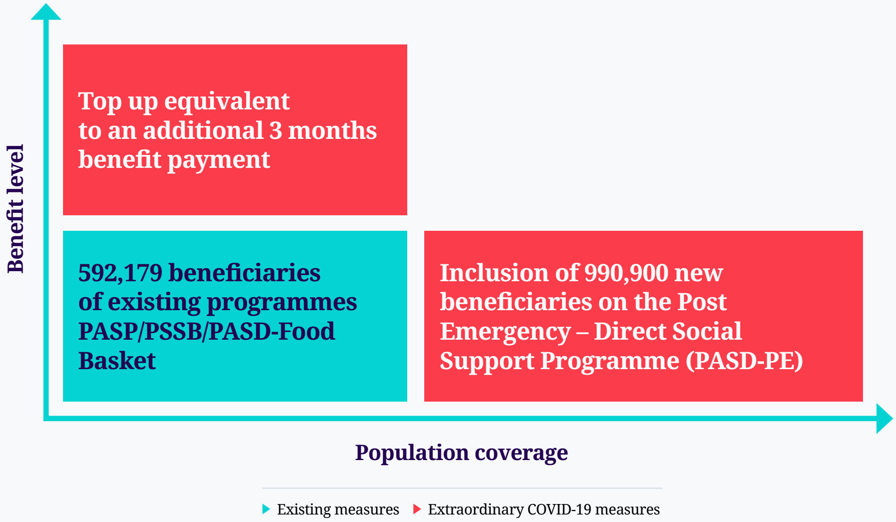
In June 2020, following two governmental decrees,[142] the Ministry of Gender, Children and Social Action (MGCAS) advised the National Institute of Social Action (INAS) and the Provincial Social Affairs Services (SPAS) to nationally implement the COVID-19 Social Protection Response Plan. The development of the Plan was led by MGCAS and INAS, in

142 In Presidential Decree No. 11/2020 of 30 March 2020, Mozambique declared a state of emergency across the country to implement measures for the prevention and mitigation of the COVID-19 pandemic's social impacts. In Decree No. 12/2020 of 2 April 2020, article 36, Mozambique approved administrative enforcement measures for the prevention and containment of the spread of the pandemic.

collaboration with the Economic Studies Department of the Ministry of Economy and Finance (MEF). It received the financial and technical support of several development partners, namely the ILO, the World Bank, UNICEF, WFP, the Foreign, Commonwealth and Development Office of the United Kingdom and the Embassy of Sweden to Mozambique.

The Plan aimed to contribute to the mitigation of the socio-economic impacts of the COVID-19 pandemic on the income security and livelihoods of vulnerable groups. Its objective was to guarantee social support and reinforce the resilience of poor and vulnerable households who are exposed to the pandemic's effects. It introduced extraordinary measures to extend social protection coverage through a two-dimensional strategy and was based on the adaptation of existing basic social security[143] programmes managed by INAS (see figure 56). These "tweaks" to existing programmes concerned both operational activities as well as implementation features in order to expand them both horizontally (increasing population coverage) and vertically (increasing benefit levels).

Figure 56. Mozambique's two-dimensional strategy for the extension of basic social protection



Source: Authors' elaborations.

143 In Mozambique, non-contributory social security is commonly referred to as basic social security.

The Plan included provisions for cash transfers to 1,582,179 beneficiaries, composed of:

- **existing beneficiaries of INAS programmes,**[144] totalling 592,179 households, who became entitled to receive an additional three-month benefit payment in 2020; and
- **additional beneficiaries enrolled in a new programme**, the PASD-PE COVID-19, composed of 990,000 individuals and households whose vulnerability had been increased due to COVID-19 and became entitled to receive 1,500 meticais (MT) (approximately US$24) per month for six months, covering three different groups:
  (a) households that were on the waiting list for INAS programmes, that is they had already been pre-identified (14,000 households);
  (b) households from the list of low-income own-account workers registered with the National Institute of Social Security (INSS) (31,000 households); and
  (c) newly registered beneficiaries who have been identified in collaboration with community-based organizations according to vulnerability criteria (945,000 individuals).

Table 11 provides the characteristics of social benefit transfers by beneficiary type of the Mozambique's COVID-19 Social protection Response Plan.

Table 11. Characteristics of social benefit transfers by beneficiary type in the framework of Mozambique's COVID-19 Social Protection Response Plan

Characteristics/Beneficiaries	Beneficiaries of existing programmes	Beneficiaries of PASD-PE COVID-19
Payment method	3 months	6 months
Cash transfer amount	Benefit amount is maintained[a]	1,500 MT/month (approximately US$23/month)
Geographical coverage	National	Urban, peri-urban and border areas

Nate: [a] The value of the PSSB benefit in 2020 varies from MT540/month for a one-person household to MT1,000/month for a household with five members. For beneficiaries of the PASP, the benefit value is MT1,050/month for six months in rural areas and four months in urban areas.

Source: Author's elaboration based on the Mozambican Covid-19 Social Protection Response Plan, 2020.

144 Basic Social Subsidy Programme (PSSB), PASD-PE, Productive Social Action Programme (PASP).

The PASD-PE COVID-19

The PASD-PE COVID-19 was originally conceived in the National Strategy of Basic Social Security 2016–2024 as an instrument that could be "activated" when needed for providing income security through cash transfers for a fixed period to groups affected by widespread crises and shocks, such as conflicts and climate-related events (for example cyclones, droughts and floods). In response to the COVID-19 pandemic, the programme was adapted and used to expand social assistance to new beneficiaries for a fixed period of six months.

