
Policies adopted in developing countries to extend social security coverage

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Background

- Only 20% of the world's population is covered by adequate social security schemes (ILO 2002)
- 85% of the world's population over 65 years old has no retirement benefit (World Bank 2001)



Estimates of social security coverage

| Region | Percent of active population |
|--|------------------------------|
| • Sub-Saharan Africa, S. Asia | 5 – 10 |
| • Latin America | 10 – 70 |
| • South East and East Asia | 10 – 100 |
| • Transition countries Europe and Central Asia | 50 – 100 |



Why is coverage not increasing?

Expansion of the informal economy together with economic growth

- Africa: 90% of new jobs created in the last decade were informal
- Latin America (1990-2005): 60% of the new jobs were informal and 90% were created in the services sector
- Asia: Informality has increased together with economic growth (except Japan, Korea, Singapore and HK)



Informality and social protection in developing countries...

- Contributory systems have been undermined by lower coverage and contribution density
- Informal workers are not always poor... but certainly unprotected
- Labour history: workers migrate between formal and informal economy (effects of contribution gaps)
- Correlation between poverty and informality is stronger for women



A New Consensus at ILC 2001

- General discussion
- Income security and access to health care: a need and a right for all
- Extension of coverage: the highest priority
- Launch of a global campaign



ILO strategy for extension of coverage

- Extension based on “classical” social security mechanisms: social insurance, universal benefits and social assistance
- Promotion of decentralized systems deriving from local initiatives, in particular micro-insurance
- Design of linkages and bridges between decentralized systems and other forms of social protection and public initiatives.



Global Campaign

- Launch during ILC 2003
- Special session in African Regional Meeting
- National launches: Mozambique, Nepal, Senegal, Kenya, Jordan, India, Latin America...
- An operational campaign



Three complementary means of action

- Research, dissemination of good practices, experimentation
- Assistance and technical cooperation: support to extension policies (in more than 40 countries)
- Advocacy, communication, partnerships



Social security for all

- An attainable objective
- A basic right, a universal need, a means for social cohesion
- An instrument for development and reduction of poverty
- Promotes social justice, dignity, solidarity, participation
- Gender equality



National strategies to extend coverage

- No single right model
- Basic principles: Conv. 102 and ILC 2001
- Each society should make its choices and determine its priorities
- Importance of social dialogue
- Innovate and improve governance

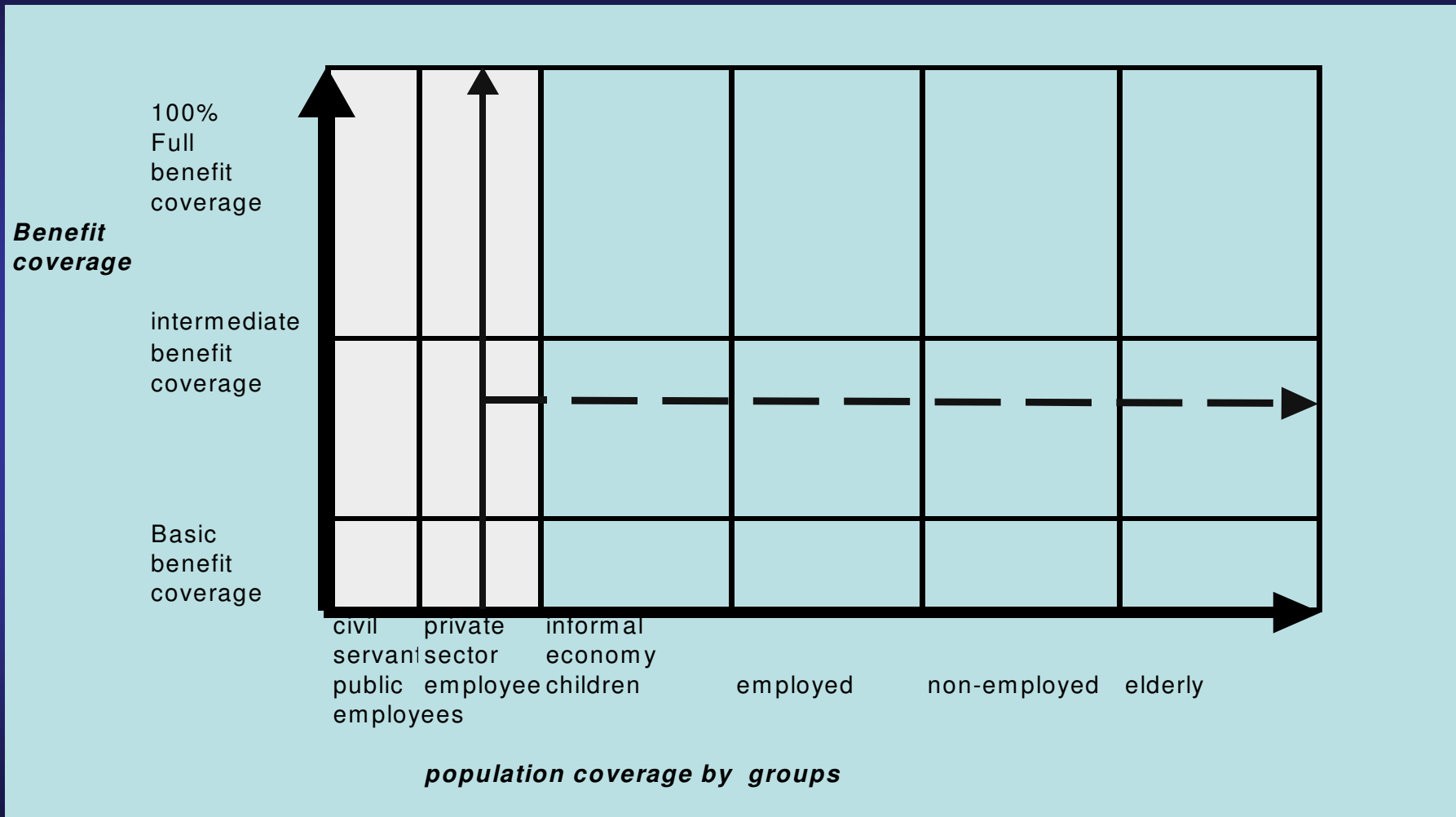


Examples of extension of coverage

- Social Insurance: Republic of Korea and Tunisia (health insurance)
- Universal old age pension: Bolivia, Botswana
- Social Assistance: Brazil, India



