

## Introduction

Social security is a fundamental human right recognized in numerous international declarations and conventions, in particular the Declaration of Philadelphia (1944) which is an integral part of the Constitution of the International Labour Organization (ILO), and the Universal Declaration of Human Rights (1948) adopted by the General Assembly of the United Nations.

More recently, the ILO Declaration on Social Justice for a Fair Globalization was adopted by the International Labour Conference (ILC) at its 97th Session (2008). The Declaration recognizes that the ILO:

based on the mandate contained in the ILO Constitution, including the Declaration of Philadelphia (1944), which continues to be fully relevant...has the solemn obligation to further among the nations of the world programmes which will achieve the objectives of full employment and the raising of standards of living, a minimum living wage and the extension of social security measures to provide a basic income to all in need, along with all the other objectives set out in the Declaration of Philadelphia. (ILO, 2008a, Annex, Part II, Section B).

In recent years ILO work on social security has been conducted within the framework of the Global Campaign on Social Security and Coverage for All, as mandated by the International Labour Conference of 2001. The Campaign focuses on the fact that there still remain many countries in the world where social security coverage is low, particularly among those with low and middle-income levels. The ILO believes that the best strategy for progress is for these countries to put in place a set of basic social security guarantees for all residents as soon as possible, while planning to move towards higher levels of provision – as envisaged in the Social Security (Minimum Standards) Convention, 1952 (No. 102) – as their economies develop.

Although social security is recognized as a human right, only a minority of the world's population actually enjoys that right, while the majority lacks comprehensive and adequate coverage. More than half lack any type of protection at all. In sub-Saharan Africa and South Asia, the number of people with access to even the most rudimentary protection is estimated to be less than 10 per cent.

In 2001 the International Labour Conference laid the foundation for a sustained ILO effort to address this challenge, by calling for a major campaign to promote the extension of social security coverage. The Global Campaign on Social Security and Coverage for All was officially launched at the 91st Session of the Conference in 2003 by ILO Director-General

Juan Somavia, who said: “Social security systems contribute not only to human security, dignity, equity and social justice, but also provide a foundation for political inclusion, empowerment and the development of democracy . . . Well-designed social security systems improve economic performance and thus contribute to the comparative advantage of countries on global markets. We have the will, and now must find the way, to provide more people with the social benefits needed to survive and prosper.”

The enhancement of the coverage and effectiveness of social security for all is one of the four strategic objectives of the Decent Work Agenda that guides the programme of the ILO. The effective governance of social security schemes – in particular their effective financial governance – is an essential prerequisite for the enhancement and extension of coverage and the enhancement of the effectiveness of social security.

The recent global financial crisis has once more demonstrated how important it is for a country to have a comprehensive social security system. In times of crisis such a system not only cushions the impact of the economic downturn on workers and their families – thus contributing to social stability – but it works at the same time as an economic stabilizer supporting aggregate demand and facilitating recovery. In April 2009, as one of its joint Crisis Initiatives, The UN System Chief Executives Board for Coordination adopted the Social Protection Floor Initiative (UN, 2009a). The ILO, together with the World Health Organization (WHO) and a number of collaborating agencies, are leading this initiative. At its core is the building of a coalition of international agencies and donors, supporting countries in their efforts to plan and implement sustainable social transfer schemes and essential social services on the basis of the concept of a Social Protection Floor.

This concept was endorsed as a part of the Global Jobs Pact that the International Labour Conference adopted in June 2009. The Pact requests countries that do not yet have extensive social security to build “adequate social protection for all, drawing on a basic social protection floor including: access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and the working poor” and urges “the international community to provide development assistance, including budgetary support, to build up a basic social protection floor on a national basis” (ILO, 2009a).

In recent years the ILO has published a number of reports and other documents discussing the need for social security, and gathering evidence on its positive economic and social impacts and on the costs and affordability of providing at least basic social protection for all in need in the poorest countries.<sup>1</sup>

This report launches a series of *ILO World Social Security Reports* whose chief aim is to present the results of regular statistical monitoring of the state and developments of social security in the world. The *World Social Security Reports* will look at: first, the scope, extent, levels and quality of coverage by various social security branches; then at the scale of countries’ investments in social security measured by size and structure of social security expenditure and sources of its financing; and finally at the effectiveness and efficiency of