- **Progressive implementation.** INAS was responsible for the implementation of this programme, in coordination with the SPAS, the District Health, Women and Social Action Services (SDSMAS), neighbourhood secretaries and community leaders. The PASD-PE COVID-19 was implemented progressively during 2021. It covered 1,086,128 new beneficiaries from households most affected by the socioeconomic effects of the pandemic.
- **Identification.** The identification and verification of new beneficiaries was led by INAS, in coordination with SPAS and SDSMAS, and relied on the collaboration between INAS officials, community leaders, civil society organizations and neighbourhood secretaries. Following identification, potential beneficiaries were assessed to ensure that they meet eligibility criteria and were then enrolled in the programme.
- **Eligibility criteria.** As previously mentioned, households on the waiting list for INAS programmes and low-income households registered with the INSS were prioritized. In addition, the PASD-PE identified new beneficiaries based on the following criteria:
    - households headed by women with children aged 0–2 years;
    - households headed by pregnant women with no source of income;
    - seasonal workers with a daily income below 100 meticaes (approximately US$1.60);
    - households whose head or members are permanently incapacitated and unable to work;
    - households headed by an elderly member;
    - households headed by women with children under 12 years old, elderly, disabled or chronically ill members;
    - households headed by women living with five or more dependants; and
    - families hosting displaced persons;
- **Geographical targeting.** The new beneficiaries were identified in specific geographical zones, namely urban, peri-urban and border areas, which were found to have the highest multidimensional poverty rates in the country.[145] The selection

145 This is based on indicators calculated by the MEF based on 2017 census data.

of urban and peri-urban areas with the highest poverty rates based on data from the national household budget survey carried out by the MEF allowed for the rapid identification of families who met the criteria and were residents of these poorest and most densely populated areas. In a high poverty context like Mozambique, where officially 46 per cent of the population lives below the poverty line, it would not have been feasible to select only the poorest of the poor in an emergency context by making a detailed door-to-door selection across the country, or by implementing proxy means testing or other more time- and cost-intensive mechanisms.

Civil society involvement

The Response Plan involved significant participation from civil society organizations and community-based organizations. The active engagement of civil society organizations is seen as fundamental for the identification and verification of potential beneficiaries, as well as for monitoring purposes to ensure effective implementation. During November and December 2020, the first round of independent community monitoring for the PASD-PE COVID-19 was carried out in Cabo Delgado province by the Mozambican Civil Society Platform for Social Protection, with the support of the ILO. A second round was conducted in the Province and City of Maputo between July and August 2021. This allowed the collection of qualitative data on the experiences of beneficiaries, the gathering of evidence on the implementation of the plan in practice and the provision of recommendations for improvements that were considered throughout the progressive implementation of the programme in 2021.

Cross-sector coordination

The Response Plan and the PASD-PE COVID-19 benefited from coordination between MGCAS, MEF and the Ministry of Labour and Social Security (MITSS), which facilitated a more efficient and effective response. Through this inter-ministerial coordination, it was possible to carry out a study on geographical targeting of programme beneficiaries and to identify 31,000 vulnerable workers in the informal sector as beneficiaries.

Financing

The implementation of the Response Plan had a total budgeted cost of US$240 million and was fully funded by external cooperation partners; the domestic funds allocated by the 2020 State Budget Law for the implementation of existing INAS programmes were left unaffected. The funds available for implementing the Plan amounted to US$79 million in November 2021 and were provided by the World Bank, the Foreign, Commonwealth and Development Office of the United Kingdom and the Embassy of Sweden to Mozambique. This covered the implementation of the initial roll out of the Response Plan, which included top-ups for 592,179 pre-existing INAS beneficiaries as well as benefits for 282,862 new beneficiaries. Additional bilateral cooperation partners

(United States Agency for International Development, Canada and Germany) channelled US$20.5 million through UNICEF and WFP to ensure programme implementation in the provinces of Tete and Zambézia under INAS leadership.

Other cooperation partners and international financial institutions, such as the African Development Bank, the European Union and the IMF, pledged to make resources available for mitigating the negative impacts of the COVID-19 pandemic in Mozambique, with social protection highlighted as one of the priority areas. At the end of 2021, when PASD-PE COVID-19 completed its implementation, a total of US$142.5 million were disbursed for covering the costs of the programme.

Innovative methods

The COVID-19 Social Protection Response Plan highlights the importance of having a legal framework for social protection that can adequately respond to crisis situations. It also introduces innovations that strengthen Mozambique's non-contributory system, such as the inclusion of informal economy workers and the use of technology for enrolling beneficiaries and delivering social benefits.

Linking existing social protection programmes with shock-responsive actions

Mozambique's response to the COVID-19 crisis benefited from the prior existence of an adequate legal and strategic framework for its non-contributory social protection system, which includes an unconditional fixed-term cash transfer programme designed to respond to shocks, the PASD-PE. This programme originated in the National Strategy for Basic Social Security (ENSSB II) 2016–2024, which strengthened the role of social security in shock response, and was created in 2018 by law.[146] Designed as a flexible instrument for dealing with different covariate crises and shocks, it has been adapted to respond to the challenges caused by the COVID-19 crisis. It was implemented for the first time during the droughts in Tete (2018–2019) and Gaza (2019–2020) and was also utilized after cyclones Idai and Kenneth hit the country in 2019. Its quick activation during the COVID-19 crisis was only possible because the programme (structure, requirements and processes) was already designed, tested and based on a solid legal framework. This highlights the importance of adequate legal frameworks and shock-responsive mechanisms defined ex ante as opposed to ad hoc and fragmented measures, since the former provide clear guidelines and mechanisms for a swift response both from the Government and development partners.

Extending social protection coverage to workers in the informal economy

The Response Plan bridged Mozambique's contributory and non-contributory social security systems through the inclusion of previous INSS voluntary contributors who had

146 With the approval by the Council of Ministers of Presidential Decree No. 47/2018.

stopped paying their contributions due to the impact of the COVID-19 pandemic on their incomes. The high levels of informality and the high vulnerability of these workers to the socio-economic effects of the COVID-19 pandemic created a national debate about how to support this group. Ultimately, more than 30,000 low-income self-employed workers were registered under the PASD-PE COVID-19. In concrete terms, this expansion was made possible through institutional coordination between the MGCAS-INAS and MITSS-INSS and required an adaptation of the existing eligibility criteria used to identify beneficiary households under the social assistance programmes.

Using technology to deliver social protection

The COVID-19 crisis has accelerated necessary reforms in Mozambique, allowing the country to test the scaling up of existing social protection mechanisms and the adaptation of operational procedures to accommodate social distancing requirements and the strong demand for urgent support. The most noteworthy adaptations are those carried out to the PASD-PE enrolment and payment process:

- **e-INAS enrolment.** Once households have been identified and checked by INAS, they are enrolled under the PASD-PE COVID-19 in the INAS management information system (e-INAS). With the technical and financial support of the ILO and UNICEF, Mozambique has been investing for more than five years in the development of a robust ICT system, which works within the State's financial information system network (e-SISTAFE); e-INAS allows the registration of beneficiaries in a single registry system, the rapid addition of new beneficiaries, improved targeting, enhanced transparency for operational activities and the use of innovative payment technologies, while ensuring data confidentiality and protection.

