



A powerful  
and balanced  
voice for business

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**Committee of Experts on the Application  
of Conventions and Recommendations (CEACR)**

International Labour Office (ILO)

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**IOE COMMENTS**

**CEACR GENERAL SURVEY 2019:**

**ILO Social Protection Floors Recommendation, 2012 (No. 202)**

**Contents**

1. Introduction .....	2
2. SPF and the R202.....	3
3. Approaches to implementing the basic requirements of the R202 .....	4
4. Challenges and Opportunities in the Future of Work .....	6
A. Technology and innovation.....	6
B. Changing nature of work.....	6
C. Climate change .....	7
D. Demographic change .....	7
E. Their impact on the implementation of the R202.....	7
5. Importance of implementing the R202 for business.....	9
6. Conclusion .....	10

## 1. Introduction

The 2012 International Labour Conference (ILC) adopted the autonomous [Social Protection Floors Recommendation, 2012 \(No. 202\)](#) (R202). In the discussion, the Employers' representatives advocated a flexible approach that enables adaptation of implementation to diverse realities of low, middle as well as high-income countries. Given that R202 is a recommendation, meaning a non-binding instrument, ILO Member states can choose to refer it as guidance on social protection.

The ILO has adopted 31 Conventions and 23 Recommendations on social security issues since its foundation. The main relevant Conventions are:

- Social Security (Minimum Standards) Convention, 1952 (No. 102) - *55 Ratifications*
- Employment Injury Benefits Convention, 1964 (No. 121) - *24 Ratifications*
- Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128) - *17 Ratifications*
- Medical Care and Sickness Benefits Convention, 1969 (No. 130) - *16 Ratifications*
- Employment Promotion and Protection against Unemployment Convention, 1988 (No.168) - *8 Ratifications*
- Maternity Protection Convention, 2000 (No. 183) - *34 Ratifications*

Despite intensive promotional efforts, the ratification rate of the above Conventions amongst the 187 ILO member States has remained relatively low.

The concepts and means of delivery for social protection schemes have changed over time and are used differently across diverse cultures. These include social transfers, social protection, social security and social assistance. Benefits can be delivered in cash or in kind. They can be conditional on participation in prescribed public programmes and can be funded from a variety of private and/or state sources. The [UN crisis initiative on the "The Social Protection Floor"](#) and the [Bachelet report](#) have led the debate on social protection in contributing to fair and inclusive globalisation. Some countries have limited provision and coverage on social protection; whilst some of them will not even be able to offer any at all, others are able to progressively move towards offering more social protection. Likewise, amongst the countries that already have good provision and coverage; some can afford to continue; but others cannot.

R202 provides a set of guidelines to ILO member States on promoting and establishing social protection floors (SPF) in their national social security system. The IOE and its more than 150 business and employer organisation members around the world are committed to promoting the implementation and fulfilment of the aims set out in R202. Although the governments of member States bear the primary responsibility for the implementation of R202, the IOE encourages employers also to actively engage in the realisation of SPF at the national level, in line with national needs and priorities. This is because enterprises are often the major source of funding for the social protection schemes.

In this submission, the IOE wishes to contribute, in four parts, to the elaboration by the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) of the General Survey 2019 on R202 and the discussion that will take place in 2019 in the ILO Conference Committee on the Application of Standards (CAS).

First, this submission will briefly discuss the concept of SPF and the key content of R202. Second, it will outline the approaches to implementing the basic requirements of R202. Third, it will highlight the main changes in the world of work, as well as the challenges and opportunities they pose for the implementation of R202. Finally, it will set out the importance of implementing R202 for business.

This submission also provides the CEACR with an employers' perspective on how R202 could be implemented in law and in practice.

The discussion of the General Survey on R202 is very timely in contributing to the Centenary of the ILO and to the achievement of Sustainable Development Goal No. 1, which directly refers to SPF. In particular, Target 1.3 reads: "Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable". The employers are highly committed in supporting the achievement of this goal.

It is expected that the CEACR will provide in the General Survey in-depth explanations and technical guidance on the scope and the meaning of the provisions of R202, present the difficulties raised by governments and social partners that are standing in the way of its implementation in law and practice, and indicate possible means of overcoming these obstacles. Most importantly, the General Survey should be a useful tool for tripartite examination and discussion in the 2019 CAS, to determine any necessary action to be taken by the Organization with regards to the instrument concerned, as well as for a more meaningful implementation.

As requested by the Employers Group in the CAS, the IOE would appreciate that these comments be made available online to other ILO constituents and the general public.

