A historical perspective on the development of universal social protection systems, including floors

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Summary

Over the past 100 years, the development of social protection systems, measured by the number of social security areas covered by national legislation, was extended at an impressive pace. Countries aim to have universal coverage, normally by a combination of social insurance and social assistance. Nearly all countries have legislation on old age, survivors, disability and employment injury schemes. About 8 in 10 countries have adopted legislation providing for sickness, health and maternity protection; 6 in 10 have legislation for family and child benefits; and 5 in 10 have adopted legislation to protect unemployed workers.

Despite significant progress in the extension of social protection legal frameworks, these laws often cover only a minority of the countries' populations, leaving the large majority of the global population, notably workers in the informal economy, with limited protection. ILO estimates that only 45 per cent of the world's population are effectively protected by at least one social protection area. This large social protection gap is associated with a significant underinvestment in social protection, measured by the level of public social protection expenditure as a percentage of GDP.

Based on a historical comparison between developing and high-income countries, this brief shows that today's developing countries have a similar level of GDP per capita to high-income countries when they established their social security systems. Time is therefore ripe to implement nationally appropriate social protection systems and measures for all, including floors as agreed in Sustainable Development Goal 1.3 of the United Nations 2030 Agenda.

Main lessons

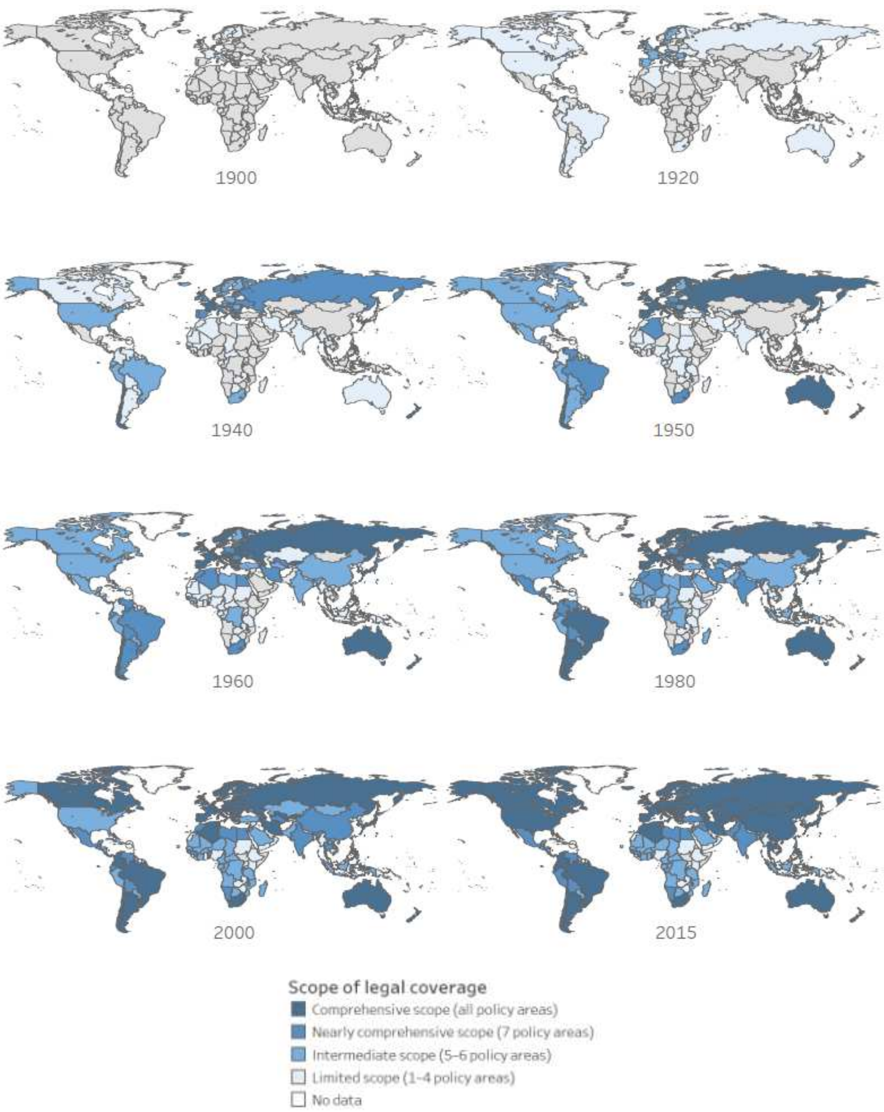
1. Nearly all countries in the world have progressively developed comprehensive social protection systems, including floors.
2. However, effective coverage remains low. Higher investments in social protection are needed to make the right to social protection a reality for all.
3. Today, many developing countries have a similar level of GDP per capita to high-income countries when they established their social security systems, including social insurance and social assistance.
4. This shows that the time is ripe to implement nationally appropriate social protection systems and measures for all, including floors.