- **Digital payment.** Most cash transfers under the PASD-PE COVID-19 were delivered through electronic payments to mobile phone platforms, reducing contagion risk, increasing efficiency and transparency, improving system accountability and enabling the rapid delivery of payments to beneficiaries. The roll-out of the digital payment system also included the supply of mobile telephones to beneficiaries of the PASD-PE COVID-19 who did not yet have one. The payment is either made online directly to a digital wallet (Vodacom's m-Pesa or Movitel's e-Mola) enabled on a mobile phone, or offline, which is when the beneficiary receives a text message with a code to withdraw the cash from a service provider. Beneficiaries of other regular programmes received transfers through traditional payment modalities, while respecting physical distancing measures. The outsourcing of cash payments to a private service provider has been discussed within the Government and with development partners for many years and was one of the strategic activities planned in the ENSSB II. In the context of the pandemic, the Government's decision to move forward with the large-scale use of digital payments was justified by the need for physical distancing during the payment process and by the urgency imposed by increased demand. This innovation required collaboration between MGCAS, MEF, the Bank of Mozambique and the Mozambican Telecommunications Regulatory Authority.

3. Main results

Following the approval of the Response Plan in June 2020, a significant part of the activities planned for phase 1 have been implemented with the support of development partners. INAS is responsible for the implementation of the Plan and receives direct implementation support from UNICEF and WFP for 100,000 beneficiaries in Tete and Zambézia. Technical guidelines on the targeting (selection and registration) and delivery of payments to beneficiaries of the PASD-PE COVID-19 were developed and provided guidance for the implementation of operational activities.

As of December 2021, 1,547,479 beneficiaries living in poverty and vulnerability received support from INAS in the context of the Response Plan, including 461,351pre-existing beneficiaries who received top-ups and 1,086,128 new beneficiaries. Among the latter, a few were workers in the informal economy and previous contributors to social insurance.

4. Challenges and way forward

As indicated previously, the PASD-PE COVID-19 was fully funded by external partners. This dependency on external funding introduced delays in the programme's implementation and questions the capacity of the country to provide income support to those who remain in need of such assistance.

The launch of the PASD-PE COVID-19 lacked a clear communication strategy, which impacted the effective participation of civil society in its implementation and reduced understanding among the general population and potential beneficiaries.

In terms of operationalization, the total number of beneficiaries increased from 600,000 to almost 1,600,000, leading to a significant increase in administrative workload for INAS and the social affairs officers involved in the programme's implementation. This generated delays in payments under the pre-existing PSSB scheme in some locations. In addition, while the use of mobile payment systems improved efficiency and reduced risk of contagion, it posed challenges for some beneficiaries, particularly older or illiterate persons and those living in areas with poor network reception. Delays were also observed in the contracting of private companies to provide mobile payment services. Lastly, in areas where UNICEF and WFP supported the programme's implementation, the overall authority of INAS as implementation lead was not always sufficiently accommodated.

In terms of design, the conscious choice to focus the PASD-PE COVID-19 on urban, peri-urban and border areas introduced challenges for those living in rural areas, who were not eligible for income support. In addition, the COVID-19 crisis highlighted the existence of a large number of households that were in need of social assistance but were not affiliated to any scheme. While INAS has the ambition to continue to support the new beneficiaries provided that they meet the regular eligibility criteria of the basic social security programmes, this will require a substantial increase in the financial resources allocated to social protection, from 0.6 to 1.2 per cent of GDP in 2023.

5. References

ILO. 2020. *Uma avaliação rápida do impacto da COVID-19 no sector da economia informal em Moçambique*.

———. 2021a. *Ultrapassando as barreiras no acesso à segurança social contributiva dos trabalhadores por conta própria em Moçambique*.

———. 2021b. *World Social Protection Report 2020–22: Social Protection at the Crossroads – In Pursuit of a Better Future*.

Instituto Nacional de Estatística. 2021. "Inquérito sobre Orçamento Familiar – IOF 2019/20".

John Hopkins University Coronavirus Resource Center. 2021. "COVID-19 Dashboard".

Mozambique. 2021. "3º Boletim Estatístico sobre Protecção Social".

———. 2022. "4º Boletim Estatístico sobre Protecção Social".

Ministério de Economia e Finanças de Moçambique, Direcção de Estudos Económicos e Financeiros. 2016. "Pobreza e bem-estar em Moçambique: Quarta avaliação nacional".

PSCM-PS (Plataforma da Sociedade Civil Moçambicana para Proteção Social). 2020. "Monitoria Comunitária Independente ao PASD-PE". Resumo/Dezembro de 2020.

———. 2021. "Monitoria Comunitária Independente ao PASD-PE COVID-19: Segunda Fase – Maputo e Namaacha". Resumo/Setembro de 2021.

UNDP (United Nations Development Programme), and (OPHI) Oxford Poverty and Human Development Initiative. 2020. *Global Multidimensional Poverty Index 2020: Charting Pathways out of Multidimensional Poverty: Achieving the SDGs*. University of Oxford.

50. Lao People's Democratic Republic: Protecting garment workers affected by the COVID-19 pandemic – applying social security standards

Gabrielle Smith

Summary

In 2020 the ILO, with funding from the German Federal Ministry for Economic Cooperation and Development (BMZ), embarked on a multi-country project entitled "Protecting Garment Workers: Occupational Safety and Health and Income Support in response to the COVID-19 Pandemic".

The project aimed to support workers in the garment sector, which globally has been badly affected by the crisis, including through the provision of income support in the form of cash transfers which were implemented in five countries from October 2020 to March 2022. This case study documents experiences and lessons from implementation of this project in the Lao People's Democratic Republic.