## **2. SPF and the R202**

SPF is a global social policy approach aimed at promoting integrated strategies for providing access to essential social services and income security for all individuals. At the national level, SPF sets out basic social security guarantees that provide social protection for the purposes of preventing or reducing poverty, as well as protecting those who are vulnerable and socially excluded. As such, SPF comprises two basic elements namely i) a basic set of essential social rights and transfers, in cash or in kind, to provide a minimum income and livelihood security for all and to facilitate effective demand for and access to essential goods and services; and (ii) the supply of an essential level of goods and social services such as health, water and sanitation, education, food, housing, life and asset-saving information, that are accessible to all.

The R202 outlines the relevant requirements for setting a SPF and provides the guiding principles for implementing and monitoring SPF at the national level. The two main objectives are to provide comprehensive guidance to ILO Member states on how to

establish and maintain SPF as a fundamental element of their national social protection systems, and to implement SPF within strategies for the extension of social security that progressively ensure higher levels of social security to as many people as possible, guided by the ILO social security standards (Paragraph 1, R202).

In particular, R202 emphasises that SPF consist of four basic social security guarantees that should be implemented as early as possible in the national development processes. These guarantees are namely i) access to essential health care; ii) basic income security for children; iii) basic income security for persons in active age who are unable to earn sufficient income; and iv) basic income security for older persons. Furthermore, R202 lists eighteen broad principles for member States to apply when giving effect to the instrument, including the principles of non-discrimination and gender equality, and social inclusion.

R202 offers ILO member States a wide margin of discretion in determining regulations, arrangements, and funding necessary and appropriate according to their own national law and practice.

### **3. Approaches to implementing the basic requirements of the R202**

The full implementation of R202 requires a two-step approach involving: i) the achievement of a basic level of social protection tailored to national circumstances at horizontal level; then ii) the progressive extension of a higher level of protection in accordance with the Social Security (Minimum Standards) Convention 1952 (No. 102) and other relevant ILO instruments at vertical level. The IOE observes that there is no “one-size fits all” approach to implementing a basic level of social protection at the horizontal level, as member States adopt different means based on their own circumstances and needs.

It is vital that member States implement social protection systems and measures in a manner that is feasible, affordable, and conducive to economic growth. As such, a holistic approach must be taken in considering a combination of preventative, promotional and active measures, benefits and services that promote a productive economy. In particular, careful consideration and examination should be given to relevant matters including i) the current organisation of the social systems and their objectives in each country; ii) the current funding arrangements and their sustainability; iii) the current industrial and employment developments; iv) the current living standards, average wages, taxation systems, unemployment levels and future employment developments; and v) the current enforcement arrangements, barriers to diversity, immigration and emigration in each country. Paying due attention to these considerations will better enable business to contribute to implementing social protection systems and measures best fit for the current situation.

IOE believes that the principles set in Paragraph 3 of R202 are key in the design and implementation of social security extension strategies. These principles are very broad and general to allow flexibility for negotiators to use them as desired to achieve their

objectives. The principles (h) to (k)<sup>1</sup> and the first part of (r)<sup>2</sup> are particularly important for employers, especially if employers are a major funder for social protection measures. Similarly, principle (l)<sup>3</sup> is important as it links with the economic field.

In addition to applying the principles above, the IOE considers that governments should take the following six steps in implementing social security extension strategies. First, set out clear objectives reflecting on national policies and legislations. Second, identify any major gaps and potential barriers to providing social protection. Third, seek to close any identified gaps through adopting appropriate and effectively coordinated schemes, whether contributory and/or non-contributory, including through the extension of existing contributory schemes to all concerned persons with contributory capacity. Fourth, complement social security with active labour market policies, including vocational training or other measures, as deemed appropriate. Fifth, specify any financial requirements and resources as well as the time frame and sequencing for the progressive achievement of the objectives set out. Finally, raise awareness on SPF and their extension strategies, and undertake information programmes including social dialogue.

Furthermore, the IOE believes that in the implementation of R202, governments should take at least the following four actions. First, engage with employer organizations at an early stage to ensure that implementation of R202 does not impinge the sustainability of enterprises. Second, encourage sufficient due diligence prior to any decision made on implementation. Such due diligence should include thorough research on the current social security situation, cost-benefit analyses of the proposed changes, examination of the potential impact and consequences, as well as consideration of realistic priorities. Third, create possible options for prioritising actions to achieve maximum effectiveness and impact over time. Finally, governments should maintain a comprehensive understanding of their national legal systems and practices to effectively and efficiently act in accordance with current practice.

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<sup>1</sup> "Paragraph 3 of R202 .....(h) solidarity in financing while seeking to achieve an optimal balance between the responsibilities and interests among those who finance and benefit from social security schemes;

(i) consideration of diversity of methods and approaches, including of financing mechanisms and delivery systems;

(j) transparent, accountable and sound financial management and administration;

(k) financial, fiscal and economic sustainability with due regard to social justice and equity;...."

<sup>2</sup> "Paragraph 3 of R202.... (r) tripartite participation with representative organizations of employers and workers,...."