1.1. Social protection systems over the last 100 years: a success story

Since the beginning of the 20th century, significant progress has been made: from early steps taken in a number of pioneer countries, the world has seen the development of social protection systems at an impressive pace. At present, most countries have in place social protection schemes anchored in national legislation covering all or most policy areas of social protection (figure 1). Although effective coverage is still low in many developing countries, is important to realize the successful extension of social security or social protection systems over the last 100 years.

Building social protection systems usually follows the logic of progressive realization with regard to policy areas covered and population coverage. Countries tend to build their systems sequentially, depending on their national circumstances and priorities. In many cases, countries first addressed the area of employment injury, then introduced old-age pensions and disability and survivors' benefits, followed by sickness, health and maternity coverage. Benefits for children and families, and unemployment benefits, typically came last (figure 2).

Figure 1. Historical development of social protection systems: Number of policy areas covered in social protection programmes anchored in national legislation, 1900–2015



Note: The following areas are taken into consideration: sickness benefits, unemployment benefits, old-age benefits, employment injury benefits, family/child benefits, maternity benefits, invalidity/disability benefits and survivors' benefits. Date of adoption of first law taken as a basis for the construction of the maps.

Sources: ILO, *World Social Protection Database*; ISSA/SSA, Social security programs throughout the world; ILO, 2017.

Today, despite important progress in the extension of social protection, the fundamental human right to social security remains unfulfilled for the large majority of the world's population. ILO estimates (2017) show that only 45 per cent of the world's population are effectively protected by a social protection system in at least one area, with significant variation across regions. While coverage is universal or near-universal higher income economies and a significant number of middle income countries, coverage gaps remain large in Africa, Asia and the Arab States. Despite significant progress in the extension of coverage, the majority of the global population, 55 per cent, remains unprotected.

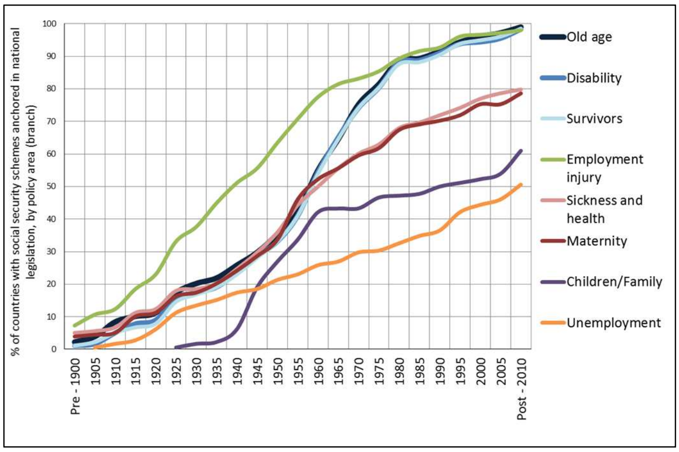
However, the time is ripe. Today, Botswana, Indonesia and Peru are richer than the United Kingdom in 1911 or Australia in 1908, when these countries set-up their social security systems, including social assistance. India, Philippines, Morocco, Jamaica and Sudan, are wealthier than Denmark in 1892 when it established universal social protection. It is the right time to implement nationally appropriate social protection systems and measures for all, including floors, as agreed in Sustainable Development Goal 1.3 of the United Nations 2030 Agenda.

1.2. The time is ripe: A historical comparison between developed and developing countries

A historical comparison shows that today's developing countries have a similar level of GDP per capita to high-income countries when they established their social security systems. Using Maddison's historical GDP data

(Bolt and van Zanden, 2014), figure 3 presents the GDP per capita of developing countries in 2010 (in light color), compared to the GDP per capita of higher income countries when they established their social security systems (in black).