The experiences of the ILO–BMZ project in the Lao People's Democratic Republic highlight the value of adhering to the principles set forth in the Social Protection Floors Recommendation, 2012 (No. 202). In particular, the establishment of a complaints and appeals mechanism, with tripartite engagement, contributed to improving the transparency around the design and implementation of the emergency support scheme. In addition, the issues raised through the mechanism helped improve the design and reinforced the principle of non-discrimination.

Main lessons learned

- Even in times of crisis when support is urgently needed, social security standards should be adhered to. In particular, applying the guiding principle on complaints and appeals improves effective access to benefits during the crisis and provides a foundation for the national social security system to develop further beyond the crisis.
- The establishment of complaints and appeals mechanisms also provides an opportunity to raise awareness among workers and employers of their right to social security. Tripartite participation in the complaints and appeals collection and settlement processes further enhances trust in the system.

- Beyond the identification of implementation issues, the complaints and appeals mechanisms help to highlight design shortcomings, allowing for adaptations to be made to ensure the universality, fairness and non-discrimination of enacted measures. The existence of an effective complaints and appeals mechanism therefore also enables that other, equally crucial, guiding principles of Recommendation No. 202 are adhered to.

1. Context

The Lao People's Democratic Republic was severely affected by the global COVID-19 pandemic. According to IMF calculations, GDP growth in the Lao People's Democratic Republic's for 2020 was only 0.2 per cent, down from 5.2 per cent in 2019. UNDP estimated that 383,000 people would fall back into poverty, contributing to a five-percentage point increase in the national poverty rate. Women have been among the worst-affected groups since the impact is concentrated in industries in which women form most of the workforce, including the garment and tourism sectors.[147]

Social protection system in the Lao People's Democratic Republic

The social protection system in the Lao People's Democratic Republic has been evolving since the enactment of the Social Security Law in 2013 and social protection is a development priority under the National Social Protection Strategy 2020–2025. However, coverage remains limited by regional standards. Only 1.6 per cent of GDP is allocated to social protection – a mere 0.7 per cent if healthcare is excluded. Other challenges identified in a UN assessment in 2017 include system fragmentation, lack of enforcement and the low rate of social security coverage, especially in the formal economy; and fragmented and inconsistent financing of non contributory schemes.[148] The National Social Security Fund (NSSF) covers most of the public sector and parts of the formal private sector, in particular state-owned enterprises, joint ventures and private enterprises employing 10 or more employees. The scheme covers workers for medical benefits, pensions, employment injury, occupational disease and non-work-related disease, sickness, maternity, unemployment and survivorship. Members of the NSSF who pay regular contributions for 12 months or more are entitled to unemployment insurance benefits if they lose their jobs due to closure or downsizing of the business, which included lay-offs related to the COVID-19 crisis.[149] As most of the Lao workforce

147 UN Country Team in Lao PDR, *UN Lao PDR Socio-Economic Response Framework to COVID-19*, 2020. It is estimated that the garment industry employs about 26,000 workers, 70 to 80 per cent of whom are women.

148 ILO, *Summary Report: Assessment-Based National Dialogue on Social Protection: Lao People's Democratic Republic,* 2017.

149 Those who lost their jobs due to the COVID-19 crisis are eligible for unemployment benefits equal to 60 per cent of their insured wages. The duration of the benefit varies from 3 to 12 months, depending on the length of the insured period. To access this, workers must register their unemployment status with the employment service centre, which provides a paper to certify that they are unemployed after one month.

is in informal employment, the outreach of the NSSF is currently limited to less than 11 per cent of the population, including dependants.[150] At the time of the COVID-19 pandemic, the scheme had good coverage of workers in the garment sector. However, to be eligible for unemployment benefits, members must have contributed[151] for the previous 12 months. Since about 50 per cent of registered private-sector enterprises were not paying regular contributions on behalf of workers – and also due to high turnover in the sector – many members were not eligible for these benefits.[152]

The NSSF is administered by the Lao Social Security Organization (LSSO), whose administrative systems for managing members' data are relatively robust, with data being kept up to date and the ability to track workers movement between employers. It also includes the bank details of the workers that have a bank account. Other aspects of the NSSF's delivery systems are more limited. For example, there remains only limited awareness among workers of NSSF benefits or how to apply for them. The process of claiming an unemployment benefit is quite complex and is not digitized. It requires in-person engagement with multiple departments (the Employment Service and LSSO), with no data integration between these departments, requiring workers to make multiple journeys. This has reduced accessibility and limited demand for unemployment benefits in practice. Meanwhile, for those without bank accounts, cash-in-hand payments must be made at the LSSO offices, creating queues and liquidity issues.

2. Description of the BMZ–ILO project in the Lao People's Democratic Republic

The ILO–BMZ project was designed to fill gaps in the Government's social protection response to the pandemic. It provided cash assistance to workers in the garment sector, including those who were ineligible for the Government's COVID-19 support because they were either unregistered with the NSSF or had paid less than 12 months of contributions. The project was implemented in partnership with the LSSO and leveraged its existing delivery systems with certain adaptations. The rationale for working through national systems was to reduce administration costs and speed up delivery, while also maintaining the Government's overall and primary responsibility to provide social protection. It also aimed to demonstrate a "proof of concept" on the use of national systems for shock response. Meanwhile, the adaptations introduced and tested could provide entry points for strengthening national delivery systems and adapting the design of the social security schemes (see box 20).

150 ILO, *Summary Report: Assessment-Based National Dialogue on Social Protection Lao PDR*.

151 Contribution is 9.5 per cent of the salary members choose to protect (employer: 5.5 per cent/worker: 4 per cent).

152 Key informant interviews conducted as part of the fact-finding for the preparation of this report.

Box 20. Income support to garment sector workers in the Lao People's Democratic Republic through the BMZ–ILO project

Type of support: unconditional cash transfer.

Target beneficiaries: all workers in the garment (clothing and footwear) sector who are members of LSSO, including those with outstanding contributions, plus non-LSSO members newly registered for at least one month with the Association of the Lao Garment Industry (ALGI).

Implementing partners: the LSSO, in close cooperation with the ALGI and the Lao Federation of Trade Unions (LFTU). Mobile money service providers were also engaged to administer payments to workers not holding a bank account.