<sup>3</sup> "Paragraph 3 of R202 .....(l) coherence with social, economic and employment policies;..."

#### **4. Challenges and Opportunities in the Future of Work**

The IOE finds that the future of work debate is another important issue to be considered when implementing R202, as effective social protection systems must not only reflect the current but also the future labour market needs.

Since the late 1970s, the open-ended model of employment has been gradually evolving across the industrialised world in that diverse and more flexible forms of work, such as part-time, temporary and consultancy positions, are becoming increasingly common.

In the developing world, the open-ended model of employment has always been the exception, not the rule. This is due to a large portion of the workforce working in the informal sector. Typically, these workers are excluded from social security coverage under contributory social insurance and mandatory savings schemes.

Since the open-ended employment contract has been the key channel through which social protection services are delivered, it is essential to reflect on how current social protection systems can respond to the labour force of today, as well as of tomorrow.

The world of work is affected by important changes, namely i) technology and innovation; ii) the changing nature of work; iii) climate change and iv) demographic change. These changes pose new challenges and opportunities for implementing R202.

Understanding these changes and adapting social protection systems accordingly will allow societies to reap the benefits of future forms of work, while also to mitigate any related costs and potential risks. Involvement of the private sector in this adaptation process is of the utmost importance.

##### **A. Technology and innovation**

New technology and innovation create new dimensions in the landscape of the labour market. They help to create a new set of scientific and technological skills and to develop certain sectors such as health and social care. Furthermore, they change traditional business models and operations by allowing businesses to operate on online platforms and to engage in online networks. These benefits enable the labour market to create new employment opportunities across business sectors.

However, technology and innovation also pose new challenges for social security protection by polarising traditional and modern work and skills patterns. Furthermore, they raise difficulties for ensuring the adequacy of existing legal, institutional or social protection frameworks. These challenges can contribute to income inequality by further widening the gap between individuals with lower education and traditional labour skills; and those with higher education and new technological skills.

##### **B. Changing nature of work**

In connection with the advancement of new technology and innovation, the nature of work has also transformed, not only in terms of types of employment contracts that exist in the labour market but also in terms of workers' attitudes towards work, in particular demands for more flexibility and responsibilities. This changing nature of work creates more flexibility for individuals and reflects new business models and practices.

### **C. Climate change**

Climate change impacts the environment as well as human beings through changing the way we live. For example, it causes human migration and affects food security, which in turn impact employment opportunities particularly in the agricultural, health and food sectors. Like technology, climate change may have disruptive effects on the labour market and may thus impair the functioning of social protection schemes.

### **D. Demographic change**

Demographic change undoubtedly has the greatest impact on the sustainability of social protection systems. It impacts on the size of the labour force, as well as the demand for social protection..

On the one hand, in developed countries, an ageing population reduces the working labour force that is currently contributing to the social protection system and increases the pressure on public expenditure in terms of healthcare. The issue of high old-age economic dependency ratios arises not only in high-income regions, but also in key emerging markets, such as China and the Russian Federation, where the labour force is expected to drop substantially as the elderly population increases rapidly.

On the other hand, developing countries face challenges with high youth unemployment rates caused by lack of adequate and sustainable investment in training, as well as lack of government commitment and continued efforts to combat this problem.

Many countries are therefore enhancing the incentives to encourage working at an older age to alleviate the challenges of high old-age dependency ratios and to enable enterprises to benefit from the experience and skills that the older generations possess.

However, it is important to keep in mind that for a large portion of the elderly population, especially in emerging and developing countries, continuing to work after retirement age is not a choice, but rather the only way to escape poverty. This is because they are often not covered by any type of pension or social protection scheme in place.

This is particularly the case in many low-income countries, where less than 20 percent of older persons above the statutory retirement age receives a pension. In the absence of policy levers anticipating these demographic changes, rapid growth of ageing population could lead to a negative impact to both the economy and the social conditions, particularly regarding social protections schemes.

### **E. Their impact on the implementation of R202**

It is generally agreed that future social protection schemes would need to be adapted to the changing nature of work. Labour regulatory arrangements are slow in adapting and providing protection to workers in new forms of work .

Indeed, social protection systems are not always sufficiently efficient to support and prepare individuals transitioning from one form of work to another. This is further complicated as the mobility of workers across different forms increases. Likewise, for

individuals transitioning from one type of work in one country to a different type of work in another country, the situation becomes so complicated that workers are rarely covered by any social protection schemes.

New systems will need to address those gaps in social protection across typical life events, including: periods of education, raising families, career gaps, retirement, and elderly care. Systems will need to provide enough flexibility to support individuals following substantially different life and career paths while maintaining some inter-group equity and bolster individual resilience. Rather than attempting to reverse these developments in the labour market, there should be efforts to adapt social protection schemes and institutions so that they are able to effectively respond to the current realities and to serve individuals and society.