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<sup>1</sup> See, among others, ILO, 2005: *Social protection as a productive factor*, Report to the Employment and Social Policy Committee of the Governing Body of the International Labour Organization, (Geneva); ILO, 2008b: *Social health protection: An ILO strategy towards universal access to health care*, Social Security Policy Briefings, Paper 1 (Geneva); ILO, 2008c: *Setting social security standards in a global society: An analysis of present state and practice and of future options for global social security standard setting in the International Labour Organization*, Social Security Policy Briefings, Paper 2 (Geneva); ILO, 2008d: *Can low income countries afford basic social security?*, Social Security Policy Briefings, Paper 3 (Geneva); ILO, 2009b: *Social security for all: Investing in social justice and economic development*, Social Security Policy Briefings, Paper 7 (Geneva); see also the recently published book: Townsend (ed), 2009: *Building decent societies: Rethinking the role of social security in development* (Geneva, ILO and London, Palgrave Macmillan).

social security systems in reaching various national social policy objectives as well as other impacts of the policies which may be of special interest. It is based to a large extent on information and statistics collected within the ILO Social Security Inquiry and in this respect it may be seen as a continuation of the reports produced over past decades (since the 1950s) by the ILO on the cost of social security, but with broader ambitions.

Simultaneously with the present document, the ILO is publishing another major report containing a compendium of recent experience across the world and proposing strategies to extend social security to all those in need, as well as summarizing challenges and developing guidelines on practice and existing strategic options.<sup>2</sup>

The main objective of the current report is to present the knowledge available on coverage by social security in different parts of the world, and to identify existing coverage gaps. The measurement of social security coverage in all its dimensions is still a subject of debate. In addition, the statistical information available – not only at the international but also at the national level – is far from complete. The report thus focuses on three elements: (1) mapping social security coverage globally and by region or other country grouping (such as level of income) using the various information and statistical sources available; (2) presenting various methods and approaches to assessing social security coverage; (3) identifying and indicating gaps in measurable statistical knowledge on social security coverage, costs and impacts, in order to raise awareness of the need for and importance of high-quality social security statistics.

The report is mostly descriptive, based on the available statistical data and other types of relevant information. In addition to data collected by the ILO within its Social Security Inquiry it makes extensive use of information on existing legal provisions designed to provide social security coverage, from the database *Social Security Programs Throughout the World* jointly developed and maintained by the US Social Security Administration (SSA) and International Social Security Association (ISSA) (SSA/ISSA, 2008, 2009). Data included in the ILO Social Security Inquiry (SSI) (ILO, 2009c) incorporates information from databases of other organizations: the *Social Protection Expenditure* database (SOCX) of the Organisation for Economic Co-operation and Development (OECD, 2009a); the Living Conditions and Welfare (social protection expenditure and receipts) database (ESSPROS) of EUROSTAT, the Statistical Office of the European Communities (European Commission, 2009a); data on expenditure and coverage by social protection programmes in Asia from the database used to calculate the Social Protection Index of the Asian Development Bank (ADB, 2006, 2008); and data on expenditure, financing and coverage for selected countries collected by ISSA (ISSA, 2009). The report also makes extensive use of data on government expenditure from the database *Government Finance Statistics* (GFS) of the International Monetary Fund (IMF, 2009); and data and estimates from the World Health Organization (WHOSIS, 2009a) on health expenditure and national health accounts.

Despite the multiple sources available, there still exist many gaps which do not allow a full assessment of all the dimensions of coverage. It is to be hoped that thanks to the joint international effort presently under way, the picture presented in the next report will be more detailed and accurate.

The structure of the report is as follows:

- Part 1 presents the main concepts, definitions and measurement methodologies used in the report.
- Part 2 presents global and regional estimates of multiple dimensions of social security coverage – both in general and in selected branches of social security.

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<sup>2</sup> See ILO, 2010a: *Extending social security to all: A review of challenges and guide to practice and strategic options* (Geneva).

- Part 3 discusses a special feature selected for this 2010 report: the role of social security in times of economic crisis.
- The Statistical Annex provides in tabular form the main characteristics of the demographic, labour market and economic environment of social security, as well as more detailed data on the scope, extent and levels of coverage by social security across the world. It provides basic information for researchers and policy-makers in social security. The data in the Statistical Annex tables, as well as the data used for most figures and tables in the body of the report, are also available in spreadsheet format in the ILO Social Security Department database *Global Extension of Social Security (GESS)* (ILO, 2009d), accessible at <http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1985>).

The report is the result of a joint effort by the ILO's Social Security Department research and statistical team led by Florence Bonnet and Krzysztof Hagemeyer. The team was significantly aided in its preparation by the work of Axel Weber, Sylvie Renault and Elena Lanza. The report was edited by May Hofman.