Coverage: LSSO data recorded a total number of 24,280 eligible workers. Priority was given to those currently in employment (due to ease of finding and informing these members), while also seeking to identify and include as many as possible of the workers who had been laid off or quit their jobs, some of whom migrated in search of work. By the end of project, 47 factories and 20,698 workers had been reached.

Value and duration of assistance: two months' worth of wages, equivalent to approximately 40.9 per cent of the minimum wage (450,000 kip/month or US$50/month), delivered as a one-time payment.

Communication: national launch, using various national media platforms with the aim of reaching and informing all potential beneficiaries, including workers that had left the sector. ALGI and LFTU provided outreach and awareness communication for current workers in eligible workplaces.

Registration: List of registered workers sent by the LSSO to employers, who compared this with their own human resources data and made corrections where necessary. The list was also shared with workers unions for validation. The LSSO compiled a list of eligible beneficiaries and worked together with employers, banks and mobile network operators to contact them. The final list of beneficiaries was endorsed by a tripartite committee.

Payment delivery: benefits were paid through bank accounts for those workers that usually received wages through bank transfer (about 90 per cent). Workers without bank accounts received payment through a mobile money transfer through a new agreement between LSSO and mobile money transfer companies. Funds flowed from the ILO to the LSSO, which managed the payments to workers' accounts through its established financial transaction procedures and institutional capacities. Payments were distributed between March and October 2021.

Using international best practice to guide the complaints and appeals mechanism

ILO social security Conventions and Recommendations follow a rights-based approach and set the principles and parameters guiding the development, maintenance and reform of social security systems worldwide to secure the realization of the human right to social security. The majority of these international standards – in particular, the Social Security (Minimum Standards) Convention, 1952 (No. 102); and Recommendation No. 202 – have unambiguously recognized the centrality of statutory complaints and appeals mechanisms for the effective functioning of social security systems. These mechanisms allow claimants to lodge a complaint regarding the quality or quantity of provided benefits, or in case of refusal of a benefit to also appeal against the decision of social security institutions regarding such complaints. Recommendation No. 202 sets out basic principles to guide the design of grievance mechanisms. According to Paragraph 7 of Recommendation No. 202, complaint and appeal mechanisms should include the following characteristics.

Transparent and simple. The conditions of access to these mechanisms need to be transparent, objective and formulated clearly, allowing interested parties to understand them. Likewise, project rules and operational processes should be easy to follow and clearly communicated, allowing people to understand how projects function and their entitlements, as well as the process, requirements and time frames related to the lodging and examination of complaints and appeals. Decisions made on complaints and appeals should be clearly communicated.

Accessible and inexpensive. The channels through which grievances can be raised should be accessible to the persons protected by the schemes. This entails that these mechanisms should ensure that the principle of non-discrimination and the dignity of applicants is upheld at all stages of the process. In particular, assistance should be provided to those who need help to understand their rights or access grievance mechanisms. Complaints and appeals mechanisms should ideally be free of charge to the applicant, or at the very least should not cause financial hardship to claimants or deter them from lodging complaints.

Rapid and effective. Users should be able to obtain a final decision within a reasonable time frame and the administrative and/or judicial procedures should function effectively so as to allow users to receive answers to their claims and be provided with remedies, where appropriate, in a timely and effective manner.

Independent and impartial. While recognizing the possibility that claims are initially examined by the institution administering benefits, the right to appeal to an independent external body should be guaranteed by law, in line with international social security standards.

The social security system complaint mechanism in the Lao People's Democratic Republic

As specified in the Social Security Law (see box 21), the NSSF processes include a complaints and appeals mechanism that is administered by the LSSO. Issues can at first be raised by calling a dedicated toll-free phone line during working hours, which directs calls to the LSSO registration unit, customer service unit or benefit unit, depending on the nature of the issue. The hotline is reportedly not widely used, however. This is due to a combination of lack of awareness of the right to obtain information and make a complaint, hours of service that limit uptake during working hours and socio-cultural issues that limit adoption. Workplaces designate representatives for engaging with the LSSO on behalf of workers and in practice this is the preferred channel for workers to communicate queries or issues. These focal points tend to directly manage queries relating to information and also escalate other issues to LSSO. Where many workers report similar problems, the LSSO mobile team can visit the workplace. There is no system for formally recording complaints that are received, monitoring the types or frequency of issues raised or the timeliness or adequacy of responses.

The impacts of the COVID-19 crisis led a large number of workers to be retrenched or furloughed, who therefore could no longer rely on designated representatives in the

▶ Box 21. The complaints and appeals framework in the Lao Social Security Law

As specified in the Social Security Law as amended, the LSSO administering the NSSF has the obligation to receive, consider and resolve disputes on social security activities (art. 89(9)).

More specifically, under Part IX, the Social Security Law provides a general complaints and appeals framework that encompasses five options to settle disputes related to social security benefits: (i) mediation or arbitration to find a mutually acceptable resolution; (ii) request an administrative resolution; (iii) submit the dispute to the Organization of Economic Dispute Resolution for a legal resolution; (iv) resort to a court ruling; and (v) international resolution, referring to the obligation to solve disputes of international nature in accordance with international conventions and treaties ratified by the Lao People's Democratic Republic.. Article 103 specifies that any party concerned can submit the case to the People's Court of Justice, according to the laws and regulations of the Lao People's Democratic Republic.

Furthermore, articles 106(8), 107(3) and 108(2) of the Social Security Law place on the Ministry of Labor and Social Welfare, the Provincial and Capital Labour and Social Welfare Departments and the District and Municipal Labour and Social Welfare Office, respectively, the obligation to consider grievances submitted by individuals, judicial persons and organizations regarding the performance of social security officials and administrative decisions that may violate social security law and its regulations.

workplace to lodge their complaints and appeals. This necessitated an adaptation of the complaints and appeals mechanisms. Given the rapid pace at which the emergency support was developed and implemented, an efficient complaints and appeals mechanism became even more crucial to correct possible identification and disbursement errors. The ILO supported the LSSO to review potential issues in its existing complaints and appeals mechanism.