The changes related to the future of work discussed above should therefore be carefully considered in the implementation process of R202 to ensure that ILO member States have in place the most suitable, sustainable and future-proof social protection systems. As such, the CEACR should solicit governments, together with the social partners, to address the changes identified through taking the following actions:

- discussing with the relevant stakeholders at the national level on how social security protection policies can encompass and reflect the SPF based on R202 and considering the changes to the world of work in the national context;
- collecting information on different forms of work to better understand new developments in the labour market and to evaluate the necessity of the protection based on the characteristics of the type of employment. Statistics made on the basis of information collected should capture the diverse forms of work to analyse their changes and to make appropriate adjustments to the current social protection systems accordingly;
- discussing and studying to what extent it would be possible to implement modernized, viable and sustainable social protection schemes with portable rights and global recognition;
- adopting an approach that not only focuses on the extension of the SPF, but also reflects on the feasibility and affordability in light of member States' available resources and circumstances;
- developing a healthy and competitive economy to ensure an efficient, well-functioning labour market that promotes employment growth (throughout all its forms) and provides adequate security for individuals transitioning to and from unemployment;
- exploring various funding options to optimise the objectives of social protection schemes;
- exploring alternative ways to extend coverage and collect the resources required to capture new forms of work or other earnings, including the ones that may escape the traditional ways of collecting income tax. This is important to ensure

sufficient revenue are available to fund and administer social security protection schemes;

- revisiting the priority groups, including individuals who are most in need of assistance, and closing identified gaps to cover individuals who are excluded under the current systems;
- up-skilling and reskilling the working population to keep pace with the demands of the new labour market. In particular, the education sector should work closely with the business sector to design programmes that adequately develop skill sets necessary for future labour markets.

Business must be closely involved in the SPF implementation as the social partners will be a major source of funding of those schemes. Enterprises can also play a critical role in ensuring that practical considerations are properly taken on board. The use of different funding approaches which acknowledge the varying abilities of different groups of individuals to pay contributions on a consistent basis and which help to optimize the objectives of social protection schemes may be necessary. Given the increasing tendency for revenues from diverse forms of work to escape the traditional ways of collating income taxes, the amount of revenue collected to fund and administer social protection may be largely reduced.

Furthermore, modern technology offers an unprecedented opportunity of simplifying the collection of data. Traceability and transparency could therefore be among the main features of the new world of work, whereby all exchanges and transactions are recorded and evaluated.

If properly channelled, such data may be also used for social security purposes, tax collection, and health and safety monitoring. Traceability and transparency, together with a simplified regulatory framework, may be of help for a smooth and natural transition of informal work into formality, thus enabling poverty reduction globally.

## **5. Importance of implementing the R202 for business**

The implementation of R202 is essential for business for several reasons. SPF may act as a stabilising mechanism for businesses during difficult political and economic times and assist in combating challenges faced by integration, diversity and migration.

Additionally, employers play a direct or indirect role as the main funders of social protection systems through contributing to special social funds, paying business taxes for hypothecated funds, or financing the general state social protection systems.

Moreover, there are also business opportunities in providing services within the new social security systems, for example, services for providing information and training on social protection systems, coverage and eligibility criteria.

Finally, business can assist in monitoring the progress of the implementation of R202, evaluating the effectiveness of national social security extension strategies in delivering national objectives, as well as collecting relevant information and data

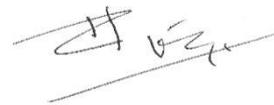
disaggregated by gender and age. These measures will likely to be covered by legal provisions to ensure the privacy of individual information is protected. As such, implementing these measures will create legal obligations on employers who will play some role in providing such information and data. Employers should seek to ensure that any measures adopted for the implementation of R202 will not be overly burdensome and costly for business.

In light of these reasons, it is essential for business and employer organisations to actively engage in the process of implementing R202 to ensure strategic and practical considerations are properly reviewed, and their governments adopt the most appropriate national social protection approach.

## **6. Conclusion**

The IOE supports the focus and the flexibility of R202 and acknowledges the importance it has on shaping the social, labour and business landscapes of today and tomorrow. In particular, the IOE recognises the central importance of the involvement of social partners in the implementation of R202, as well as the financial support from employers and employees in funding these recommended measures. The implementation of R202 requires sound macroeconomic policies to generate wealth and employment, effective labour market policies, the necessary fiscal space and sustainability. Therefore, it is important for Governments to encourage businesses to actively engage in national debates on this topic and the implementation process. Finally, the IOE appreciates the opportunity to contribute its views on this topic to the ILO CEACR General Survey 2018 and affirms its strong commitment to working with its members in participating in the national implementation of R202.

Yours sincerely,



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