Figure 2. Development of social protection programmes anchored in national legislation by policy area, pre-1900 to post-2010 (percentage of countries)



Note: The following areas are taken into consideration: health care, sickness benefits, unemployment benefits, old-age benefits, employment injury benefits, family/child benefits, maternity benefits, disability/invalidity benefits and survivors' benefits, as defined in the Social Security (Minimum Standards) Convention, 1952 (No. 102).

Sources: ILO, World Social Protection Database; ISSA/SSA, Social security programs throughout the world, ILO 2017.

Results show that the time is ripe. Botswana and Indonesia have a comparable GDP per capital to the United Kingdom in 1911, when the government enacted laws and established social insurance and social assistance programmes for old-age, disability and survivors' pensions, sickness and maternity, work injury and unemployment.

Today, India, Jamaica, Morocco, the Philippines and Sudan, are richer in terms of GDP per capita than France in 1905, when the government established old-age and disability pensions, sickness benefits, child support and unemployment benefits; and also wealthier than Denmark in 1892 when it established universal old-age and disability pensions, work injury, sickness and maternity benefits.

Cambodia, Congo, Honduras and Mozambique are richer in terms of GDP per capita than Italy in 1919 when it extended social protection through old-age, disability and survivors' pensions, maternity benefits, unemployment insurance, and family/child grants. Similarly, Benin, Cameroon, Liberia and Sierra Leone have higher GDP per capita levels than the Russian Federation in 1922, when it created its social security system with universal old-age, survivors' and disability pensions, work injury benefits, sickness benefits and maternity benefits, as well as unemployment support.

Also Ghana, Honduras, the Lao People's Democratic Republic, Nigeria and Pakistan are wealthier in terms of per capita GDP than Portugal in 1935, when it established old-age and survivors' pensions, work injury benefits, sickness benefits and maternity benefits. Similarly, Egypt, Guatemala and Lebanon have higher GDP per capita levels than Norway in 1936, when it established universal old-age, disability and survivors' pensions, work injury benefits, sickness benefits and maternity benefits, and unemployment support. Peru, Iran and Jordan have higher GDP per capita levels than the United States in 1935, when it enacted its Social Security Act.

This historical comparison shows that it seems to be the right moment now to extend social protection systems, including floors, as agreed in the Sustainable Development Goals. Historically, countries in the late 19th century and early 20th century established social security systems with a mix of contributory social insurance and non-contributory social assistance. This is the most common way to achieve universal coverage. While some developing countries have the fiscal space today to develop universal social protection floors, others will have to gradually extend coverage and benefits according to national fiscal capacity, combining non-contributory benefits with contributory social insurance.

References

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Figure 3. Comparison of GDP per capita in developing countries circa 2010 (light bars) and GDP per capita in developed countries at the time when their main social security systems were established (black bars) (in 1990 US dollars)

Country, Year	Per capita GDP
Congo. Dem. Rep.,2010	260,0
Burundi,2008	479,1
Niger,2010	519,5
Togo,2008	605,6
Russia,1922	611,0
Guinea Bissau,2008	616,7
Guinea,2008	627,6
Madagascar,2010	675,7
Sierra Leone,2008	686,4
Chad,2008	705,7
Malawi,2010	728,2
Zimbabwe,2010	749,8
Zambia,2010	795,4
Liberia,2008	801,6
Tanzania,2010	803,9
Afghanistan,2008	868,9
Somalia,2008	978,1
Mongolia,2008	1 001,3
Rwanda,2008	1 020,0
Gambia,2008	1 042,9
Mali,2010	1 058,5
North Korea,2008	1 121,6
Nepal,2008	1 133,9
Kenya,2010	1 140,7
Uganda,2010	1 158,4
Cameroon,2010	1 179,3
Cote d'Ivoire,2010	1 194,9
Burkina Faso,2010	1 234,1
Brazil,1936	1 235,1
Djibouti,2008	1 254,4
Bangladesh,2010	1 276,2
Mauritania,2008	1 299,2
Benin,2008	1 393,8
Senegal,2010	1 506,9
South Africa,1928	1 533,1
Angola,2010	1 600,0
Iraq,2010	1 609,7
Tajikistan,2010	1 660,8
Portugal,1935	1 668,7
Laos,2008	1 669,2
Nicaragua,2008	1 673,9
Romania,1913	1 741,0
Nigeria,2010	1 876,1
Ghana,2010	1 922,4
Lesotho,2008	1 951,9
Spain,1919	2 044,1
Italy,1919	2 102,7
Poland,1929	2 117,3
Congo. Rep.,2008	2 159,0
Honduras,2008	2 323,1
Germany,1889	2 379,2
Hungary,1928	2 415,0
Greece,1934	2 418,2
Cambodia,2010	2 449,9
Pakistan,2010	2 493,5
Denmark,1892	2 597,8
Mozambique,2010	2 613,0
Cape Verde,2008	2 735,4
Sweden,1913	2 874,1
France,1905	2 894,0
El Salvador,2008	2 940,4
Kyrgyzstan,2010	2 947,2
Libya,2008	2 993,6
Philippines,2010	3 023,7
Bolivia,2010	3 064,3
Sudan,2010	3 132,3
Swaziland,2008	3 150,2
Yemen,2010	3 164,7
Vietnam,2010	3 216,8
Paraguay,2008	3 294,7
India,2010	3 371,6