Some key adaptations to align the mechanisms with international standards include:

- **Improving accessibility:** routine channels for raising complaints (the LSSO phone line) were not used often by workers and employers, who instead preferred to discuss issues in person with those that they have a trusted relationship with. In response, the LSSO added a new channel for receiving and escalating complaints through union representatives and garment associations. In non-unionized factories, a focal point was established for sensitizing workers in the ILO–BMZ project and receiving and channelling queries. For managing technical issues related to mobile money payment (lost Personal Identification Numbers (PINs) and so on), workers could call the customer service number of the service provider. The service provider also provided a mobile team to visit the factories to address issues in person (this was stipulated in the service provider agreement).
- **Ensuring independence and impartiality:** a tripartite committee was established by the ILO–BMZ project that was responsible for addressing any complaints brought to the LSSO.
- **Improving transparency of processes:** during the tripartite committee meeting that launched the project, union representatives and associations were clearly sensitized on their roles in complaints and appeals. The rights to raise queries and lodge complaints and appeals were also communicated to workers in the factories during the representatives' regular visits. This right and the corresponding channels to voice grievances were also included in the printed literature produced for the project and disseminated in the factories.

How the complaints and appeal mechanism improved the ILO–BMZ project

The adapted complaints and appeals mechanism introduced through the ILO–BMZ project has led to a lower risk of exclusion errors and fraud, helped monitor the timely and adequate delivery of benefits and helped identify areas for improvement:

Concerning exclusion: the design of the project, providing universal coverage to all workers in the identified factories, helped to minimize occurrence of this risk. Nevertheless, the grievance mechanisms identified complaints from shoe factories that had initially been overlooked in the design, despite being part of the garment sector. Following discussions of the tripartite committee, it was agreed that these had been erroneously excluded and the decision was made to broaden coverage to include these factories, representing an additional 3,400 workers.

Concerning fraud: the project was designed in such a way that all workers in the concerned factory sites that had contributed at least one month to the LSSO were eligible and automatically registered, with funds being transferred directly from the LSSO to workers' accounts, helping to mitigate occurrence of this risk. Although no formal complaints were received, a post-distribution monitoring survey conducted with sampled beneficiaries showed that a small number of surveyed workers reported some form of abuse while requesting or receiving benefits.

Concerning timely and effective delivery of benefits: the most common issue raised through union representatives and associations concerned delays in receiving the benefits. While the project was officially launched in February 2021, the first payments were made only in June to workers holding a bank account. Payments to workers without bank accounts were delayed until August 2021, as they first needed to set up mobile money accounts. The complaints and appeal mechanism has been important for providing clear responses to workers about the reasons for these payment delays,[153] which helped to maintain trust in the LSSO and the project. Another widely reported type of feedback to the union representatives concerned dissatisfaction with the level of benefits. While workers were grateful to have received some support, they voiced concerns related to its one-time nature and insufficient level. Another issue identified was with difficulties in completing the mobile money transaction process for some beneficiaries, who were unfamiliar with this technology. In addition, instances were reported in which the digital payment method recorded for a beneficiary was incorrect, either because the phone number could not be reached or because it was not registered under their name. To address such problems, the mobile network operators were required to conduct factory visits in order to register workers in person, causing payment delays.

3. Impact and challenges

Several lessons can be learned from ILO's experiences in the Lao People's Democratic Republic – concerning implementation of the ILO–BMZ project generally and the complaints and appeals mechanism specifically.

The importance of good sensitization and outreach. Awareness-raising contributed to effective implementation of the complaints and appeals mechanism in two important ways. Firstly, creating the awareness of the existence of a right to a certain level of income security and the corresponding right to make a complaint or lodge an appeal but also with respect to how these rights can be implemented represent crucial prerequisites for a grievance mechanism to function effectively. Secondly, the sensitization among

153 Caused by delays in registration and contracting of service providers.

garment workers but also workers in other sectors about the nature of the project – that it is through LSSO but is donor funded, and with limited funds – helped to minimize complaints and queries about exclusion from LSSO members workers and their representatives in other affected industries such as the tourism sector. On the other hand, the project was unable to effectively reach and support those who lost their job due to COVID-19 and returned to their home villages, despite being eligible for support under the ILO–BMZ project. While the complaints and appeals mechanism did not receive formal complaints from this group; this is an indication that outreach efforts were insufficient, leading this group to be unaware of their eligibility for assistance or their right to lodge a complaint or an appeal.

Value of social dialogue. The tripartite participation of governments and employers' and workers' representatives contributed to the design and implementation of the project in several ways. It enabled joint discussions and decisions on the initial design and allowed for adaptations to be introduced to address issues raised. It also facilitated a collective understanding of the project among social partners, enabling timely and consistent responses by all partners to information requests and queries from beneficiary workers and factories, and helped each tripartite member to understand their respective roles and responsibilities.

Importance of adhering to social security standards, even in times of crisis. The experiences from the ILO–BMZ project show that even in emergency settings in which support must be provided rapidly, it is possible to adhere to the guiding principles of Recommendation No. 202, in particular those related to complaints and appeals mechanisms. As the principles provide direction on how mechanisms should be established, they are not prescriptive in nature and provide national institutions with sufficient room to account for their local context and circumstance. Although the design of the emergency response reduced the risks of fraud and exclusion (by making eligibility universal among targeted factories and providing benefits through direct transfers), the implementation of an effective complaints and appeals mechanism was nonetheless crucial: not only was it an attempt to adhere to Recommendation No. 202 but also its value was also proven in practice as the mechanism allowed for the identification and resolution of a number of implementation issues. Lastly, the implementation through tripartite participation provided valuable lessons to local stakeholders that may guide future efforts to expand and improve social protection.

Importance of preparedness planning for shock responsive social protection. Experiences in the Lao People's Democratic Republic highlight the value of having existing mechanisms, processes and capacity in place for social protection that can be drawn on in case of emergency, which allowed for a relatively fast implementation. Nonetheless, the ILO–BMZ project was able to overcome some challenges related to the lack of preparedness of the social protection system. It introduced mechanisms that were necessary for an efficient emergency response and have contributed to improving the delivery and governance of the Lao social protection system. This includes mechanisms for tripartite decision-making; improving data availability, complaints and appeals; and making mobile payments to workers without bank accounts.