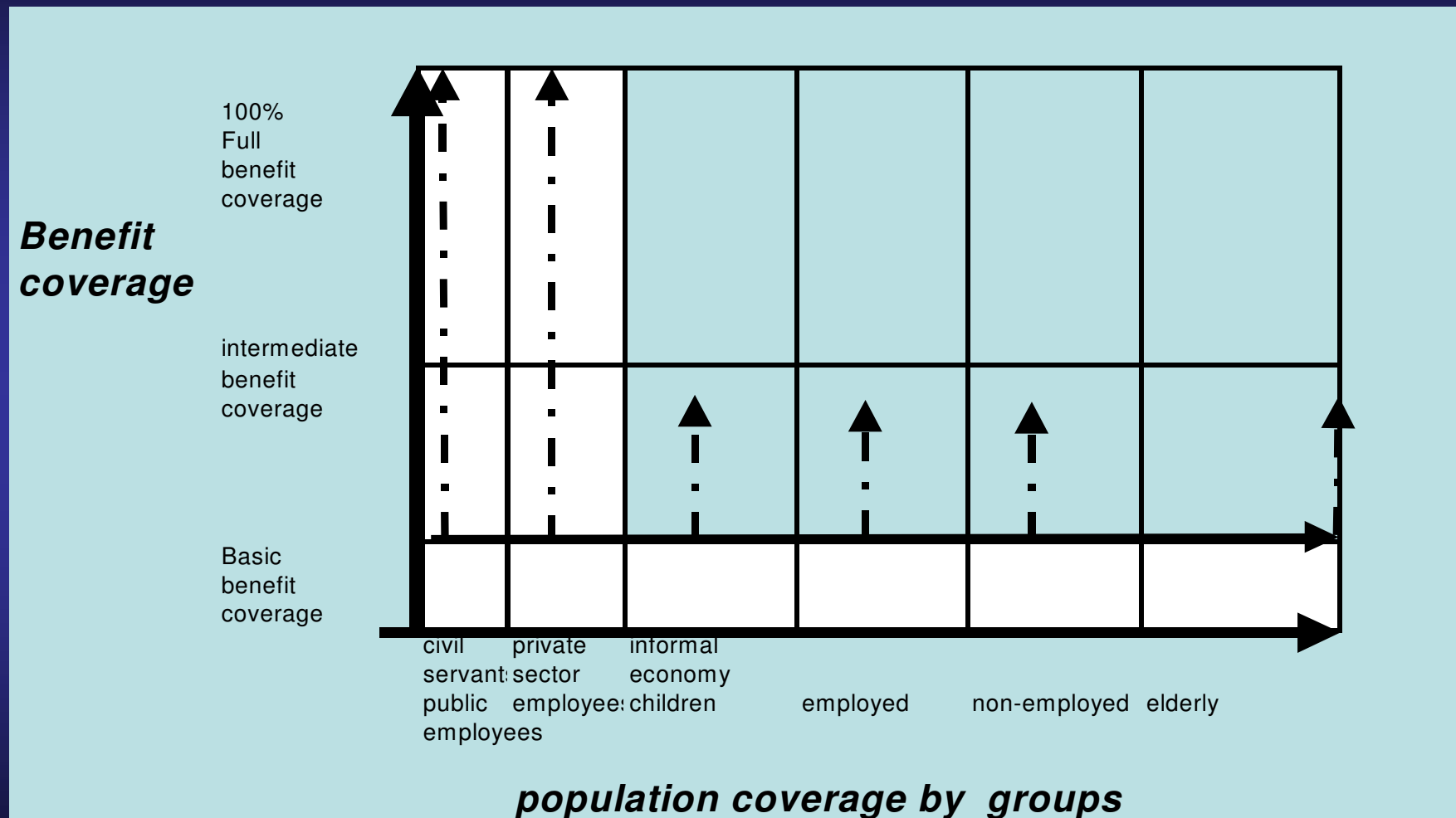
The traditional developmental social protection



Sources: Hagemejer, K. Social Security as Social Investment. Presented in the ITCILO Workshop on Pension Schemes (A900623), 10/2006.



Policy vision: The new developmental paradigm: towards progressive universalism



Sources: Hagenejer, K. Social Security as Social Investment. Presented in the ITCILO Workshop on Pension Schemes (A900623), 10/2006.



Attributes of the informal (unprotected) worker

- Low income;
- Employment relation: self-employed, domestic and home workers; temporary employees, casual workers
- Small and micro enterprises workers;
- Economic sectors: services, transport, construction and agriculture;
- Migrants;
- Young workers and disabled.



Strategies for the extension of coverage of social protection schemes

- A progressive universal approach should be adopted
- Social protection floor should be promoted:
 - Universal
 - Social assistance and conditional cash transfers
 - Minimum pension and contribution subsidies
- Community-based arrangements should be reinforced and linked to national schemes
- Contributory schemes (public and private) need to be attractive, flexible and adapted to different forms of employment
- Policy consistency