Country, Year	Per capita GDP
Finland,1937	3 441,2
Algeria,2010	3 512,6
Jamaica,2010	3 617,0
Myanmar,2010	3 708,9
Cuba,2008	3 763,7
Gabon,2008	3 811,3
Argentina,1934	3 844,8
Belgium,1920	3 962,0
Morocco,2010	4 026,9
Norway,1936	4 035,1
Moldova,2010	4 145,3
Egypt,2010	4 267,0
Turkmenistan,2010	4 431,9
Lebanon,2008	4 452,7
Guatemala,2010	4 453,6
Canada,1937	4 473,4
Ukraine,2010	4 524,2
Namibia,2008	4 570,9
Romania,2010	4 652,6
Australia,1908	4 693,1
UK,1911	4 708,9
Indonesia,2010	4 722,0
Botswana,2008	4 768,8
Bahrain,2010	4 929,2
New Zealand,1930	4 960,1
Ecuador,2010	5 049,6
South Africa,2010	5 080,1
Netherlands,1931	5 185,0
Bosnia and Herzegovina,2010	5 233,0
Sri Lanka,2010	5 360,2
Albania,2010	5 375,0
Dominican Republic,2010	5 379,1
USA,1935	5 466,8
Jordan,2010	5 646,7
Peru,2010	5 773,6
Uzbekistan,2010	6 027,1
Seychelles,2008	6 108,9
Macedonia,2010	6 141,0
Georgia,2010	6 171,5
Tunisia,2010	6 374,4
Iran,2010	6 455,9
Panama,2008	6 674,9
Brazil,2010	6 879,1
Colombia,2010	7 062,5
Montenegro,2010	7 324,4
Serbia,2010	7 337,2
Mexico,2010	7 715,7
Syria,2010	7 952,0
Costa Rica,2010	7 996,8
China,2010	8 031,9
Turkey,2010	8 224,9
Russia,2010	8 660,2
Azerbaijan,2010	8 840,6
Bulgaria,2010	8 945,5
Thailand,2010	9 372,2
Oman,2010	9 819,0
Croatia,2010	9 849,5
Venezuela,2010	9 874,4
Malaysia,2010	10 094,5
Saudi Arabia,2010	10 201,1
Armenia,2010	10 215,0
Argentina,2010	10 256,3
Lithuania,2010	11 003,9
Kazakhstan,2010	11 258,2
Uruguay,2010	11 526,3
Qatar,2010	12 228,6
Kuwait,2010	12 348,2
Belarus,2010	13 658,6
UAE,2010	13 746,3
Chile,2010	13 883,2
Mauritius,2008	14 529,2

* GDP not available for the actual year in which the laws establishing the schemes were enacted (Romania 1912, Poland 1927).

Sources: Maddison historical GDP data (Bolt and van Zanden, 2014) and ISSA and SSA (various dates).

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The editor of the series is Isabel Ortiz, Director of the Social Protection Department, International Labour Organization (ILO). For more information, contact: socpro@ilo.org.

International Labour Office, 4, route des Morillons, 1211 Genève 22, Switzerland

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