4. What's next?

The ILO–BMZ project introduced changes which, if sustained, will strengthen the social security system in the Lao People's Democratic Republic. Priority areas for the continued enhancement of national systems include:

(i) increased tripartite involvement, including in outreach activities and handling of grievances;

(ii) the standardization of the recording and management of grievances to improve efficiency and transparency, including through the use of a digital management information system; and

(iii) the increased use of digital solutions to pay benefits to workers, either directly into their bank account or through mobile money systems for workers without bank accounts.

Lastly, the ILO–BMZ project highlighted that the Lao social security system was insufficiently prepared to face a crisis like the COVID-19 pandemic. Ensuring that systems are reinforced is crucial to enable a quick response when a future crisis inevitably hits.

5. References

ILO. 2022. *Post Distribution Monitoring Report: Income Support for Lao Social Security Organization Members in Garment Factories in Response to the COVID-19 Pandemic in the Lao People's Democratic Republic*.

Ministry of Labour and Social Welfare of Lao PDR. 2017. *Summary Report Assessment-based National Dialogue on Social Protection Lao People's Democratic Republic*.

Lao PDR. 2020. *National Social Protection Strategy: Vision 2030 Goal 2025*.

WFP (World Food Programme). 2019. *Strengthening the Capacity of ASEAN Member States to Design and Implement Risk-informed and Shock-responsive Social Protection Systems for Resilience: Lao PDR Case Study.* Oxford Policy Management and European Union Civil Protection and Humanitarian Aid.

51. Mexico: Extension of social security to workers and producers in the sugar cane sector

Helmut Schwarzer and Juan José Zermeño Córdova

Summary

The extension of social protection to agricultural workers represents an enormous challenge in Mexico, as in other countries. In this light, the agreement to affiliate producers and workers (including casual workers) in the sugar agribusiness to the social security system, which was established between the Mexican Social Security Institute (IMSS) and the sugar agribusiness since the 1960s, is an interesting case study.

Mexico's efforts to expand social protection to workers in the sugar agribusiness ensures their social inclusion, including of those in the informal economy, and seeks to achieve solidarity in financing, which are guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202).

This is an interesting case in the context of the implementation of the Global Accelerator on Jobs and Social Protection for Just Transitions. It shows how the agroindustry in Mexico aims to improve the quality of jobs in the Sugarcane sector, through collective tripartite agreements. This includes innovative affiliation and contribution mechanisms to increase social protection coverage, and additional measures to ensure that informal workers and enterprises of the value chain can progressively transition to the formal economy.

Main lessons learned

- The expansion of coverage to workers in rural areas requires the design and negotiation of agreements between employers, workers and the social security system.
- In situations in which there are many small enterprises, such as in the sugar agribusiness, the affiliation of workers can be facilitated through the organization of the sector.
- Among the social security guarantees, access to healthcare is particularly valuable to rural workers and their families.
- The sustainability of the social protection scheme for workers in the sugar agribusiness is dependent on their ability to contribute, which may be affected by the market

price for sugar. It is important for the system to continue to evolve in response to the decreased global demand for sugar.

1. Context

The sugar cane agroindustry is an important economic sector in Mexico, generating approximately 40 to 50 billion Mexican pesos (US$2–2.5 billion) per year for the economy, depending on price fluctuations. More than 800,000 hectares of sugarcane are cultivated in 267 municipalities in 15 Mexican States.

According to the National Survey of Occupation and Employment (ENOE), in the second quarter of 2021 6.8 million people (12.3 per cent of the total employed population) worked in the agricultural sector, which has an informality rate of 87 per cent.

Mexico remains the sixth largest producer of sugar in the world. However, according to trends observed in the last ten years, the sugar cane agroindustry risks once again entering a crisis of overproduction and low prices: cane production and sugar extraction rates have increased; domestic demand has reduced due to changes in the population's consumption habits; and exports to the United States market have been restricted, all of which are leading to a surplus of sugar supply and prices that are below production costs for Mexico.

According to data from the National Chamber of the Sugar and Alcohol Industries, it is estimated that 440,000 workers rely directly on the sugar cane agribusiness, while an estimated additional 2.2 million persons depend indirectly on the industry for their livelihood. This group includes suppliers, day labourers, cutters, transporters, other workers and retirees.

2. Description of the initiative

In 1963, the Law incorporating sugar cane producers and their workers into the IMSS system was issued. In 1997, the reform of the Social Security Law privatized the pension system, including for sugar cane producers and their workers. However, in practice sugar cane producers and workers continued to be affiliated to the Mandatory Regime through special agreements with the IMSS.[154]

Periodically, employers' and workers' representatives in the sugar cane agribusiness enter into collective agreements, with the Government acting as witness. The agreement that is currently in effect is the Contrato Ley de las Industrias Azucarera, Alcoholera

154 The IMSS Mandatory Regime comprises five insurance policies, covering 1. occupational risks; 2. diseases and maternity; 3. disability and life; 4. retirement, unemployment in advanced age and old age; and 5. nurseries and social benefits.

y Similares de la República Mexicana, which is effective from 16 October 2020 to 15 October 2022.

The collective agreement establishes the working conditions in the sugar production sector in many different areas, such as:

- duration of the workday, payment of wages, Christmas bonuses, rest days, vacations and leaves of absence;
- employers' obligation to provide workers with the tools and materials necessary to perform the work;
- procedure for filling vacancies and promotions;
- prohibition of child labour for persons under 16 years of age;
- various social security benefits, such as enrolment in the IMSS system, monthly payment of a family allowance through electronic food vouchers, housing allowance, retirement pensions[155] and the payment of a productivity bonus at the end of the harvest cycle;
- employers' obligation to provide the workers' union in each sugar mill or factory with adequate and duly equipped premises for the installation of its offices and an assembly hall to hold its members' meetings;
- obligation to provide workers with electric lighting and a sports field and canteen;
- annual financial endowment to labour unions for union purposes, study, and to defend the rights and interests of workers; and
- employers' obligations in the areas of training, education and scholarships for workers and their families, among others.

The IMSS, the Unión Nacional de Cañeros and the Unión Nacional de Productores de Caña de Azúcar establish agreements on an annual basis on the insurance terms for sugar cane producers (farmers) and temporary field workers and for their enrolment and the payment of social security contributions. Based on federal labour and social security laws, such agreements establish that:

1. IMSS applies its legal, administrative, fiscal, technical, operational and health procedures in accordance with its general scheme.
2. At the beginning of the harvest cycle, the unions inform the IMSS of the estimated crop area and expected production (for the producers' contribution), as well as the number of producers and workdays to be used (in the case of day labourers).

155 Through the collective agreement, a private supplementary pension system has been established for workers in the sector.

3. The unions then manage the affiliation of producers and workers, report the registration, cancellation and reinstatement of day labourers and any changes in wages. At the end of the harvest cycle, the employers issue certificates of the number of days worked and total wages earned and the accounts are adjusted accordingly.

4. Workers and producers follow the procedures established by the IMSS for the provision of benefits.

In 2021, the National Sugar Cane Agroindustry Programme 2021–2024 was signed by the National Committee for the Sustainable Development of Sugarcane (CONADESUCA) as part of a special programme derived from the national development plan 2019–2024. It includes four priority objectives, the last of which targets workers and the sustainability of the industry.

Under objective 4, strategy 4.4 has been established with the priority of improving the working conditions and social protection of sugar cane growers and sugar mill workers. This action includes a series of substrategies:

4.4.1 Promote social economic development by improving welfare conditions and temporary housing for sugar cane cutters.

4.4.2 Consider developing a training programme for sugar cane cutters and their families on issues of hydration, shade and the use of proper tools and protective gear.

4.4.3 Contribute to raising awareness in the sugar cane agribusiness sector of decent working conditions and the need to eliminate child labour from agricultural places of work.

4.4.4 Promote the systematization, design and implementation of a protocol for workers' hydration, shade and rest in order to improve working conditions in the field.

3. Impact of the initiative

For the 2020–2021 agricultural cycle, agreements were signed with the national unions of sugar cane producers to provide social security to 84,446 workers and 18,000 temporary farm workers during the period from 1 July 2020 to 30 June 2021. For this cycle, the individual contribution per sugar cane producer was 12,596.25 pesos, although producers who received less than 68,750 pesos for their sugar cane production would benefit from a reduced contribution rate of 5,500 pesos. In the latter case, the remaining contribution of 7,096.25 pesos is subsidized.

For 2021, the federal expenditure budget decree assigned an allocation of 289 million pesos for the social security of sugar cane growers, an increase of 3.2 per cent over the budget for 2020.

4. Challenges and way forward

The main challenge comes from the future of the sugar sector. The global and national trend in the consumption of caloric sweeteners, including sugar, is downward. In the coming years, sugar consumption per person is expected to reduce, especially in countries in which sugar consumption is related to high rates of obesity and diabetes prevalence, hence the need to design a cross-cutting policy strategy that considers the diversification of the use of sugar cane for products other than sugar, as well as agricultural diversification, which would incentivize rural producers to move production towards crops that are more future-proof, allowing them to continue obtaining their livelihood from agricultural activity.

Mexico's success in extending social insurance to the sugar agribusiness sector could be extended to other sectors of Mexican agriculture. Although they are increasingly organized in value chains with international connections, such as the coffee, tobacco, vegetable, wine and other sectors, many agricultural workers still lack access to comprehensive social protection.

The extension of social security benefits to sugar cane growers and workers is a first step towards the transition of the sugar cane agribusiness to the formal sector. In addition to the provision of social security, other measures, such as the advancement of decent work or providing access to skills development, are desirable to promote the well-being of sugar cane workers, thereby also increasing the attractiveness of the sector for younger generations.

5. References

IMSS (Instituto Mexicano del Seguro Social). 2020. I*nforme al Ejecutivo Federal y al Congreso de la Unión sobre la Situación Financiera y los Riesgos Del Instituto Mexicano del Seguro Social, 2020–2021*.

National Sugarcane Agroindustry. 2021. *Programme 2021–2024*.

Secretaría de Agricultura y Desarrollo Rural. 2021. "Caña de Azúcar un Cultivo de Importancia para México".

▶ 52. El Salvador: Extending social security coverage to migrant workers

Rolando Lobo Marroquín, José Francisco Ortiz, Marcela Aguilar and Helmut Schwarzer

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.
- The territories that ratified the Multilateral Agreement had a variety of pension models, which makes the implementation of the Agreement challenging.

1. 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.

2. 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 22).

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

▶ Box 22. 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.

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.

3. 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.

4. 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.

5. References

El Salvador. 1975. Act establishing the National Civil Service Pensions Institute. *Diario Oficial*, Vol. 250, No. 1, 5 January 1976.

———. 2015. Electronic Signature Act. *Diario Oficial*, Vol. 409, No. 196, 26 October 2015.

———. 1996. Pension Savings System Act. *Diario Oficial*, Vol. 333, No. 243, 23 December 1996.

El Salvador, Ministerio de Relaciones Exteriores. 2020. Public Information Request.

———. 2012. *Acuerdo de Aplicación del Convenio Multilateral Iberoamericano de Seguridad Social por el Gobierno de El Salvador*.

ILO. 2021. *Extending Social Protection to Migrant Workers, Refugees and Their Families*.

OISS (Organización Ibero-Americana de Seguridad Social). 2013. “Convenio Multilateral Iberoamericano de Seguridad Social”.

———. 2009. Acuerdo de Aplicación del Convenio Multilateral Iberoamericano de Seguridad Social.

———. 2007. Convenio Multilateral Iberoamericano de Seguridad Social.

100 years of social protection:
The road to universal social protection systems and floors

100 years of social protection: The road to universal social protection systems and floors is a compendium of country studies describing how national social protection systems have evolved over time, and how international social security standards and the development of comprehensive national legal frameworks contribute to creating coherent and inclusive social security systems. The compendium shows how national ownership is key to developing sustainable social protection systems, and the importance of social dialogue in that process. It further describes how countries have adapted their social protection systems to meet the major challenges of our time: persistent informality, climate change, multiple crises, and fiscal pressures. These country studies do not seek to provide a "gold standard" or to describe countries' national social protection systems in exhaustive detail. Instead, they focus on innovative solutions for overcoming the policy and implementation challenges that policymakers around the world may face. By learning from efforts undertaken elsewhere, the authors hope to inspire good practices in the shaping of national policies to achieve universal social protection.

ilo.org

International Labour Organization
Route des Morillons 4
1211 Geneva 4
Switzerland